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Minutes of the regular meeting of the
Innovation Advisory Council
10:00am – 12:00pm ET, Wednesday, October 4, 2023
Federal Reserve Bank of New York 33 Liberty Street, New York, NY
and via Teams

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Present:
Lynn Bishop, *CIO, DTCC*
Umar Farooq, *CEO, Onyx by J.P. Morgan*
Matt Harris, *Partner, Bain Capital Ventures*
Cassie Kozyrkov, *CEO of Data Scientific*
Cathie Mahon, *President and CEO, Inclusiv*
Neha Narula, *Director, MIT Digital Currency Initiative*
Brad Peterson, *CIO/CTO, Nasdaq*
Steve Streit, *Founder, SWS Venture Capital*

Federal Reserve attendees:

John Williams, President and CEO, FRBNY	Deepika Mahajan, Technology
Michelle Neal, Markets, IAC Chair and Sponsor	Sishush Maru, Supervision
Chris Armstrong, Operations and Resiliency	Heidy Medina, Supervision
Elizabeth Caviness, Markets	Harry Mendell, Technology
Chris Desch, New York Innovation Center	Lisa Menda, Research and Statistics
Jon Durfee, New York Innovation Center	Helen Mucciolo, Corporate Group
Mark Fischer, Supervision	Mihaela Nistor, Risk
Elena Ferri, Technology	John Rutigliano, Supervision
Julia Godinez, FRBSF	Raymond Sak, FRB St. Louis
Julia Remache, Markets	Janine Tramontana, Legal
Andrew Haughwout, Research and Statistics	Morgan White, FRS Innovation
Henry Holden, New York Innovation Center	Per von Zelowitz, New York Innovation Center
Alison Liu, Supervision	

Guests:
Larry Angelilli, *Chief Financial Officer, MoneyGram*
Simon Johnson*, Ronald A. Kurtz Professor of Entrepreneurship at the MIT Sloan School of Management, Head of the Global Economics and Management group*
Karin Kimbrough, *Chief Economist at LinkedIn*
Sylvain Leduc, *Executive VP and Director of Research, Federal Reserve Bank of San Francisco*

The videoconference was called to order at 10:00am ET.

1. Introductory Remarks

Per von Zelowitz, Director of the New York Innovation Center, welcomed members and Federal Reserve attendees to the final Innovation Advisory Council (IAC) meeting of the year and introduced the agenda topic: Artificial Intelligence: Developments in the labor market and finance.

Michelle Neal, Head of Markets at the Federal Reserve Bank of New York, delivered welcome remarks.

2. Guest moderator Sylvain Leduc, Executive Vice President and Director of Research of the Federal Reserve Bank of San Francisco, facilitated conversation between two guest speakers on the impact of artificial intelligence on the labor market and productivity.

Simon Johnson, Ronald A. Kurtz Professor of Entrepreneurship at the MIT Sloan School of Management, Head of the Global Economics and Management group, highlighted the importance of measuring productivity growth when implementing automation. The discussion included considerations around how automation should factor the creation of new tasks and jobs for the economy, the need to consider how marginal productivity can be measured, what makes AI different from past innovations, and how AI can enable human creativity.

Karin Kimbrough, Chief Economist at LinkedIn, shared key insights on in-demand skills across industries. Most notably, Karin described the rapid recent increase in demand for experts in AI and opined on how the growth in AI may impact demand for workers with different skill levels and job types going forward, as well as how it may impact different industries. The discussion continued with trends across demographics. It was also noted that leaders across industries may be unsure of the impact AI will have on productivity and the industry may experience some trial and error and need time before determining the most useful applications.

Following the moderated conversations, the meeting transitioned to open discussion. Discussion topics included the question of AI accessibility internationally and how AI applications may differ across regions, the threat of competitive pressure, and the skills that will withstand job displacement.

4. Morgan White, AI Program Lead of the Federal Reserve System introduced the last section of the agenda on industry perspectives with the discussion led by IAC member Cassie Kozyrkov, CEO of Data Scientific.

Cassie described the three main decisions underlying AI decision making by leaders: Identifying the objective, automating using examples, and testing criteria. The discussion explored the foundational importance of data management and the training of trusted individuals to be used as safety nets for all tools. The discussion highlighted the risks of the scalability of AI absent quality data, considerations around affordability and access to AI tools, and the importance of consumer education.

The meeting adjourned at approximately 12:00pm ET