

## AI &amp; MONETARY POLICY PROJECT

# SafeFBDC: AI & Monetary Policy

New and valuable information for central banks and monetary



## FACTS AT A GLANCE

### PROJECT NAME

AI & Monetary Policy Decisions

### EXECUTING ORGANISATION

Frankfurt School—FIRE Centre

### PROJECT PARTNERS

Deloitte & TechQuartier

### ASSOCIATE PARTNER

Deutsche Bundesbank

### PROJECT SPONSOR

BMW

### PROJECT DURATION

2021-2023

### PROJECT BUDGET

€1mn



The "Artificial Intelligence and Monetary Policy Decisions" project is part of the safe Financial Big Data Cluster (safeFBDC). We will investigate the importance and use of Artificial Intelligence and Machine Learning in central banks and monetary policy using well-defined case studies.

## BACKGROUND

Since the global financial crisis (GFC) of 2008/2009, central banks have been tasked with new responsibilities that include measuring systemic risk, banking regulation and supervision, digital currencies, and climate change. These responsibilities are in part a result of the collection and access to new data sources — introducing central banks to "**Big Data**".

Artificial Intelligence (AI) and Machine Learning (ML) have gained importance in this process. AI and ML can further improve the data basis for monetary policy decisions of central banks.

## OBJECTIVES

To improve monetary policy decision making in the Eurozone in two dimensions:

- (1) improve the data basis for monetary policy decisions.
- (2) use AI / ML methods to generate new information for central banks and monetary policy to investigate questions related to macro analysis and forecasting, supervision of financial indicators and the assessment of financial stability risks.

The case studies used will also help market participants and other "observers" to better understand the reasons and implications of monetary policy decisions.

For more information visit

<https://www.frankfurt-school.de/home/research/centres/financial-intermediaries-real-economy/safebdc-ai-policy>

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