

MEMORANDUM

TO: Members of the Committee on Financial Services

FROM: Committee Majority Staff

DATE: March 2, 2026

SUBJECT: March 5, 2026, Subcommittee on Financial Institutions Hearing: “Fighting Fraud on the Front Lines: Challenges and Opportunities for Financial Institutions”

On Thursday, March 5, 2026, at 10:00 a.m., the Subcommittee on Financial Institutions of the Committee on Financial Services will hold a hearing in Room 2128 of the Rayburn House Office Building, titled “Fighting Fraud on the Front Lines: Challenges and Opportunities for Financial Institutions.” The following witnesses will testify:

- **Mrs. Gay Dempsey**, CEO, Bank of Lincoln County, on behalf of the Independent Community Bankers of America (ICBA)
- **Mr. Patrick McDade**, Senior Vice President for Fraud and Technology Risk Management, EverBank, on behalf of the Consumer Bankers Association (CBA)
- **Ms. Kate McKune**, General Counsel, Park Community Credit Union, on behalf of America’s Credit Unions (ACU)
- **Mr. Joseph J. Schuster**, Partner, Ballard Spahr LLP
- **Mr. Adam Rust**, Director of Financial Services, Consumer Federation of America

This hearing will examine the current steps financial institutions are taking to combat the rise in financial and payments related fraud and scams, which cost American families and small businesses billions of dollars annually. The hearing also will review the practical, regulatory, and legal barriers that hinder the ability of financial institutions to detect, prevent, and mitigate fraudulent activity, and identify areas where Congress can provide greater clarity. In particular, the hearing will focus on strategies to improve information sharing among financial intuitions, other sectors of the economy, and law enforcement, where necessary.

Legislation Noticed:

1. **H.R.____, the *Transaction Risk Analytics and Collaborative Exchange (TRACE) Act of 2026***: This discussion draft establishes a framework allowing banks, payment networks, financial technology firms, and other financial institutions to securely share fraud-related information to combat scams, identity theft, cyber-enabled theft, and related illicit activity.
2. **H.R.____, the *Bank Fraud Technology Advancement Act of 2026***: This discussion draft directs the Federal banking agencies to conduct an interagency study on how advanced technologies — including artificial intelligence, machine learning, predictive analytics,

behavioral biometrics, and distributed ledger monitoring tools — are being used to detect and prevent financial fraud, with a focus on challenges faced by community banks and credit unions under \$10 billion in assets.

3. **H.R. _____, the *Scrutinizing Transactions for Overt Payment Fraud (STOP Fraud) Act of 2026***: This discussion draft adds flexibility to the *Expedited Funds Availability Act* to allow financial institutions to slow down the availability of funds when financial institutions suspect fraud and scams.