



HB 952 – Consumer Protection - Companion Chatbots - Regulation

Committee: Senate Finance Committee

Date: March 26, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS HB 952 WITH AMENDMENTS**. This legislation, as amended, creates a regulatory framework for companion chatbots to reduce harm, protect minors, limit data exploitation, and create accountability through consumer protection and product liability law. MBA supports the bill sponsor’s intent and greatly appreciates the work of the House Economic Matters Committee which provided some additional clarity. However, MBA believes that two important technical and clarifying amendments are needed to ensure HB 952 does not negatively impact a bank’s ability to serve its customers.

First, MBA suggests that 14-1330(A)(3)(II)(1) be amended to state that bots used by a business entity **PRIMARILY** for customer service, technical assistance, business analytics, or internal research are exempt from the definition of “companion chatbot.” Changing “only” to “primarily” in the exemption provides necessary flexibility, ensuring that as bank chatbot capabilities evolve, routine enhancements do not inadvertently push the tool outside the exemption simply because its functionality expands beyond the defined use.

Second, MBA suggests revisiting 14-1330(E), 14-1330(F), 14-1330(G), 14-1330(H), and 14-1330(I) to replace the term “chatbot” with “companion chatbot.” As currently drafted, these provisions impose design mandates, behavioral limits, reporting duties, enforcement exposure, and product-liability risk. Clarifying that these provisions of HB 952 apply to companion chatbots as defined in the bill protects exempted industries from misaligned obligations and ensures enforcement focuses on systems that pose emotional and psychological risk.

Finally, MBA suggests that 14-1330(G)(2) be amended to increase the amount of time a controller has to review complaints, remove & prevent violations, and report results to sixty (60) days. Companion chatbots are complex systems that rely on machine learning models, layered safety filters, logging and audit mechanisms, and third-party infrastructure. When a legitimate complaint is raised – particularly one involving minors or harmful content – proper remediation typically requires careful root-cause analysis, potential model retraining or rule updates, and thorough testing followed by redeployment. A three-day window is not technically sufficient to complete these steps responsibly

and increases the risk of rushed fixes that may introduce new errors or exacerbate existing harms rather than meaningfully resolving the underlying issue.

MBA believes that by addressing these three issues, HB 952 can strike the appropriate balance between safeguarding Marylanders from problematic companion chatbots and preserving innovation that allows consumers to benefit from emerging technologies. Accordingly, MBA urges the issuance of a **FAVORABLE** report **WITH AMENDMENTS** on HB 952.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 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.