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Before the

Subcommittee on Digital Assets, Financial Technology,
and Artificial Intelligence of the Committee on Financial
Services

United States House of Representatives

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Chairman Steil, Ranking Member Lynch, and Members of the Subcommittee, thank you for the opportunity to appear before you. It is an honor to discuss the Office of the Comptroller of the Currency's (OCC's) work implementing one of Comptroller Gould's strategic priorities: supporting and keeping pace with responsible innovation within the federal banking system.

The OCC was founded more than 160 years ago to ensure a safe, sound, and fair national banking system. Today, the OCC supervises more than 1,000 institutions that hold \$17.9 trillion in assets, two-thirds of all U.S. commercial banking assets, and have more than \$90 trillion in assets under administration.

Since joining the OCC in 1992, I have had the opportunity to supervise banks of all sizes and complexities. Today, I serve as Senior Deputy Comptroller and Chief National Bank Examiner. In my current role, I lead the Office of the Chief National Bank Examiner (CNBE) in its efforts to develop risk analysis, policy, and data and systems management that support bank supervision. I also oversee the Office of Financial Technology (OFT), which supports innovation by facilitating industry engagement on bank-fintech partnerships, artificial intelligence, digital assets, tokenization, and other emerging technologies.

The OCC plays a central role in facilitating and defining responsible innovation across the federal banking system. Accordingly, the OCC is improving how it evaluates new products and services, identifies potential risks, and serves as a resource to banks as they support a healthy U.S. economy. Specifically, the OCC champions safe and sound innovation through its chartering process, through its approach to digital assets and AI, and by facilitating bank and technology firm relationships and partnerships.

The OCC is uniquely responsible for chartering national banks. Renewed interest in chartering is a welcome return to the norm and a sign of a healthy banking system. As a technology neutral regulator, the OCC evaluates all applicants in an even-handed fashion, based on their proposed activities and consistent with applicable laws and regulations. The technology that an applicant employs to deliver financial services and products should not determine whether an application for a charter is approved or denied. The decision should be made based on whether an applicant meets the applicable standards and can comply with the OCC's high supervisory expectations.

With respect to digital assets, the OCC fosters safe and responsible innovation by: (1) providing a supervisory environment for digital asset-focused businesses to grow safely; and (2) clarifying banks' ability to engage in permitted digital asset activities, including through a first-of-its-kind payment stablecoins regime under the GENIUS Act. Digital assets and distributed ledger technology offer banks new opportunities to remain dynamic and competitive. As adoption rates increase at OCC-supervised banks, our goal is to ensure banks understand, manage, and mitigate their risks appropriately.

Consistent with that goal, the OCC aims to foster an environment that provides new and existing banks of all sizes opportunities to engage with payment stablecoins in a safe and sound manner. Last month, the OCC issued a notice of proposed rulemaking to implement the GENIUS Act. We look forward to reviewing stakeholders' comments as we implement the law's requirements.

In addition to implementing a federal framework for permitted payment stablecoin issuers, the OCC is facilitating the adoption of AI by interested banks to improve business functions. The use of AI among banks is not new. However, recent developments, particularly

generative and agentic AI, offer banks opportunities to automate and improve core operational, customer service, and other activities in novel ways. As these technologies evolve, the OCC aims to ensure adoption proceeds in a manner consistent with safety, soundness, and applicable law.

Many banks utilize third-party technology providers to gain a competitive edge in a rapidly evolving marketplace. As the market continues to evolve, the OCC is actively developing regulatory approaches that right size supervisory expectations, emphasize institution-specific risk management, and position the OCC to support community banks that utilize these relationships.

The federal banking system must remain dynamic, competitive, and fair. By providing banks with a path to safely embrace new technologies and modernizing supervision, the OCC is ensuring the long-term relevance of the federal banking system. The OCC remains committed to engaging with Congress, the public, and other stakeholders on the policies and priorities outlined in my testimony. I look forward to answering your questions.