



SB 827 - Consumer Protection and Product Liability - Chatbots

Committee: Senate Finance Committee

Date: March 12, 2026

Position: Favorable with Amendments

The Maryland Bankers Association (MBA) **SUPPORTS SB 827 WITH AMENDMENTS**. This legislation establishes a comprehensive regulatory framework governing how developers and operators design, create, deploy, and manage chatbots in the state. Maryland banks are already subject to federal regulatory oversight, scrutiny, and enforcement on the use of chatbots and other technologies to communicate with customers. Therefore, MBA asks that financial institutions subject to the Gramm-Leach-Bliley Act be exempt from the requirements in SB 827.

Language to exempt financial institutions subject to the GLBA should include the following:

A FINANCIAL INSTITUTION OR, AN AFFILIATE OF A FINANCIAL INSTITUTION, OR DATA THAT IS SUBJECT TO TITLE V OF THE FEDERAL GRAMM-LEACH-BLILEY ACT AND REGULATIONS ADOPTED UNDER THAT ACT

Federal banking agencies routinely evaluate how technology platforms—including chatbots—interact with consumers. Poorly deployed bank chatbots can lead to violations of federal consumer protection laws, including failure to respond properly to consumer inquiries, mishandling disputes, and providing inaccurate information. Banks have been further warned that the use of emerging technologies, including chatbots, may expose them to compliance risk and potential legal violations under existing statutes.

Applying an additional, state-level regulatory framework may create overlapping, duplicative, and potentially conflicting obligations without improving consumer outcomes. Accordingly, MBA urges the issuance of a **FAVORABLE** report **WITH AMENDMENTS** on SB 827.

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.