

# FSOC and the Brookings Institution Host a Conference on Artificial Intelligence and Financial Stability



June 6, 2024

WASHINGTON – Today the Financial Stability Oversight Council (FSOC), in partnership with the Brookings Institution, hosted the first day of a conference on Artificial Intelligence (AI) and Financial Stability. This conference brought together public and private sector participants to discuss the evolving role of AI in the financial system and the potential implications for U.S. financial stability.

In her [keynote address](#), Secretary of the Treasury Janet L. Yellen highlighted opportunities and risks in the financial sector associated with AI. She noted that AI, “when used appropriately, can improve efficiency, accuracy, and access to financial products.” She also stated the “Council’s new Analytic Framework, published last November, provides helpful insights into the range of potential risks that AI can pose to the financial system. Specific vulnerabilities may arise from the complexity and opacity of AI models; inadequate risk management frameworks to account for AI risks; and interconnections that emerge as many market participants rely on the same data and models.” The Secretary highlighted Treasury’s research, analysis, and coordination efforts to deepen understanding of the risks posed by AI and Treasury’s plans to continue its engagement with stakeholders.

Acting Comptroller Hsu provided a keynote address on the potential systemic risk implications from the use of artificial intelligence in banking and finance as both a useful tool and as a harmful weapon. He also discussed his views on the accountability challenges with AI and the need for a shared responsibility framework for AI safety. Several panel discussions explored the potential risks to financial stability posed by AI in financial services and approaches to promote its safe adoption by balancing innovation with appropriate risk management. Conference participants included representatives from technology, finance, and civil society organizations together with staff from FSOC member agencies.

The FSOC identified AI as a potential vulnerability in the financial system for the first time in its [2023 Annual Report](#). The report noted that financial institutions have rapidly adopted innovative technologies in recent years, and the use of AI in financial services has increased. The FSOC highlighted the potential benefits and risks posed by AI in the report and

recommended that financial institutions, market participants, and regulatory and supervisory authorities deepen expertise and capacity to monitor AI innovation and usage and identify emerging risks.

Tomorrow, the conference will continue at the Brookings Institution in Washington, D.C. The link to tomorrow's webcast and other conference details can be found at the [conference website](#).

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