

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

Jo Ann: I know that everyone is going to love today's show because my guest is Sunayna Tuteja, who is the first ever chief innovation officer of the federal reserve system in the United States. Sunayna welcome, I'm so thrilled to have you with us.

Sunayna Tuteja: Joanne, you're very kind and I'm super grateful to be here. I've been an avid listener of your podcast and have listened and learned to the many great guests you've had. So I'm delighted to hopefully contribute back a little bit.

Jo Ann: Wonderful. Well, I have really been looking forward to this conversation. We've known each other since, I guess, a little after you went to the fed. And you are just bringing so much fresh thinking, but also wisdom about how to help a complicated organization, like the fed make changes and so on. So I really am looking forward to our chat. So let me start first by asking you to talk about yourself, what you did before coming to the fed, and then we'll talk about what you're doing there.

Sunayna Tuteja: Of course. So by way of intro, as you mentioned, joined the fed just about a year ago as the first chief innovation officer of this awesome institution. And frankly, this is actually my first foray outside of the private sector. I started my career in Canada, actually, in investment banking and M and A and corporate banking. But I would say the last decade of my career has really been this awesome adventure, leading large scale change and transformation at the nexus of finance technology and policy. And majority of my focus has really been as a builder and also venture investor in the arenas of FinTech and of course, crypto. So yes, go figure [inaudible 00:02:05] now works at the fed and I had the opportunity to work on a lot of those things, both in north America, but also in Asia, including Hong Kong, Singapore, Mainland China, and a little bit in India.

Sunayna Tuteja: What I would say is while it's been a tapestry of different assignments in this nexus of finance technology and policy, the undercurrent of all the assignments that I really leaned into do have a common denominator. And that is how are we harnessing the power of these frontier technology, but with a sense of purpose in breaking down barriers that still persistent financial services? In north America, we often look at our financial systems and they're probably the best in class. And yet there is a level of opacity and complexity that's still built into it, which actually keeps people out versus creating that big tent effect. And I'm the daughter of first generation immigrants who are also small business owners. And it's something I observed even as watching my parents build and run their businesses, that why do we make these things unnecessarily complex? Why not make financial services more and more accessible and approachable so we can empower main street consumers to kind of take charge of their financial future? Right?

Sunayna Tuteja: Thinking about and building for your financial future, shouldn't be so daunting or boring that it's on our to-do list as item number never, that how do we use

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

the power of technology to really make it more approachable, accessible, but also interesting? And that really has kind of been the through line of all the assignments and that policy component of the nexus is super critical as you know really well if you're going to jump on this adventure of trying to disrupt financial services, especially in north America, you've got to bring along your BFX and legal, compliance, risk and the regulators. So taking all of that experience and now leaping into the fed has been a fun transition. But I would say it helps me continue that mission, that ethos of how are we breaking down barriers and leveling the playing field, because that's also something that the important part of the Fed's mission.

Jo Ann: Fantastic. Where is your family originally?

Sunayna Tuteja: From India. And then to Canada. And then of course I too am a first immigrant myself, because I made the decision to move from Canada to the United States.

Jo Ann: Great. So I remember the day I heard that the fed had appointed the chief innovation officer and I remember really being wowed by it. The fed is certainly one of the most important institutions in the world really. And it's also exceptionally complex and it's very big and it's old and it's venerable and has proud traditions and so on. And so why did the fed decide that it needed a first chief innovation officer? Let me start with that. How did that come?

Sunayna Tuteja: Yeah. Great question. So funny joke. My young cousin, who's all into that Hamilton musical now likes to remind me that technically I'm not the first chief innovation officer because Hamilton De Facto was the first chief innovation officer because he created the central banking construct and I'm totally kosher with that. I will not try to compete with Mr. Hamilton, but I think to your point, in fact, when I was first approached about this role by the recruiting firm for the first 10 minutes Joanne, I was convinced that it was one of my crypto friends pulling some sort of, a not so funny prank on me. I was like, who put you up to this? This person put you up to this, this person put you up to this. And the poor recruiter is why don't you Google me? And you will see on LinkedIn, then I'm an actual recruiter and none of your friends have put me up to this.

Sunayna Tuteja: And then I did that and I said, "How am I supposed to recover? I've been dunking on this poor lady." And then my next question was, wait a minute. Central banking, innovation is not like an oxymoron. What does the fed need an innovation officer for? And I had spent a good deal of my career as being part of crypto or FinTech on the opposite side of the regulators, usually battling with them about how they were not being innovative. And the good news was, as skeptical as I was, my curiosity superseded my skepticism. So I wanted to continue to learn even if it was so I could connect them to somebody else in my orbit. And I learned through that education that the fed had actually done a pretty extensive exercise and actually written a white paper that led to the

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

creation of this role and this office, which again, I have to pause and smile about, leave it to the fed, to write a white paper, to create the job of a chief innovation officer.

Sunayna Tuteja: But to your point, the thesis behind this role really was around the fact that, as the fed is actually a very decentralized institution and maybe for the benefit of your audience, because I know you have a global audience, I can showcase that a little bit. And I like to remind my crypto colleagues at the central bank of the United States is not at all central, in fact it is one of the most defi institutions. Because the central bank of the United States is a constellation of, as I like to put 13 planets. So you have the 12 reserve banks that cover the entire country and represent their communities and then need the board of governors in Washington, DC. And while each of these entities operate with a great deal of autonomy and independence, they also all work together independently as a solar system in order to advance the mission of the fed. And innovation at the federal reserve system was alive and well. Right?

Sunayna Tuteja: So it was happening in pockets and across all of the 13 planets, to use my analogy. So the thesis behind this role was appointing a senior leader role to bring a level of that senior leadership focus, but also that direction and orchestration. Right? While I am a big believer that innovation ought to be grounds up and actually decentralization is a very good thing. And I like to remind people, innovation does not start and stop with your chief innovation officer. Everybody is accountable for innovation and I am one node in that decentralized network. But what I get to do in my role is obsess about innovation 24/7 and annoy others and make trouble. And so we can do bold things with a bias for action. So that really was the thesis, which is how do we compliment the decentralized innovation that's already happening across the federal reserve system with that leadership direction and orchestration?

Sunayna Tuteja: And then the second other key component is you very well know having been in the public sector is, how do we also then start translating the rhetoric of innovation into tangible, meaningful value added outcomes. Right? Let's put some wins on the board and do it with a bit of a faster metabolism. So I think that really kind of underscores the thesis behind the creation of this role. And I'm grateful because in my role, I get to serve the entire franchise. I'm not tethered to an individual reserve bank or business area, I have the pleasure of working with partners across the federal reserve system, across our various business area. Be it payments, be it technology, be it research function or soup and rag near and dear to you to really drive innovation collectively forward for the federal reserve system. So I hope that gives your audience in you a little bit of texture.

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

Jo Ann: Yeah, absolutely. So we're going to drill down as we go on some topics, but first, let's talk about how you have gone about it. You arrived from the private sector, you're set free at the fed to create innovation. So what did you do?

Sunayna Tuteja: Yeah, I would say I arrived in my role in the middle of a pandemic with a good deal of curiosity and humility. Right? So I thought I knew what I was getting into, but I really didn't because even during the whole courting process, people kept talking about, oh, it's a new type of a role, it's a system role. And I am nodding and I don't really know what that means, but it sounds like a big deal and maybe I should try to understand it, but until you get into the construct, that is the federal reserve system, it's really hard to cut up. And majority of the normies, which I was don't kind of connote the solar system construct. So good deal of curiosity, so much to learn, but also humility, as you said, this is 100 year old August institution with a very important mission.

Sunayna Tuteja: And I came into it kind of saying I'm confident in the competencies that I bring and the meaningful dent that I hope I can drive forward. But also with a reservoir of humility to say there's so much, I don't know that I want to learn. And I think the other thing I was also very cognizant about as you have gotten to know me and hopefully your audience in the few minutes that they've listening to have probably picked up, I'm not exactly at a central casting to be working at a central bank. And I have a very different style and vibe and way of thinking and doing things. And I'm self aware of that. And I also give credit to the fed that they are willing to embrace this diversity of perspective, this diversity of experience. And as I like to say, diversity of hardware and software. So that was a little bit of my mental model kind of coming into it.

Sunayna Tuteja: And what I really did for the first 100 days was just listening and learning. That was maybe the one silver lining of the pandemic, because still there was no expectation of flying around. So in my first 100 days, I pretty much met over 800 people up and down the organization across all the 13 planets and really trying to understand, what does innovation mean to you? What are you trying to do? What does getting in your way? And some of my favorite question is, what do you wish somebody in this role would do? And what are you afraid that somebody in this role is going to do? And that gave me an amazing data set of kind of responses, both in terms of the aspirations that we should be reaching, but also a level of pragmatism of, what are the tailwinds and headwinds that can impact us continuing that journey? And then pulling all that together after my 100 days.

Sunayna Tuteja: And by the way, suppressing my bias for action and opinions, those first 100 days is very hard. So I will completely attest to it, but I tried really hard not to render any opinions in those and during my listening and learning period. And then taking all of those, I pulled together my first set of OKRs. So objectives and key results as you know, very heavily used in the startup world. Because what I

# 'Bold and Boring' Innovation: Fed Chief Innovation Officer Sunayna Tuteja

wanted to showcase was couple things. One, that innovation should be run any other discipline business. Right? This is not about shiny object syndrome. It needs a strategy, it needs a roadmap, it needs a level of focus. And what I did was I took the feedback I heard and put them in an OKRs. So now the organization knows what we're driving towards, because we're going to do it together. But also so they know you get to hold me accountable for this. Right? Now have, and I shared it transparently.

Sunayna Tuteja: It's posted internally on our intro web and everybody can see it and access it. So that level of transparency and that level of accountability I wanted to make sure was built into it. But then the other part was also to showcase that this plan is completely a reflection of what I heard over the last 100 days from the feedback that I've received. Right? So none of these are just things Nayna has dreamed up that these OKRs are informed by the voice of my customer, which are my constituents at the federal reserve. And I think through that, build up that hopefully street cred, but also that collaboration to say, we are going to do this together. Because innovation done well is usually innovation done as a team sport. Right? So that was a little bit of my approach and we are still very steadfastly focused on delivering against all of those OKRs and putting those wins on the board and making sure those wins are delivering those value added outcomes that they're intended to do.

Jo Ann: Can you share some examples of what the OKRs are? Or maybe some of the early wins that you've had to give us a sense of the content?

Sunayna Tuteja: Yeah, absolutely. So a couple things. So I'll share three components of our OKR. So as I described earlier, the decentralized nature of the federal reserve, right? And one thing I wanted to be very clear about is, in this role it's not my job to vacuum up all the innovation and do it top down. That's actually a massive amount of innovation. You actually want to proliferate innovation as far and wide and empower the individuals that are closest to the end process, the end product and the end customer, because they know where there's friction. And where there's friction, there's opportunity for transformation. Right? Having set that rhetoric, isn't going to cut it. We have to then enable and empower staff across the federal reserve system with the right set of tooling, training, tech stack. So it's like, how are we helping them actually build that mindset and that muscle memory? Right?

Sunayna Tuteja: So that is in a very important component of that base layer of our OKRs, is how are we strengthening decentralized innovation? Right? And some of the things there's as simple as they're cultural aspects, but they're so critical is, just almost decoupling innovation from technology. As you know oftentimes people think of innovation and right away think, oh, that's the technologist's job. And one of the biggest thing that I've tried to really articulate and showcase again and again that no actually innovation is agnostic of technology. Yes, technology can be an

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

enabler or an accelerator, but innovation just for technology is what results in shiny object syndrome. And that's why the people go, what am I getting for all of this? Right? So our anchoring heuristic around innovation now across the federal reserve system really is threefold.

Sunayna Tuteja: It number one starts with, what is the problem you're trying to solve? What's your thesis statement and the gnarly the problem, the more ripe it is for disruption. Right? So kind of helping individuals up and down the organization, start from that frame of reference stuff as a problem, show them how to write a thesis statement and build the data and the evidence to then go into prototyping or experimentation. The second component of that, once you've identified your gnarly problem is, are you approaching that problem statement and the potential solutioning with an absolute obsession on the customer or the end user? Are you solving it to make yourselves happy? Or are you truly doing it as that human centric design? Empathizing with the end user and understanding their constraints and friction point and solving it.

Sunayna Tuteja: Because let's be honest, it's the end consumer, whether it's the end user internally or externally, that's deciding and dictating the types of experiences they want. Right? What needs to be digital? What needs to be on demand? So we've got to show up to meet the customer where they are on their terms versus dragging them to what we think the solution should be. Right? And then the third component of this innovation heuristic is, are we driving change and innovation that helps us level up our value proposition as the federal reserve system? Right?

Sunayna Tuteja: It sounds provocative, but something that I've been very clear about is, just because we've been relevant for the last 100 years, does not guarantee that relevance for the next 100 years. We have to earn the right to continue to serve the constituents that we are so grateful to be able to serve every day. So I think applying that heuristic and then complimenting that with a consistent tech stack. So we recently launched something called the Launchpad, which for the first time was done in a way that it was delivered to everybody across the federal reserve system, whether you work at the board or one of the reserve banks. And it's this innovation experimentation platform that you don't need 10 layers of approval. You just click once and now you have access to a full cloud based tech stack with tools around AI and machine learning, RPA, DLT, and even quantum computing.

Sunayna Tuteja: So everybody has an opportunity to learn and get a tactile experience with these technologies. But then within Launchpad, start to take the problem statement and turn it into prototypes and experiments. But the other cool thing about this, Joanne is, it's also created a bit of a marketplace where individuals from across the different federal reserve banks or the board can connect with each other. So you may be a product owner that has a gnarly problem statement, but you need

# 'Bold and Boring' Innovation: Fed Chief Innovation Officer Sunayna Tuteja

an engineer to try to prototype and now they can connect agnostic of where you work and what your hierarchy is, and really kind of bringing to life something I like to call innovation without borders. So, through that text attack, through that marketplace, kind of think of it like our version of the Y Combinator, right? All the way from ideation to execution and we'll take care of the technology, the talent and the capital along the way to ensure that we're tackling bold things, but also doing it with a bias for action.

Sunayna Tuteja: So that might be an example just to illustrate and for some in the private sector that might see very rudimentary, but as coming from the public sector, doing something at that scale and really widening the aperture of the problems we can solve and at the speed at which we can solve them is really starting to garner some compounding winds within the fed.

Jo Ann: Are you able to share any of the gnarly problems that folks are taking on?

Sunayna Tuteja: Yeah. One of the things that we've done and this also connects to one of my OKRs is, how do we focus the selection of our problem statements on the highest value add components? And the way we do it is by working directly with businesses. So as you know, three of the core businesses within the fed is our payments business or the financial services component of our business, all the rails that we build and manage. And the second is super and reg as massive component of what the fed does. And then the third one is our research component. Research is a big part of what the fed does. So what we do is, we either will go, one of the components is I work with all of these businesses. So kind of understanding what problems do you need to solve and understanding that these business are steering forward an aircraft carrier, right?

Sunayna Tuteja: And we can be their speedboat. To say, listen, you've got this massive roadmap as you're modernizing and transforming these businesses, what can we take off your plate? Let's say as a speedboat where we can run ahead of the aircraft carrier, but then everything we solve and execute connects back to the mothership. Right? So for example, in the SNR world, again, which you're very attuned to, really starting this journey of accelerating automation, which is the application of AI, machine learning, RPA and data analytics, to do a lot of the stuff that has either been done manually for many reasons or two systems that haven't let's say kept up with the times. Right? So let's not just solve it for today, but then let's also leapfrog our capabilities, so that's a big component of our focus. And then the other thing we look at is, having a spectrum. There's innovation that I would say is core innovation. That's things that we just need to do... I think this is why innovation done best is really change management and problem solving things. We just need to modernize and do better for today.

Sunayna Tuteja: And then there is the edge innovation things we got to start doing today, we may not know where it goes, so quantum computing is a big one. Right? We

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

recently hosted a one day immersive education event for everybody again, across the franchise to start to learn and interrogate. What is this technology? What is its potential? What are the perils? How might something like quantum impact payments? And how should we start experimenting and thinking about it? How might quantum impact the way we do supervision and regulation, but also our own practices as we work with the industry? How might it impact our research function? So that's one that's maybe on the edge side, but we believe we have to start learning and building that muscle memory today. And again, everybody's four favorite letters, CBDC also fits within that spectrum. Where how do we continue to level up our understanding of this technology? Stress test, the use cases that where in this construct and this technology, maybe a value add. So that's how we kind of look at that spectrum that goes from core innovation, all the way to edge innovation.

Jo Ann:

When you think about the core innovation, I think one thing that I hear regulators throughout the world grappling with is, they are finding ways to incorporate some digital technology to various aspects of what they're doing, but that it's more daunting to undertake the modernization of core technology. And any organization of any age of significance, these days, I think struggles with the legacy technology question. We recently did a show on a link to it in the show notes with the MSRB, the municipal securities regulatory group. And they are a small agency, even though they oversee of a huge market. And they took on the whole thing from top to bottom, move to the cloud and then redesign all of their technology for a cloud environment. That's more ambitious than most of what we've seen regulators doing. How are you thinking about this? Is there going to come a day when the fed and other agencies are going to completely go after their core IT, or talk to me about how you think about that?

Sunayna Tuteja:

Yeah, I mean, listen, the struggle is real tech debt is no joke, right? And that's not a dunk against the public sector, that's a reality, even in the private sector. I mean, that's even a reality in startups, you may be a five year old company, but technology is moving at this accelerating velocity. And I think that's why that agility mindset and the way you're architecting your systems from day one, that there's a level of adaptability and resiliency built into it. So you can upgrade, you can just software updates on your Tesla or your Apple watch or your phone. Could we get to that level of pace? Right? So aspirationally I would concur with you and then pragmatism kind of kicks in. Right? So let's think about the reality of the fed. We have to run today's business and we have to run it with a very small margin for error. Right?

Sunayna Tuteja:

One of my colleagues who was recently appointed as our chief payments executive. So one of the neat changes that the fed made is in terms of creating some of these franchise function is now where all of our payments products are under the purview of one leader. So when we interrogate and look at our product roadmap of all the payment rails, whether it's cash, the OG of payment

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

or fed now, which is going to be launching very soon, that we're looking at the full landscape of payments versus each of them individually as we make those decisions for the future. And I think that goes towards what you're saying, where we're not just building upon tech debt, we're taking kind of the macro view. How do we create a architecture where different payment rails can plug in and out? And we know based on consumer experiences. Because it's not about removing choices, consumers actually want more choices and they want to be empowered to pick the choice that's for them for that situation. Right?

Sunayna Tuteja: But in the upkeep of these things, how do we not get saddled with tech debt or multiple architecture? So that's one way. But to your point, we have to run that today's business, but then we have to be making these bets for down the road. What will defy you to financial services? What will the future of settlement be needed? So I think we through very carefully and we are making choices where we're like, listen, some of this has to be incremental change. And some of it, maybe we want to fork a system. We can't just be building on top of tech debt. At some point, maybe we just have to start a new the example you shared by forking the existing chain to use my past crypto lingo.

Sunayna Tuteja: But I think that's situation by situation. One of the things that I am a big believer of and have observed, and as I let innovation of all sizes and stripes and learned from my own successes and failures is one, innovation has to be an evergreen practice. When you commit to innovation that this is a core business that you have to run consistently and persistently versus something, that's a fad that comes in and out, then you can tackle those big, gnarly things and you can make those very strategic, but also somewhat scary decision that we're going to fork this engine. We're going to fork this chain, or what have you. The second one is that the evergreen innovation, that is the most value added is almost this eclectic combo of the bold and the boring. Right? So stick with me here, I'm not going to make you watch a soap opera, but stick.

Sunayna Tuteja: And what I mean by that is, in order to do those bold things you articulated, whether it's thinking about a CBDC or quantum, or even how do we just fork it whole new engine or system versus tackling tech debt, you actually have to do a series of very boring things, very consistently and in a disciplined manner. So one example that we're launching internally along that thesis is design thinking. Right? If we want to tackle bold, exponential things, we actually have to do it through a lot of incremental wins. And we have to do it through this discipline around design thinking, which starts with the interrogation of problem statements and personas versus, oh, look, a new technology. Let's go chase it and a solution looking for a problem. Right? And sometimes that's how tech that builds up. Right?

Sunayna Tuteja: When I joined and the number of Excel spreadsheets that were sent to me full of ideas, because everybody had done a hackathon or the number of zombie

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

projects, because you're like, why are we doing this or who started this? And people have forgotten because it was the latest and greatest at the time. So that's why I often say if you want to do innovation to actually generate value and build for the future and serve the needs of that end consumer, it's that eclectic combo of doing both things, but through a lot of boring steps.

Jo Ann: I love that. I was actually going to ask you, because I've heard you use this phrase before. In fact that might be the title for the show. You mentioned design thinking a couple of times, are there that area and others that you should want to share in terms of the building blocks of an innovation program? What are the key elements as you see the design of your innovation work?

Sunayna Tuteja: Yeah. I think if I think of it almost like an innovation toolkit that anybody at any level should be empowered. And I bring that up a couple times again, because I know this to be true, the fed culture, and I think it's pervasive in the regulatory culture and it also happens in the private sector. This isn't just a public sector thing is oftentimes these large institutions. And again, institutions that have this August long histories, they kind of become a permission or hierarchical institutions. Right? And so part of driving kind of innovation, isn't just about the technology or what you're delivering, it's really change management. It's really changing that culture and that DNA that you actually don't, maybe one day don't need that innovation officer reminding you to do this or obsessive about these things. It kind of become parts and part and parcel of how we do things.

Sunayna Tuteja: So when I think of the tapestry of innovation tools that enable and empower anybody across the federal reserve system, it's things like, have we invested in you to teach you about the tactical engagement or experience with technology? Even policy makers, working with our colleagues in the policy team as they're interrogating or working towards writing policy for these frontier technologies, right? Are we investing in them so they can have that PAC experience with AI and machine learning with DLT and other new technologies, which then gives them a whole dimension of aha to say, "Oh, I know what it works in the real world, operationally, not just in abstract because I watched a bunch of videos or read a bunch of white papers. So it actually starts with us investing in folks to say, are we making it easy for you to access and learn about these technology?

Sunayna Tuteja: And that's why creating that launchpad ecosystem was so critical. Because if you haven't done that, how can you then go and say, everybody thou shall go innovate and create magical unicorns. Right? So I think it starts with that. Then it's about the access points. Are we making you jump to a thousand hoops for nine months just to get access to something or a cloud account or this? So how do we break down those barriers? And that was something I heard loud and clear in those 80101. So all of this, I'm not smart enough to come up with any of it. It's because I told people what is getting in the way of you building for the future. So it's like, well, I want to learn about these technologies, who's investing

# 'Bold and Boring' Innovation: Fed Chief Innovation Officer Sunayna Tuteja

in me? Or I want access to it and not nine months from now and not after 32 permissions.

Sunayna Tuteja: So now it's on demand one clip done. Right? Then it's about, I need to be connected to other people across the organization because I may be an engineer, but I don't know enough about the business or I'm a product owner, but I need a UX designer to help me shape what's in my mind into beautiful prototype. Right? So kind of creating that talent marketplace, Venezuela capital and investment. And again, that's the purview of my office is how do we make sure that we're providing the right level of resources and capital where there's the right use case and we have the right technology and capabilities to help solve that. I think the other approach that's also important, sometimes constraint is good for innovation. In the sense that really asking those hard questions about not just what problem are we solving, but why does this problem need to be solved? And why are we uniquely qualified to solve this problem? Right? And I think that's where the other component comes in Joanne, is how are we expanding our partnership with industry and with academia?

Sunayna Tuteja: Because we know what core competencies we can bring to the table, but what can we do in terms of co-creating and what with partners who might bring other competencies and capabilities, because now we're able to do big things very quickly and almost like creating this four multiplier effect.

Jo Ann: You've talked a lot about the culture and human side of this. And I think we have known for a long time that, and you've been saying it. The technology exists to do most of the things we would want to do in the financial world or it nearly exists in the financial regulatory world. But the challenges are much more on the human side and the culture side. Talk more about obstacles that you've encountered or that you think other regulators may encounter and strategies for overcoming them. And I'd also love for you to talk a little bit about, when you said you asked people, what would you like to see and what do you hope we won't do? I'd really be interested to hear some about what people hope you won't do.

Sunayna Tuteja: Yeah, well I'll start with that. Maybe. I mean, one of the things I heard loud and clear, which I was not at all surprised or offended is I was coming from the industry and I was coming from crypto. And I think there may have been some past scars of other people coming from industry or what have you, they're like, "Oh please don't come in and just dunk on us." Oh they took the classic, oh I was in the industry and we were perfect and we knew everything and you guys don't know anything. I think there was a little bit of that, oh, here we go. Right? She's just going to come in here and tell us all the things that we don't know how to do or that kind of vacuuming up innovation from everywhere across the system and centralizing it.

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

Sunayna Tuteja: That was another one, please don't do that. And I was like, "Oh, that's never going to do that. I don't have enough capacity to do all of it." And I think the third one again was, as I started to build up my team, there was maybe a little bit that skepticism, oh, she's just going to bring all of her industry friends. Right? And again, I intentionally said, I actually need people from within the fed because I know what I bring from the industry and the skills and competencies. But what I don't know is those people who've been at the fed, who've built these existing systems or know these existing products and services. Imagine the impact we can make when we can put two and two together and deliver eight. So again, that forced multiplier of that. So yeah, those were some of the themes I heard. Nobody said, please, honestly, Joanne, I started thinking, oh man, I'm going to have to sit here and convince people that innovation is a business imperative. This is not a nice to do. This is a need to do. The world is moving too fast.

Sunayna Tuteja: And within two days I was like, oh no, they get it. That is not the problem. It's more around how do we provide direction and orchestration and really help turn the rhetoric of, we want to innovate into meaningful value added outcomes. Right? So to me, even after day two, I had aha saying, okay, I'm getting more clarity on what my job is. I don't need to convince anybody that they need to innovate. It's more about showing how to, and then doing the right type of that evergreen innovation, that combination of the bold and the boring.

Jo Ann: I Remember you saying to me one time that you had private sector friends, maybe public sector friends too, who figured you wouldn't make it to the one year mark. Do [inaudible 00:38:48].

Sunayna Tuteja: I'm sure there was an active betting market that was shorting that my one year tenure. And I say that with a sense of humor, because I kind of leaped into this adventure. And again, I thought I knew what I was getting into, but really do what you're getting yourself into? Not really. But I would say I was grounded in the fact that as I was making the decision, it was really my litmus test was threefold. One is, I know the roles that I have most enjoyed and I've been most proud of are assignments where I know I was able to make a meaningful dent. Right? Even my own way, a little small dent that hopefully put the trajectory of the world in a positive way. Right? And this is the fed. You can make massive impacts with what you can do within said the federal reserve of the United States. So I think that fulfilling impact driven role was critical.

Sunayna Tuteja: The second for me was, is this an assignment with a steep learning curve? Because the steeper the learning curve, the more joyful as my dad likes to say aboard Sunayna is a dangerous Sunayna, and he is very right. And there's no shortage of gnarly problems that need to be solved. So it's massive learning curve. And again, I did not grow up in the regulatory community. I worked a lot with regulators. I'm new to DC, I'm a new transplant to DC from Silicon Valley. So

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

just, my cranium is doing cartwheels. I am no shortage of learning. And I would say third, and this kind of sounds cheesy, but I'll be vulnerable about it is, as I mentioned, I'm a daughter of first generation immigrant. And United States and Canada both have been tremendously awesome to me and my family here and in Canada.

Sunayna Tuteja: And I always had the sense of service that I wanted to give back, but I don't have a whole lot of talents to give back to this country. And for me, this was this amazing opportunity where I'm like, okay, maybe this is my opportunity to give back to a country that has given my family and me so much. And when I think about that litmus test, that holds true and I'm having a ball of fun, amazing wicked smart people with a set of experiences and competencies that are very different than mine or ecosystems in which I've grown up in. And I think that diversity of thought is important. And it's important specifically to innovation, I've often said there's no innovation with our diversity. If we all sit in a room and we all have the same set of experiences and competencies and ideas, why would we look at each other and agree that there's a better way to do anything?

Sunayna Tuteja: So yes, sometimes that diversity of perspectives and experience can yield some spicy discussions, but that's good. And that debate and deliberation hopefully helps us design products and experiences that are even better in serving the needs of the end consumer.

Jo Ann: I'm going to link in the show notes to a blog post written by my air colleague on the link between diversity and innovation. It's just absolutely clear that diversity leads to better innovation.

Sunayna Tuteja: I'm always happy in good company with Nick. So thank you.

Jo Ann: He's the best. Okay. We are going to run short on time. I want to ask you quickly to talk about your view on where we're headed or should be headed on crypto. You don't need to go to CBDCs if you don't want to, but what you're thinking about the moment we're in and where we're headed? And then I want to ask you your advice for other regulators. So I know we've only got less than 10.

Sunayna Tuteja: Right. Will be quick. I think on crypto, listen, I got into crypto 2010. And so I've kind of been on this wild decade ride. I am now completely an observer of crypto, obviously in my current role. And I get the volatility of crypto can be jarring often. And also that the fact that it's continues to shape shift. And what I mean by that is, it is a nascent technology, all kinds of use cases will be tried, some will work, some won't and it'll constantly shape shift. And I know that's maybe sometimes not what regulators want to hear, who kind of want steady stability, black and white, but I know you've heard this comparison, I think of it in terms of the internet. In the mid 90s, if somebody had come and said to you, "Hey, one day you'll be walking around with this light rectangular piece of glass

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

with more computing power than the first spaceship we set up. And you'll be able to FaceTime with your mother who's 3000 miles away and can still tell you that you look tired or, you can order your groceries. Or you could be sending emails while sitting on a plane, 30,000 feet." You'd be get out of here.

Sunayna Tuteja: My dialup barely can hold up for 10 minutes because it was also unfathomable, right? Because we always look at a new technology in the context of our current lives and our current needs, nothing else... It just seems so weird and out there. So that's kind of what the heuristic I applied at crypto. That when the original white paper for Bitcoin said, "It was going to be a payment trail." Well, very quickly it was like, no, this is the most inefficient payments trail. Then it was, "Oh, it's going to be hedge against inflation. Well, that's kind of proving out that no, maybe that's not the use case." And same thing for defy, all kinds of really interesting things will be tried. Some will work and they will scale and garner adoption and change the world in ways that are unfathomable. And some it's like they won't, but that is the S curve of any innovation. Right?

Sunayna Tuteja: So maybe I've looked through too much volatility, I'm pretty Zen about it. And I think one of the things I looked at crypto, even when I was in the private sector, the key metric I look for Joanne is not the price movement or all kinds of different in projects that are in and out, I follow the talent. When you see that some of the smartest builders and investors in traditional finance and traditional technology are leaving some very cushy, great jobs and gravitating to this nascent industry, you got to believe there's a there. Right? And that's what happened with the early days of the internet. When the talent flow started going there, all kinds of neat capabilities started to be built. Right?

Sunayna Tuteja: And it also ended up serving our economy really well, right? Over the last 30 years. So that I always say, follow the talent. If you want to know where the S-curve of a new technology is going, follow the talent. Right? And the other technology I'm keeping a very close eye on right now is AR and VR, MR which I know it's prevalent in gaming and watching to see, can it have this escape velocity of adoption outside of gaming? And when I see a lot of the very talented designers and product owners and engineers gravitating towards it, you got to believe that there's a there, there. Maybe metaverse sounds too flaky right now and doesn't make a lot of sense unless you're a sci-fi nerd like me, who learned about the metaverse in the novel snow crash.

Sunayna Tuteja: But when you see a lot of builders going to it, you're like there's going to be a there, there and it will have monumental change in the way we lead our personal and professional lives. And that brings me back to the earlier question with CBDC it's not my decision or the Fed's decision, what we do, when we do it. But it behooves us as an incumbent to be flexing our muscle, embracing this technology, researching, experimenting, and just building our prowess about it.

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

So we're prepared wherever the adoption S-curve takes us. So that really is my mental model around it.

Jo Ann: Fantastic. I've got 10 more questions I'd love to ask you, but I know we are going to buy a lot of time. What's your advice to other regulatory bodies that are grappling with how to make this change? And I will tell you my perspective. I mean, all over the world, regulators are moving ahead. There's more and more talent. There're more and more initiatives underway that it's clearly, clearly moving forward, but it's still too slow in my judgment. I don't know if you agree with that. I just think that the gap between where we are and where we're going to need to be is growing by the day. And I think that the elusive question is how can regulators speed up while, as you said before, still getting it right? They do not have the option to move fast and break things. They have to not break things. What's your advice to your peers around the world?

Sunayna Tuteja: And I offer this with a deep sense of humility, because I'm still figuring all of this out and I'm learning, as you said, I am actually bullish as right there articulate it to see the talent inflow coming into the regulatory world from the private sector. And I think that cross pollination is super healthy and much needed. Right? When you have people from the public sector, going to the private sector, private sector coming to the public sector. Now you're, again, mind melding and you're bringing best practices from each vector to do things together, so I definitely feel bullish. I agree with you though. I will also say, I don't know that the metabolism of the public sector will ever match the private sector. Having said that, I concur with your premise, that it does need to... That's why I keep saying metabolism. It's got to kick up even more, because the velocity of change around us, whether it's driven by technology, but more so by consumer expectations and behaviors is not slowing down.

Sunayna Tuteja: I mean think about how quickly things get normalized. It was not even a decade ago that we were getting advice from our parents. Or if your parents, you were giving advice to your kids. Don't talk to strangers, don't get in a car with a stranger, definitely don't go live in a stranger's house. Today, all of those things are normalized. Right? So part of it is the normalization of this change, so we don't have an option. I always tell people with the new technology and even in the context of crypto, when I was in the private sector, it's okay to be skeptical. I want you to be skeptical, because skepticism is actually healthy for innovation, but ignorance and apathy is not kosher. Right? So my one thing I would humbly share is curiosity is the ultimate superpower. Right? You've got to be curious. You may not agree, you may not see the value, you may be like, yeah, this is a fad it's for the kids, but everything starts that way.

Sunayna Tuteja: So I think just approaching with a sense of curiosity or to put it everybody's favorite coach Lasso who says, "More curiosity, less judgment. Right? When something new comes your way, just start with a set of questions, start with a

# ‘Bold and Boring’ Innovation: Fed Chief Innovation Officer Sunayna Tuteja

sense of curiosity. And maybe there's a there, there or maybe there isn't, but at least learn. Right? Use that mental model. I think that growth mindset goes a long way. And coupled with that and touched on it is I think the regulatory community's just got to embrace this notion of perpetual beta, which is there's no such thing as progress anymore. Everything is a dot dot dot, everything is in a beta mode. Just when you build a whole new system, guess what, you're going to have to update it or you're going to have to new add features and functionalities back to your point about technology keeps leveling up, consumer behaviors keep adapting, so there's no once and done. It's always done for now, but we're in a beta mode, we're in a beta mode.

Sunayna Tuteja: And I know that's hard in this space, but I think it's necessary to embrace that notion of progress over perfection or as I like to say we're always living in perpetual beta. Even as professionals, right? There's no more Oya. I have my fancy degree and I'm done, no, you're always having to level up and level up and level up if you want to be relevant. So I think it's the same in terms of how we approach innovation, both with a sense of purpose, but also ensuring that we have to fight the immune system a little bit, because the immune system is strong. Right? So I think that notion of perpetual beta and embracing progress over perfection is critical.

Jo Ann: That is the perfect note to end on. If people want to follow what you're doing beyond just coming to the Fed's website, what's the easiest way to find information about what you're doing?

Sunayna Tuteja: Yeah, I'm super accessible. Hit me up, connect with me on Twitter. It's my first name or on LinkedIn, happy to connect, happy to continue the dialogue and the engagement. I know Joanne you've cultivated a pretty powerful and wick up smart community. And as I said earlier, I've benefited listening and learning and growing. So if I can be of assistant to anybody in the community as they listen to the podcast or if they want to learn more or they want to join the adventure of working at the fed, feel free to connect with me and happy to continue the dialogue.

Jo Ann: Perfect. Sunayna Tuteja, Thank you. This has been one of my favorite conversations we've ever had on the show. I really, really appreciate you being with us.