

# CFPB and Federal Partners Confirm Automated Systems and Advanced Technology Not an Excuse for Lawbreaking Behavior

*Tech marketed as “artificial intelligence” and as taking bias out of decision making has the potential to produce outcomes that result in unlawful discrimination*

APR 25, 2023

**WASHINGTON, D.C.** – Four federal agencies jointly pledged today to uphold America’s commitment to the core principles of fairness, equality, and justice as emerging automated systems, including those sometimes marketed as “artificial intelligence” or “AI,” have become increasingly common in our daily lives – impacting civil rights, fair competition, consumer protection, and equal opportunity.

The Civil Rights Division of the United States Department of Justice, the Consumer Financial Protection Bureau, the Federal Trade Commission, and the U.S. Equal Employment Opportunity Commission released a [joint statement](https://files.consumerfinance.gov/f/documents/cfpb_joint-statement-enforcement-against-discrimination-bias-automated-systems_2023-04.pdf) ([https://files.consumerfinance.gov/f/documents/cfpb\\_joint-statement-enforcement-against-discrimination-bias-automated-systems\\_2023-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_joint-statement-enforcement-against-discrimination-bias-automated-systems_2023-04.pdf)) outlining a commitment to enforce their respective laws and regulations.

All four agencies have previously expressed concerns about potentially harmful uses of automated systems and resolved to vigorously enforce their collective authorities and to monitor the development and use of automated systems.

“Technology marketed as AI has spread to every corner of the economy, and regulators need to stay ahead of its growth to prevent discriminatory outcomes that threaten families’ financial stability,” said CFPB Director Rohit Chopra. “Today’s joint statement makes it clear that the CFPB will work with its partner enforcement agencies to root out discrimination caused by any tool or system that enables unlawful decision making.”

“We have come together to make clear that the use of advanced technologies, including artificial intelligence, must be consistent with federal laws,” said Charlotte A. Burrows, Chair of the EEOC. “America’s workplace civil rights laws reflect our most cherished values of justice, fairness and opportunity, and the EEOC has a solemn responsibility to vigorously enforce them in this new context. We will continue to raise awareness on this topic; to help educate employers, vendors, and workers; and where necessary, to use our enforcement authorities to ensure AI does not become a high-tech pathway to discrimination.”

“We already see how AI tools can turbocharge fraud and automate discrimination, and we won’t hesitate to use the full scope of our legal authorities to protect Americans from these threats,” said FTC Chair Lina M. Khan. “Technological advances can deliver critical innovation—but claims of innovation must not be cover for lawbreaking. There is no AI exemption to the laws on the books, and the FTC will vigorously enforce the law to combat unfair or deceptive practices or unfair methods of competition.”

“As social media platforms, banks, landlords, employers, and other businesses that choose to rely on artificial intelligence, algorithms and other data tools to automate decision-making and to conduct business, we stand ready to hold accountable those entities that fail to address the discriminatory outcomes that too often result,” said Assistant Attorney General Kristen Clarke of the Justice Department’s Civil Rights Division. “This is an all hands on deck moment and the Justice Department will continue to work with our government partners to investigate, challenge, and combat discrimination based on automated systems.”

Today’s joint statement follows a series of CFPB actions to ensure advanced technologies do not violate the rights of consumers. Specifically, the CFPB has taken steps to protect consumers from:

- **Black box algorithms:** In a May 2022, [circular](https://cfpb.gov/about-us/newsroom/cfpb-acts-to-protect-the-public-from-black-box-credit-models-using-complex-algorithms/) (cfpb.gov/about-us/newsroom/cfpb-acts-to-protect-the-public-from-black-box-credit-models-using-complex-algorithms/) the CFPB advised that when the technology used to make credit decisions is too complex, opaque, or new to explain adverse credit decisions, companies cannot claim that same complexity or opaqueness as a defense against violations of the Equal Credit Opportunity Act.
- **Algorithmic marketing and advertising:** In August 2022, the CFPB issued an [interpretive rule](https://cfpb.gov/about-us/newsroom/cfpb-warns-that-digital-marketing-providers-must-comply-with-federal-consumer-finance-protections/) (cfpb.gov/about-us/newsroom/cfpb-warns-that-digital-marketing-providers-must-comply-with-federal-consumer-finance-protections/) stating when digital marketers are involved in the identification or selection of prospective customers or the selection or placement of content to affect consumer behavior, they are typically service providers under the Consumer Financial Protection Act. When their actions, such as using an algorithm to determine who to market products and services to, violate federal consumer financial protection law, they can be held accountable.
- **Abusive use of AI technology:** Earlier this month, the CFPB issued a [policy statement](https://cfpb.gov/about-us/newsroom/cfpb-issues-guidance-to-address-abusive-conduct-in-consumer-financial-markets/) (cfpb.gov/about-us/newsroom/cfpb-issues-guidance-to-address-abusive-conduct-in-consumer-financial-markets/) to explain abusive conduct. The statement is about unlawful conduct in consumer financial markets generally, but the prohibition would cover abusive uses of AI technologies to, for instance, obscure important features of a product or service or leverage gaps in consumer understanding.
- **Digital redlining:** The CFPB has prioritized digital redlining, including bias in algorithms and technologies marketed as AI. As part of this effort, the CFPB is working with federal partners to protect homebuyers and homeowners from [algorithmic bias](https://cfpb.gov/about-us/newsroom/cfpb-outlines-options-to-prevent-algorithmic-bias-in-home-valuations/) (cfpb.gov/about-us/newsroom/cfpb-outlines-options-to-prevent-algorithmic-bias-in-home-valuations/) within home valuations and appraisals through rulemaking.
- **Repeat offenders’ use of AI technology:** The CFPB proposed a [registry](https://cfpb.gov/about-us/newsroom/cfpb-proposes-registry-to-detect-repeat-offenders/) (cfpb.gov/about-us/newsroom/cfpb-proposes-registry-to-detect-repeat-offenders/) to detect repeat offenders. The registry would require covered nonbanks to report certain agency and court orders

connected to consumer financial products and services. The registry would allow the CFPB to track companies whose repeat offenses involved the use of automated systems.

The CFPB has also launched a way for [tech workers to blow the whistle](https://cfpb.gov/about-us/blog/cfpb-calls-tech-workers-to-action/) ([cfpb.gov/about-us/blog/cfpb-calls-tech-workers-to-action/](https://cfpb.gov/about-us/blog/cfpb-calls-tech-workers-to-action/)). The CFPB encourages engineers, data scientists and others who have detailed knowledge of the algorithms and technologies used by companies and who know of potential discrimination or other misconduct within the CFPB's authority to report it. CFPB subject-matter experts review and assess credible tips, and the CFPB's process ensures that all credible tips receive appropriate analysis and investigation.

The CFPB will continue to monitor the development and use of automated systems, including AI-marketed technology, and work closely with the Civil Rights Division of the DOJ, FTC, and EEOC to enforce federal consumer financial protection laws and to protect the rights of American consumers, regardless of whether legal violations occur through traditional means or advanced technologies.

The CFPB will also release a white paper this spring discussing the current chatbot market and the technology's limitations, its integration by financial institutions, and the ways the CFPB is already seeing chatbots interfere with consumers' ability to interact with financial institutions.

[Read today's Joint Statement on Enforcement Efforts Against Discrimination and Bias in Automated Systems.](https://files.consumerfinance.gov/f/documents/cfpb_joint-statement-enforcement-against-discrimination-bias-automated-systems_2023-04.pdf) [📄 \(https://files.consumerfinance.gov/f/documents/cfpb\\_joint-statement-enforcement-against-discrimination-bias-automated-systems\\_2023-04.pdf\)](https://files.consumerfinance.gov/f/documents/cfpb_joint-statement-enforcement-against-discrimination-bias-automated-systems_2023-04.pdf)

[Read Director Chopra's Prepared Remarks on the Interagency Enforcement Policy Statement on "Artificial Intelligence."](https://cfpb.gov/about-us/newsroom/director-chopra-prepared-remarks-on-interagency-enforcement-policy-statement-artificial-intelligence/) ([cfpb.gov/about-us/newsroom/director-chopra-prepared-remarks-on-interagency-enforcement-policy-statement-artificial-intelligence/](https://cfpb.gov/about-us/newsroom/director-chopra-prepared-remarks-on-interagency-enforcement-policy-statement-artificial-intelligence/))

Consumers can submit complaints about other financial products and services, by visiting the [CFPB's website](https://cfpb.gov/complaint/) ([cfpb.gov/complaint/](https://cfpb.gov/complaint/)) or by calling (855) 411-CFPB (2372).

Employees who believe their company has violated federal consumer financial laws, including violations involving advanced technologies, are encouraged to send information about what they know to [whistleblower@cfpb.gov](mailto:whistleblower@cfpb.gov). To learn more about reporting potential industry misconduct, visit the [CFPB's website](https://cfpb.gov/enforcement/information-industry-whistleblowers/) ([cfpb.gov/enforcement/information-industry-whistleblowers/](https://cfpb.gov/enforcement/information-industry-whistleblowers/)).

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*The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit [www.consumerfinance.gov](http://www.consumerfinance.gov) ([http://www.consumerfinance.gov/](http://www.consumerfinance.gov)).*

## Topics

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