

July 7, 2023

Via Federal eRulemaking Portal

Office of Science and Technology Policy
Executive Office of the President
Eisenhower Executive Office Building
1650 Pennsylvania Avenue
Washington, D.C. 20504

Re: Comments Regarding National Priorities for Artificial Intelligence RFI

On behalf of the Electronic Transactions Association (ETA), we appreciate the opportunity to share our thoughts on the Office of Science and Technology Policy's (OSTP) request for information (RFI) to help chart a path for the United States to harness the benefits and mitigate the risks of artificial intelligence (AI).

ETA commends the Administration for beginning to develop a National AI Strategy to promote responsible AI innovation, manage the risks associated with AI, and ensure AI systems are trustworthy. As payments experts, ETA members have witnessed the significant benefits AI has provided within the industry over the last couple of decades.

Considering that the existing payments system in the U.S. is competitive, safe, effective, dynamic, and efficient, ETA urges the OSTP to move thoughtfully and deliberately to ensure that any regulatory proposal best serves the needs of consumers, preserves and strengthens the financial system, promotes continual innovation, and ensures that consumers continue to have access to a robust and innovative array of secure financial services and payment options.

Who We Are

ETA is the world's leading advocacy and trade association for the payments industry. Our members span the breadth of significant payments and fintech companies, from the largest incumbent players to the emerging disruptors in the U.S and in more than a dozen countries around the world. ETA members make commerce possible by processing more than \$44 trillion in purchases worldwide and deploying payments innovation to merchants and consumers.

ETA's Input on OSTP's RFI

Thanks to the payments industry, individuals and merchants have a wide array of electronic payment options available to them, allowing for instant and secure money transfers, flexible storage and spending of funds including online, and convenient in store transactions with a simple tap of a card or phone. This innovation has accelerated in response to consumer demand and has been fueled by competing technologies, including the continual development of AI.

Integrating AI into payment operations presents persistent significant benefits for various companies within the global payments industry. For example, payment providers leverage AI to automate processes, reduce costs, optimize transaction routing, detect and combat fraud, and develop tailored products and services. Here are some of the ways payment companies are integrating AI:

- **AI to support fraud prevention**

AI is used to detect and prevent financial fraud by analyzing large volumes of transactional data and identifying patterns and anomalies that may indicate fraudulent activity. By analyzing these data sets, AI helps detect fraudulent activity before it causes significant harm. Additionally, AI analyzes user behavior, such as typing patterns and mouse movements, to identify potential fraudsters, and it also analyzes unstructured data, such as email or chat logs, to identify keywords or phrases that may indicate fraudulent activity.

- **Streamlining payments**

Another important use case is streamlining payments. AI enhances the speed and efficiency of the payment process by reducing the need for human intervention. For instance, paying a simple invoice currently involves significant human involvement, but AI facilitates a straight-through processing of payments by automating workflows, providing decision support, and applying image recognition to documents. Moreover, advancements in speech recognition technology have enabled payment providers to process payments initiated via voice, when the initiator has used a smartphone or smart speaker.

- **Credit underwriting for small businesses**

AI aids in underwriting small business lending by utilizing machine learning algorithms to analyze a wide range of data points and identify key risk factors associated with lending to small businesses. By leveraging AI for small business lending, lenders have improved the accuracy and speed of their decision-making processes, reduced costs, and expanded access to credit for small businesses.

- **Innovative payment and ecommerce solutions**

With the increasing use of smartphones and mobile devices, mobile payments are gaining popularity among consumers. AI-powered mobile payment solutions analyze data such as customer preferences and purchase history to provide personalized payment options and recommendations. Additionally, when shopping online, AI suggests complementary products, offers discounts to incentivize customers to complete their purchase, and streamlines the checkout process, thereby reducing cart abandonment rates. AI-powered shopping carts can automatically fill in customer information, such as shipping and billing addresses, and even offer multiple payment options based on the customer's preferences.

- **Customer service**

AI is employed to create chatbots and virtual assistants that provide customer service to financial services customers. These virtual assistants can handle basic inquiries about account balances, transactions, and loan applications, as well as tackle more complex queries.

- **Leveraging financial industry expertise for effective AI regulation**

It is important for the OTSP to recognize that the financial industry is already heavily regulated, with a governance process involving regulatory bodies. This existing regulatory framework ensures consumer protection, risk management, and the stability of the financial system. When formulating AI policy for other industries, it is crucial to leverage the expertise and experience of the financial sector's regulatory bodies to develop effective regulations. This includes considering their knowledge in risk management, consumer protection, compliance and auditing, and collaboration for industry standards.

By incorporating the existing regulatory landscape of the financial industry, policymakers can ensure that AI regulations promotes innovation, protects consumers, and maintains the development of secure and inclusive services. Drawing upon the governance processes and best practices in the financial sector will help maximize the benefits of AI, mitigate risks, and establish accountability and transparency in AI systems across different industries.

Overall, the integration of AI technologies in the payments industry isn't new and has unlocked numerous benefits and possibilities for the payment industry and consumers alike. ETA recognizes the potential of AI and encourages the OSTP to consider these applications and their impact while formulating regulatory proposals. It is essential to strike a balance that promotes innovation, protects consumers, and ensures the continued development of secure and inclusive financial services.

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ETA appreciates the opportunity to provide input on this important issue. If you have any questions, please contact me or Scott Talbott, ETA's Executive Vice President, at stalbott@electran.org.

Sincerely,



Jeff Patchen
Director of Government Affairs
Electronic Transactions Association