

Financial Sector Advisory Council

Meeting Minutes



Federal Reserve
Bank of Dallas

2:00 pm, September 2, 2026

Council Attendees:

Dawn Fitzpatrick, Soros Fund Management (Council Chair)

Juan Andrade, USAA

Jase Auby, Teacher Retirement System of Texas

Hayley Boesky, BofA Securities

Jake Carney, Castle Hook Partners

Gabriel Casillas, Barclays Capital

David Finkelstein, Annaly Capital Management

Josh Friedman, Canyon Partners

Paul Hamill, ICE Clear Credit

Karen Karniol-Tambour, Bridgewater Associates

Travis Machen, The Bank of Nova Scotia

Drew McKnight, Fortress Investment Group

Henry McVey, KKR

Daleep Singh, PGIM

Mike Verdeschi, Charles Schwab

Matthew Zames, Zames Group

External Attendees:

Andrew Hauser, Reserve Bank of Australia

Federal Reserve Bank of Dallas Attendees:

Lorie Logan, Seth Searls, Mike Schetzel, Sam Schulhofer-Wohl, Karel Mertens, Emily Greenwald, Rebecca Zarutskie, Roberto Coronado, Mark Wynne, Jim Dolmas, Amy Chapel, Enrique Martinez-Garcia, Pia Orrenius, Guhan Venkatu, Ally Hoffman, Lorenzo Garza, Amy McGregor, Ron Mau, Tyler Atkinson, Selena Munoz, Ben Munyan, Juan Marquez, Meeoak Cho, Alejandro Dieguez, Victoria Rosengarten, Rosie Levy, Hugo De Vere

Discussion of U.S. Economic and Monetary Policy Outlook

Council members first discussed the outlook for the U.S. economy and monetary policy. Members generally agreed that aggregate demand remains strong, with expectations for above-trend real GDP growth. Members discussed how capital expenditure has proven resilient to higher borrowing costs and energy prices and noted that strong consumption has persisted alongside continued artificial intelligence (AI) spending. Members also discussed continued corporate profit growth, concentrated



in AI-related sectors. Some members highlighted the risk of a sharp equity correction if productivity gains are slow to materialize or if the investment cycle is shorter than expected.

Members generally characterized labor market conditions as stable, but some noted that slack is more likely to shrink than grow given the outlook for labor market supply. A few members highlighted contrasting viewpoints on consumer strength. Spending data were described as robust, with mixed views on whether spending by lower-income households was showing incipient signs of acceleration.

Several members emphasized that recurring supply-side shocks reflect a persistent geopolitical shift. This dynamic was cited as contributing to the changing predictive relationship between core and headline inflation, with potential implications for central bank policy. Members' views on the appropriate outlook for monetary policy were mixed. Many argued that financial conditions are not restrictive on the whole and policy tightening is warranted, while others raised concerns that tightening may not meaningfully affect the large borrowers currently leading spending.

Discussion of AI-Driven Cyber Risk in Financial Institutions

Council members next discussed technological innovation and associated changes in cybersecurity and technology risk at financial institutions. Members noted that frontier AI models are increasingly capable of identifying vulnerabilities in near real-time. The increased speed of threats means that patches sometimes need to be deployed outside of a full testing environment, and AI is increasingly needed to defend against threats. It was also noted that open-source models are catching up rapidly, which will expand the range of actors with access to powerful tools and reduce barriers to entry to pursue attacks. Several members cited the Hugging Face swarm as catalyzing heightened urgency around AI-driven cyber threats.

Members focused on the challenge of maintaining adequate cyber defenses given aging legacy infrastructure across the banking sector. A few members specifically raised concerns about community banks, given a lack of adequate resources to invest at the scale of larger institutions. Members also highlighted that greater community bank reliance on third- and fourth-party vendors could exacerbate these concerns.

Members generally agreed that greater collaboration across the financial system would be beneficial. A few members discussed the potential role of regulators and public-private partnerships in coordinating industry-wide information sharing and best practices.



Discussion of Other Risks in the Financial System

Members cited a range of domestic and global risks. Several members noted concerns about consolidation among small banks, partially driven by the view that smaller institutions face disproportionate liquidity and cybersecurity risks. Others highlighted insurance sector risks, including rising leverage and opacity in reinsurance and private investments. Risks around opaque financial arrangements tied to AI infrastructure and the potential for lower-cost, global alternative AI models to disrupt U.S. markets were also raised.

Geopolitical risks also featured prominently, including the outlook for energy markets, critical infrastructure, and fragmentation of global alliances. Climate risk was raised as an accelerating risk, with potential implications for insurance and credit costs.