

**Remarks by Vincent G. Logan
Board Chairman and CEO
Farm Credit Administration
FCA Innovation Symposium
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Generative and REgenerative artificial intelligence.

Digital central bank currency.

Precision farming.

Quantum computing.

It's a far different world from 1933 when Franklin Roosevelt established the Farm Credit Administration — in his first 100 days.

Just ten days before, when addressing Congress on his bold plan to secure the purchasing power of our nation's farmers.... FDR described it this way:

"I tell you frankly that it is a new and untrod path."

A new and untrod path.

Different. A way forward, an idea, not tried before.

In other words, innovation.

Thank you all for joining us for the FCA Innovation Symposium.

I would like to thank fellow Board Members Jeff Hall and Glen Smith for their support and partnership.

I am also very grateful to our panelists and moderators for joining us today to share their perspective.

And thank you to the FCA staff for making this event possible and for their commitment to innovation.

Innovation doesn't always mean technology. But, as FDR reminds us, it has always been a part of our agency... and part of the Farm Credit System, the country's oldest government-sponsored enterprise.

It's also a reminder that we should be asking: what's next?

From where I sit, I ask it this way:

What will ag credit and financial markets look like 100 years after Roosevelt's action... when we celebrate FCA's centennial in 2033?

How will FCA and the System respond and evolve as markets change due to all sorts of pressures — climate, pandemics, technology advancements, ag needs?

What tools will we use ... what skills will we need?

With all of this change, how do we continue to ensure safety and soundness?

Some of you have heard me ask these questions before ... about 2033. And not because I'm some sort of futurist.

Instead, think of it in the context of how we approach recruiting at FCA.

A student who just started college this month... graduates in 4 or 5 years... and then starts their career with FCA, working 4 years to get their commission...

2033 is about the same time they'll get their first big assignment as a commissioned examiner.

2033 isn't that far off – it is fast-approaching.

And in this regard, I want you to think of 2033 not as a date. But a state.

What state, or condition, are we in for the innovation that isn't just ahead of us, but upon us?

Are we in a state of readiness?

Because — for future employees — being innovative is not just an incentive but an imperative.

For borrowers, the producers — it's the primary way to meet consumer preferences, such as the treatment of animals, local sourcing, or sustainability.

And for all of us... It's mission-critical for you to be the lenders you need to be, just as it is for us to be the regulator we need to be.

And, yes, when I say mission-critical, I'm being very intentional. Because, ultimately, we share a mission. Specifically, that mission is about continued access to the credit that has been a lifeline for generations of ag producers.

And a lifeline for our country, too. Because, after all, food security is national security.

That's why we've gathered.

But I also want to address why here, and why now at this moment. And I can begin to answer that by noting that I was confirmed by the U.S. Senate ... in the fall of 2022 ... about a month before ChatGPT was launched.

The timing is just a coincidence (I assure you).

But, for me, the two events ARE connected...

As I shared with senators during the confirmation process, it was through my work on Wall Street, where we traded System bonds, that I became familiar with the Farm Credit System.

Roughly at the same time, I was part of a group of investment professionals that was looking at acquiring and applying emerging fintech.

And when I was confirmed to be special trustee for American Indians during the Obama Administration, ... we held, on behalf of tribal nations, Farmer Mac bonds.

So, I came to FCA with different touch points ... different experiences... on the buy side for financial products ... and as someone steeped in the credit markets.

After all, credit is our middle name. It is who we are and what we do.

But right now, there is another way to describe us ... and this symposium, as well.

We are at the confluence of fintech, ag-tech and reg-tech.

It's not hyperbole to say that technology is advancing and becoming more accessible in ways and at speeds that were hard to imagine. Things are changing even as we sit in this room.

This isn't about the promise of tomorrow... It is the reality of today. It is the state we are in.

That's why at FCA we identified innovation as a key priority.

We had to better understand how the System is innovating and what those innovations are used for.

In other words, and quite literally, what do innovations — like AI, for instance — look like in the field, on the ranch, for the workforce? How are they impacting the portfolios and business plans of System institutions?

We had to understand whether the current regulatory framework is keeping pace with innovations in the broader market — innovations that could impact borrowers, in good times and bad.

And we had to understand where we are as an agency, with the skills and technologies necessary to fulfill our duty as regulator now and in the future.

After all, this isn't innovation for the sake of innovation. If it's not that, then why? I'm going to tell you.... It's about fulfilling the mission we share. Providing access to credit. Looking at what we examine and how, with what tools. Ensuring safety and soundness. Of course.

For me, meeting those challenges starts with listening and learning. So, we did the same thing we did two years ago when I wanted to learn more about the System: We went on a tour. We talked to those with the most expertise when it comes to innovation — those on the front lines.

We visited private and System institutions, both large and small, in banking and credit, fintech firms and consultancies.

We went to Silicon Valley — to the tech companies that are household names, but also to start-ups and incubators with just a few dozen people.

We met with founders and funders.

We toured leading universities where they are simultaneously setting the standard for ag research and teaching ag-tech entrepreneurs.

And what we saw was noteworthy:

At BNY, they walked us through their innovation lab, which was connected to their global innovation network. Then we saw their state-of-the-art nerve center, where you can track trades, transactions, and trends around the globe.

At McKinsey, we were shown their internal large language model, or LLM, called Lilly. We asked Lilly about FCA, and were immediately provided with a summary report. They are turning huge amounts of data into insights.

At the University of Nebraska's Innovation Campus, we met with a company that used satellite imagery and cutting-edge software to offer real-time recommendations on how much nitrogen to apply and where exactly in the field. The results were not only good for the environment but good for business.

At Apple and Google, we observed an innovative approach that was entirely solution-focused. Their teams were energized, forward-looking.

My take-away from these visits? These organizations are building the future right now.

You come back from visits like that not just impressed but inspired.

People aren't just talking about innovation; they're defining it. The work is happening.

So, I challenged our team at FCA. I said: "We need to be conversant in AI and other advanced technologies. We need to think about the future and what we need to do now to prepare for it."

I also told our team: "Let's do what we said." Specifically, in the innovation policy framework we released last January.

And we are.

We've been working to review innovation efforts across the System and broader banking industry.

By establishing new lines of communication.

And by exploring new ways to maintain our commitment to open and continuous dialogue with the System.

This symposium is a great example.

And so is the new AI page on our website. You will learn more about that and the guidance it offers later today.

It's important for us to learn how you're using AI... And, more importantly, to see how you are managing and governing risks associated with different innovations.

Because you tell us how important it is to stay competitive, and we hear you.

That's externally. FCA is also doing a lot internally. I'll mention three things.

First, we're improving how we structure data and replacing legacy systems. That will make us more agile and efficient in our role as regulator.

These data improvements — paired with our efforts to move to the cloud — will improve our work now and position us to better utilize technology as it emerges.

Second, we are reviewing our internal policies and speaking with other financial regulators.

We know that many of you are considering AI analytics and virtual work assistants, and we've been evaluating use cases in relation to our mission.

And third, we're finding new ways to break down silos and collaborate — to enable and empower our staff.

That includes something I'm incredibly excited about — FCALabs. Our own internal incubator.

For me, it's important to emphasize not only the what, but the "how."

Because you can't order innovation. You need to build a culture that encourages it.

A culture that leads with trust.

A culture of learning — even — and especially — from mistakes.

A culture of curiosity, collaboration, and experimentation, where ideas flow freely between experts working to further our mission.

We're building the FCA of 2033 by investing in our people and our capabilities. We'll be ready to meet our mission — whatever the future holds.

I mentioned our visit to Apple and how it's unmistakably solution-focused. That doesn't only describe the technology. It describes the culture.

There — and at some of the other companies we visited, too — the only discriminating quality is a willingness to bring your idea to the table and your openness to the ideas of others.

A willingness to explore that new and untrod path.

There is a diversity of perspective. Not the politics of identity, but the promise of collaboration and purpose.

I can tell you: this did not exist when I started my career. Back then, people questioned your politics, your agenda, even your private life.

Now, innovative organizations are interested in your ideas. The questions they ask are: what does the future hold? Are we in that state of readiness?

When I started at FCA, I was very happy to learn that staff were already asking what's possible.

That's emblematic of our approach. That's one of the reasons for today's symposium. And I hope it's a goal for all of us in this room.

Always asking what's possible. And then getting to work, together.

Because that's innovation.

Thank you.