

## John C Williams: The gold beneath our feet

Remarks by Mr John C Williams, President and Chief Executive Officer of the Federal Reserve Bank of New York, at the GARP Global Risk Forum, Federal Reserve Bank of New York, New York City, 7 November 2019.

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*As prepared for delivery*

When plans for the New York Fed's headquarters here at 33 Liberty Street were developed in 1921, the building committee compiled 33 pages of requirements for potential architects.<sup>1</sup> I can assure you that our appreciation for bureaucracy has endured the test of time!

Joking aside, the focus of many of those requirements was specifications for the building's gold vault. Beneath our feet lies a triple-tiered vault system with 122 separate compartments for storing gold bars. For those of you who are Harry Potter fans, it's as close to Gringotts Bank as you'll find anywhere in the world—although for security reasons I am not allowed to confirm or deny that we have a dragon down there.

The whole building was constructed around the vault. Engineers had to excavate 117 feet down to the bedrock for a foundation that could support the weight of the construction.

Why am going into so much depth about the gold? There is a reason!

But before I explain, I should give the standard Fed disclaimer that the views I express today are mine alone and do not necessarily reflect those of the Federal Open Market Committee or others in the Federal Reserve System.

When the building was planned and constructed during the early part of the twentieth century, the gold was seen as a real vulnerability. It was conceivable that someone would try to rob the Bank and steal the gold.

The only time that's happened was in the Bruce Willis movie *Die Hard 3*, which, to be clear, was only a movie!

A lot of that owes to the skill of the architects of the building, and the law enforcement who protect it. But the other reason is that the risks we face today in 2019 look very different to the ones we were planning for in 1921.

For a thief today, it's easier to use a laptop to buy some stolen credit card details online and commit fraud than it is to plan a Hollywood-style bank heist.

And that's what I'm going to say a few words about—the changing nature of risk—before handing over to this evening's keynote speaker, John Dugan, Chair of Citigroup.

In previous decades it was easier to identify risk and what to do about it. You could see it, measure it, and fortify against it. But, as the world has changed, so have the risks that demand our attention and our resources. The new risks are harder to predict and inherently ambiguous: Steel and concrete can do little to protect us.

Our reliance on technology means we need to think differently about cyber risk. The importance of innovation and intellectual property means we need to look for new approaches to talent and culture. And the threat posed by climate change means we need to give serious consideration to the resilience of our physical and digital infrastructure.

The New York Fed has the appearance of an historic institution, but behind the stone façade

we're grappling with these issues in the same way that you are. In our economic research, our supervision of financial institutions, the payments systems we operate, in short – in all that we do.

Talent, technology, and innovation challenge us every day. They create incredible opportunity, but they also test us by exposing new vulnerabilities.

I know that over the next couple of days there will be lots of valuable insights shared by experts about how to handle the challenges posed by big data, cryptocurrency, and climate change.

But first, to kick off the conference, it's my pleasure to introduce John Dugan, Chair of Citigroup. Citigroup has operations in over 150 countries, with about 200 million customer accounts worldwide.<sup>2</sup> As head of a global employer with complex, international operations, John is no stranger to the changing nature of risk.

John became Chair of Citigroup at the start of this year. Prior to that he was chair of the Financial Institutions Group at the law firm Covington & Burling LLP, where he spent much of his career. He has also held a number of public sector roles, including Comptroller of the Currency during a critical time for our financial system and economy, from 2005–2010.

I'm looking forward to his insights and I know they will be the catalyst for some rich discussion.

Please join me in welcoming John Dugan.

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<sup>1</sup> The information in this speech on the history of the New York Fed's headquarters building comes from [About the Building](#) on the New York Fed's website.

<sup>2</sup> Citigroup, [Third Quarter 2019 Results and Key Metrics](#), October 15, 2019.