



HB 1331 – Consumer Protection - Artificial Intelligence

Committee: House Economic Matters Committee

Date: March 4, 2025

Position: Letter of Information

The Maryland Bankers Association (MBA) appreciates the opportunity to provide informational testimony on HB 1331 and how the legislation impacts Maryland’s banking industry. MBA hopes that the House Economic Matters Committee, instead of passing HB 1331, will consider taking additional time to examine artificial intelligence (AI) regulation via HB 956 and consider legislation in future years that includes feedback from industries that use AI to improve the lives of Marylanders.

Maryland banks use AI to streamline operations, enhance customer experience, and improve fraud detection. They do so in compliance with state and federal lending laws to ensure transparency, accountability, and non-discrimination. Bank regulators consistently review a bank’s use of AI during examinations. Regulators can request documentation and review algorithms to ensure that models align with regulatory guidelines. Failure to comply with regulatory guidelines that prohibit discrimination can result in penalties ranging from fines to legal action. Banks never want to run afoul of their regulators, so a strong incentive to use AI in a transparent and compliant fashion already exists.

It is important to take into consideration how the requirements in HB 1331 may either be redundant or contradict existing AI requirements for Maryland banks. Accordingly, the MBA urges the House Economic Matters Committee to continue studying the use of AI to produce a legislative product that does not stifle innovation and would not put Maryland banks into a situation where they run afoul of federal laws and regulations. MBA looks forward to being a part of conversations around the regulation of AI in the coming months and years.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding more than \$194 billion in deposits in almost 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.