

Kansas City Fed's Schmid asks whether the AI ecosystem is becoming too big to fail

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off-the-wire

Fed's Schmid: Need to understand if AI "ecosystem" getting too big to fail

By Reuters

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Reuters

WASHINGTON, Sept 25 (Reuters) - Kansas City Fed President Jeff Schmid said that as the artificial intelligence boom unfolds it will be important for the Fed to understand if the network of firms and contracts developing in the industry is becoming so large it is too big to fail. "Where we have to start to really synthesize what's happening in the AI and the data center build-out is are we moving to a too-big-to-fail AI ecosystem," he said, referring to the need for public bailouts of major financial institutions during the 2007 to 2009 financial crisis because of their size and influence on the broader economy.

"You worry a little bit about how do we understand what's inside. ... Is there anything systemic?" he asked.

Reporting by Howard Schneider; Editing by Mark Porter

Reuters

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