



Annual Performance Report 2016

April 2017

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



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April 2017

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Preface

The Board of Governors of the Federal Reserve System's (Board) *Strategic Plan 2016–19* identified critical organizational challenges faced by the Board and set forth the planned initiatives and activities to address those challenges.¹ This document, the *Annual Performance Report 2016*, summarizes the Board's accomplishments in 2016 toward achieving the objectives as identified in the *Annual Performance Plan 2016*.²

¹ The *Strategic Plan 2016–19* is available on the Federal Reserve Board's website at www.federalreserve.gov/publications/gpra.

² The *Annual Performance Plan 2016* is available on the Federal Reserve Board's website at www.federalreserve.gov/publications/gpra/2016app-preface.htm.

The Board issues these reports in the spirit of the Government Performance and Results Act (GPRA) of 1993, which requires that federal agencies prepare a strategic plan covering a multiyear period and submit an annual performance plan and annual performance report. While the Board is not covered by GPRA, the Board voluntarily complies with the spirit of the act and, like other federal agencies, prepares a strategic plan as well as annual plans and performance reports.

Introduction

The Board's longstanding mission is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems and to promote optimal economic performance. The Board's mission is rooted in the System's statutory mandates and on a set of core institutional values:

- **Public interest.** In its actions and policies, the Board seeks to promote the public interest. It is accountable to the general public and the Congress.
- **Integrity.** The Board adheres to the highest standards of integrity in its dealings with the public, the U.S. government, the financial community, and its employees.
- **Excellence.** The conduct of monetary policy, responsibility for bank supervision, and maintenance of the payment system demand high-quality analysis, high performance standards, and a secure, robust infrastructure. The pursuit of excellence drives the Board's policies concerning recruitment, selection, and retention of employees.
- **Efficiency and effectiveness.** In carrying out its functions, the Board recognizes its obligation to manage resources efficiently and effectively on behalf of the U.S. taxpayer.
- **Independence of views.** The Board values the diversity of its employees, input from a variety of sources, and the independent professional judgment that is fostered by the System's regional structure. It relies on strong teamwork and consensus building to mold independent viewpoints into coherent, effective policies.

The Board considers strategic planning a critical factor for ensuring the long-term effectiveness and efficiency of operations. The Board's *Strategic Plan 2016–19* identified critical organizational challenges faced by the Board and was organized into six strategic pillars to guide key investments, align resources,

and implement changes over the four-year planning period. They include

1. **Project development and resource allocation.** Improve project management capabilities and align resources to support current and emerging programs central to the Board's mission.
2. **Workforce.** Uphold the Board as a sought-after place to work that attracts highly qualified individuals and embraces the range of similarities and differences each individual brings to the workplace, including thought, experience, and background.
3. **Physical infrastructure.** Build a productive, collaborative work environment through the tailored use of space, technology, and design.
4. **Technology.** Empower operational excellence, efficiency, and security through innovative technology platforms.
5. **Data.** Research, analyze, and respond to economic and financial developments, challenges, and issues, as well as safety and soundness, consumer protection, and financial stability risks through enhancement of the Board's data management and analytics environment.
6. **Public engagement and accountability.** Increase understanding and appreciation of the Board's mission through public engagement and accountability.

The Board recognizes that there are differences between government and private-sector strategic planning and measurement of those efforts. While private-sector planning often relies on measures of revenue, the Board measures its performance relative to public policy objectives. The *Annual Performance Report 2016* presents the results for the most significant and strategic projects, initiatives, and investments that support the Board's long-term goals and objectives. However, given the large scope of work

performed by the Board, this report is not encompassing of all activities.

Throughout the strategic planning period, senior leadership reassess priorities to take into account changing circumstances, environmental factors, and trends and aligns resources and implements changes based on these changing priorities. The Board also reviews initiatives and, to the extent possible, develops cost-saving strategies and identifies efficiency gains as part of ongoing strategic review. Strategic investments also accompany an agenda of management process changes that keeps major investments on track, identifies additional opportunities for cost savings, and improves overall operations.

This report summarizes the Board's accomplishments in 2016 toward achieving the initiatives identified in the *Annual Performance Plan 2016*, organized by strategic pillar and objective.³ Notable projects and initiatives included the Board's participation in business continuity, crisis management, and cybersecurity exercises to ensure its readiness in an emergency situation. The Board continued to make progress toward implementing the final provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), adopted the Total Loss-Absorbing Capacity final rule in December, and provided interagency information and fre-

³ The *Annual Performance Plan 2016* is available on the Federal Reserve Board's website at www.federalreserve.gov/publications/gpra/2016app-preface.htm.

quently asked questions (FAQs) on how the financial institutions may begin to submit self-assessments of their diversity policies and practices. The Board published its research on the public website, including through the Finance and Economics Discussion Series (FEDS) and Notes and the International Finance Discussion Papers (IFDP) and Notes.⁴

As the Board continued working to implement its strategic plan, focus remained on investing in people, data, and facilities. The Board recognizes the importance of its long-standing efforts to promote equal employment opportunity and diversity, and to foster diversity in procurement. During the year, the Board made progress toward achieving its human capital objectives. It continued its employee engagement survey process, introduced a new applicant tracking system, and focused on expanding recruitment and attracting diversity in its applicants and on sustaining an inclusive environment.

The Board also made progress in the area of data governance, continuing its work on the enterprise data governance framework and data governance policy development. Work continued on the Board's large capital project, the renovation of the William McChesney Martin Jr. Building (Martin Building). The remainder of this report lists the six strategic pillars and their underlying objectives, planned initiatives, and corresponding accomplishments for 2016.

⁴ Research papers are available on the Federal Reserve Board's website at www.federalreserve.gov/econres.htm.

Strategic Pillar 1: Project Development and Resource Allocation

Goal: Improve project management capabilities and align resources to support current and emerging programs central to the Board's mission.

Objective 1.1: Establish effective processes and policies to manage priorities and enable resource allocation in support of current, expanded, or emergent mission priorities.

Under the direction of the Board, staff developed and enhanced processes and policies for prioritizing and allocating resources that allow the organization to respond quickly and effectively to new challenges as well as changes to existing requirements.

Projects and Initiatives

- Continue to improve the effectiveness of the System's crisis-management tools.
 - Participated in Eagle Horizon, an executive branch continuity of operations exercise.
 - Participated in the Financial and Banking Information Infrastructure Committee Hamilton Program series of financial sector cybersecurity and financial stability tabletop exercise.
 - Assessed the operational readiness of the Federal Reserve System's current crisis management tools and analyzed additional tools that could assist in the event of a crisis.
 - Developed a new training tool to improve compliance with the requirements of the Occupational Safety and Health Administration Emergency Actions Plans standard (29 CFR 1910.38) for efficient training of staff in established emergency and continuity plans.
- Enhance the process for monitoring the consumer financial services marketplace to help identify risks and policy concerns and evaluate regulatory and supervisory policies for which the Federal Reserve has authority.
 - Continued the implementation of a collaborative, emerging risks process to identify, analyze, track, and prioritize issues regarding financial services products, policies, and practices that impact consumers and communities.
- Enhance the oversight processes of Reserve Banks to ensure an appropriate risk focus.
 - Continued work to link Reserve Bank oversight activities explicitly with specific risk assessments performed by System review teams.
- Provide detailed financial and performance reports quarterly to the Executive Committee of the Board, the Committee on Board Affairs, and Board members.
 - Reported quarterly on the Board's financial performance and status of performance objectives.
 - Briefed Board members on key activities related to diversity and economic inclusion throughout the System.
 - Developed a matrix of key programs and research initiatives undertaken throughout the Federal Reserve System focused on diversity and economic inclusion activities.
 - Highlighted over 280 activities, including work with community advisory councils and other external stakeholders with expertise in low-income and underserved communities. Included was information regarding economic outreach programs such as financial literacy efforts with students, staff internal diversity and inclusion activities such as internal diversity councils, pipeline talent programs, and initiatives designed to retain a diverse workforce. Supplier diversity programs and efforts to increase the diversity of boards of directors were also highlighted.

- Continue to refine and implement the annual planning and budget processes.⁵
 - Accelerated the Board’s planning and budget calendar to align with processes throughout the Federal Reserve System.
 - Finalized the initial mapping of the Board’s cost centers into functional areas and communicated the functional costing approach Boardwide.
 - Met budget guidance for expenses and positions for the 2017 budget.
- Begin to develop a Boardwide Enterprise Risk Management framework.
 - Hired a senior advisor with specialized experience to assess and develop a Boardwide Enterprise Risk Management program.

Objective 1.2: Develop and apply repeatable processes and project management capabilities.

The Board must be able to successfully execute new and ongoing projects. Staff will continue to develop project management capabilities and implement best practices.

Projects and Initiatives

- Deploy project management capabilities to improve planning and execution of complex projects.
 - Established a Boardwide project management community of practice, which included performing interviews, collecting artifacts, and developing an internal site for project management information sharing for the project management community of practice.
 - Collaborated with an external consultant and the Bureau of Engraving and Printing (BEP) in the development of a comprehensive quality system at the BEP, including developing project management resources in the Project Management Office and Banknote Development Program.
- Leverage the Board’s expense forecasting system to provide more detailed analytic and evaluation data to assist in resource decisions.

⁵ Detailed budget information can be found in the Federal Reserve Board’s 2016 *Annual Report*, www.federalreserve.gov/publications/annual-report.htm.

- Utilized the forecasting process as a budget execution tool.
- Completed the quarterly forecasting process for 2016 and presented the forecast to the Board’s Executive Committee and Board members to inform development of the 2017 budget.
- Continue to evolve and strengthen the investment review process for ongoing oversight and governance of large and significant strategic projects.
 - Reviewed 15 large, complex projects on a quarterly basis throughout the year as part of the investment review process for ongoing oversight and governance of large and significant strategic projects.
 - Developed a template for Solicitation, Offer, and Award for large construction projects.
- Expand the use of project management standards within the facilities function to all projects.
 - Developed standard operating procedures for preparing cost estimates for capital construction projects.
 - Expanded the knowledge and capabilities of facilities personnel by participating in formal project management training.

Objective 1.3: Foster coordination of substantive work and communication within and across divisions and the System.

The Board will continue to collaborate across divisions and the System and enhance communication through the use of shared tools and implementation of best practices.

Projects and Initiatives

- Continue to provide analysis and support to the Board, the Federal Open Market Committee (FOMC), and the Chair about domestic and global economic and financial market developments that bear on U.S. monetary policy, financial stability, and mission priorities.
 - Analyzed the implications for monetary policy of developments in financial markets and the real economy and developed potential policy responses. The analysis focused primarily on developments in the labor market and measures of inflation and on their implications for the

future path of monetary policy, as well as on the impact of foreign real-economy and financial developments on the United States.

- Completed four quarterly *Quantitative Surveillance (QS) Assessment of Financial Stability* reports, drawing on resources and analysis from across the System, including analysis of post-crisis changes in indicators of risk at large institutions, net interest margins in the banking sector, and stability risks globally related to bank stress testing.
- Analyzed the effects of economic developments abroad on global commodity markets and foreign exchange markets.
- Evaluate potential long-run monetary policy implementation frameworks.
 - Concluded the initial stages of work on the long-run policy implementation framework, which culminated in FOMC memos and FOMC briefings.
- Enhance quantitative analysis for stress tests and Large Institution Supervision Coordinating Committee (LISCC) firms.
 - Enhanced quantitative analysis for stress tests and LISCC firms, including ongoing analysis of stress test scenarios, research on changes to scenario design, and analysis of scenarios provided by individual bank holding companies.
 - Released for public comment, jointly with the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC), an advance notice of proposed rulemaking regarding enhanced cyber risk management standards for large and interconnected entities under their supervision and those entities' service providers, www.federalreserve.gov/newsevents/press/bcreg/20161019a.htm.
 - Invited public comments on a proposed rule to modify the capital plan and stress testing rules for the Comprehensive Capital Analysis and Review (CCAR) 2017 cycle.⁶ Among other changes, the proposal would remove certain large and noncomplex firms from the qualitative assessment of CCAR, www.federalreserve.gov/newsevents/pressreleases/bcreg20160926a.htm.
- Work collaboratively across divisions to assess the effectiveness of macroprudential policies and their interaction with monetary policy.
 - Focused on financial stability work analyzing the effectiveness of macroprudential tools in the United States and abroad and their interaction with monetary policy.
- Continue to develop the remaining post-crisis regulatory reform rulemakings and guidance.
 - Adopted a final rule to strengthen the ability of government authorities to resolve in an orderly way the largest domestic and foreign banks operating in the United States without support from taxpayer provided capital, www.federalreserve.gov/newsevents/press/bcreg/20161215a.htm.
 - Proposed a rule jointly with the FDIC and the OCC to strengthen the resilience of large banking organizations by requiring them to maintain a minimum level of stable funding relative to the liquidity of their assets, derivatives, and commitments over a one-year period, www.federalreserve.gov/newsevents/pressreleases/bcreg20160503a.htm.
 - Proposed a rule to support U.S. financial stability by enhancing the resolvability of very large and complex financial firms. The proposal would require U.S. global systemically important banking institutions (GSIBs) and the U.S. operations of foreign GSIBs to amend contracts for common financial transactions to prevent the immediate cancellation of the contracts if the firm enters bankruptcy or a resolution process. This change should reduce the risk of a run on the solvent subsidiaries of a failed GSIB caused by a large number of firms terminating their financial contracts at the same time, www.federalreserve.gov/newsevents/pressreleases/bcreg20160503b.htm.
 - Continued work to develop proposed guidelines for joint account requests to facilitate settlement by U.S. payment systems.
 - Announced jointly with the FDIC, firm-specific feedback on the 2015 resolution plans of eight systemically important, domestic banking institutions, as well as determinations and the results of remediation action for deficiencies, www.federalreserve.gov/newsevents/pressreleases/bcreg20160413a.htm, www.federalreserve.gov/newsevents/press/bcreg/20161213a.htm.

⁶ In January 2017, the Board adopted the proposal as a final rule, with certain modifications in response to comments. See 82 Fed. Reg. 9308 (February 3, 2017), www.gpo.gov/fdsys/pkg/FR-2017-02-03/pdf/2017-02257.pdf.

- Announced jointly with the FDIC that 38 firms will be required to submit their resolution plans by December 31, 2017. Previously, the firms were required to submit their plans by December 31, 2016. This extension will allow the firms additional time to incorporate feedback and guidance into their next submissions, www.federalreserve.gov/newsevents/pressreleases/bcreg20160802a.htm.
- Develop and pilot a Systemwide initiative to encourage robust information exchange and analysis on issues that signal policy shifts, new market developments, or escalating events affecting consumers and communities.
 - Coordinated a roundtable of invited policy experts and practitioners to provide perspectives on the opportunities and risks of financial innovation, commonly referred to as “fintech,” for the consumer and small-business-lending marketplace.
 - Convened a meeting to explore emerging trends and risks in the automotive finance market for System staff, selected state and federal regulators, and industry experts. Discussions included the changing role of technology in the automotive market, new and used vehicle sales and leasing, and supervisory concerns.
- Continue to execute and enhance the System’s supervisory program for financial market utilities, including coordinating with other federal supervisory agencies as appropriate.
 - Collaborated with other regulators, supervisors, and international multilateral groups to develop policy options for recovery and resolution of financial market infrastructures, with particular emphasis on central counterparties.
 - Adopted a new rating system for financial market infrastructures (FMIs) supervised by the Board. The supervisory rating system is intended to align the supervisory communication tool with the Federal Reserve’s heightened risk-management standards and to be flexible enough to apply to the full range of FMIs that the Federal Reserve currently supervises or is likely to supervise in the future, www.federalregister.gov/documents/2016/08/26/2016-20517/supervisory-rating-system-for-financial-market-infrastructures.
 - Continued cross-divisional collaborative work on several topics related to financial markets and payment systems, including work related to designated financial market utilities’ supervision and on Regulation CC and Regulation II.

Strategic Pillar 2: Workforce

Goal: Uphold the Board as a sought-after place to work that attracts highly qualified individuals and embraces the range of similarities and differences each individual brings to the workplace, including thought, experience, and background.

Objective 2.1: Foster an inclusive and collaborative work environment that recognizes, appreciates, and effectively utilizes the talent, skills, and perspectives of every employee.

The Board will continue to promote a diverse workforce and work climate that is respectful of all views at all levels of the organization.

Projects and Initiatives

- Develop and pilot a Boardwide mentoring program.
 - Developed and launched a mentoring program. Mentors and mentees were matched from different divisions to promote cross-functional partnership. At the conclusion of the program, held an evaluation session to help improve the program.
 - Finalized plans for a second mentoring cohort beginning in the second quarter of 2017.
- Continue to conduct a Boardwide Employee Engagement Survey.
 - Conducted a Boardwide employee engagement survey. Presented the results to the Executive Committee and Board members.
 - Delivered engagement survey results to staff throughout division town hall meetings.
 - Divisions began action planning and enlisted the expertise of the survey providers to develop next steps.
- Hosted a presentation by Dr. Amy Edmondson, Novartis Professor of Leadership and Management at Harvard Business School, focused on encouraging an inclusive and “safe-to-speak” culture.
- Continue to develop a diversity and inclusion strategic plan that incorporates the Board’s overall diversity and inclusion objectives.
 - Published the *Diversity and Inclusion Strategic Plan 2016–19*, www.federalreserve.gov/aboutthefed/distategicplan_201612.pdf.
 - Conducted the Board’s web-based No FEAR training in compliance with the training requirements of the Notification of Federal Employee Anti-Discrimination and Retaliation Act of 2002. A diversity and inclusion module was added to the program, which included training on Discrimination-Free Workplace, Lawful Hiring and Performance Management, Disability Discrimination and Accommodation, and Workplace Harassment.
- Establish Board standards pertaining to equal employment opportunity (EEO) and diversity and inclusion (D&I).
 - Published EEO standards, www.federalreserve.gov/aboutthefed/eeostandards.htm.
 - Published D&I standards, www.federalreserve.gov/aboutthefed/distandards.htm.
 - Hosted the annual EEO/Diversity System conference. Participants of the conference included senior executives and EEO and diversity professionals from the Board and Reserve Banks. The conference included topics on D&I practices, the current state of D&I, determining D&I strategy, and measuring progress in fostering inclusion and diversity.
 - Held presentation sessions with people leaders focusing on inclusive leadership competencies

and global diversity benchmarking and best practices.

Objective 2.2: Attract diverse, highly qualified talent.

Attracting a diverse and qualified workforce is critical to executing the Board's mission.

Projects and Initiatives

- Assess the current recruiting strategy, identify gaps, and propose a new strategy to meet the Board's needs.
 - Launched a new applicant tracking system and completed all associated training materials.
 - Worked to advertise job vacancies online and to market the Board on several social media sites such as Twitter and LinkedIn.
 - Completed agreements with LinkedIn and Diversity Advantage Network to post jobs automatically from the Board's website to increase the visibility of job openings.

Objective 2.3: Retain valued employees through best human resource practices.

The Board will continue to enhance its human resource practices and offer competitive compensation and benefits to retain top talent.

Projects and Initiatives

- Continue to evolve performance management practices focusing on employee competencies and employee engagement initiatives.
 - Provided training sessions for leaders and staff in preparation for learning review wrap-up meet-

ings, highlighting techniques to foster two-way, forward-focused conversations.

- Received the 2016 Seal of Distinction from WorldatWork, Alliance for Work–Life Progress, recognizing the Board for demonstrating leadership in workplace strategies and practices to help its employees achieve success in work–life effectiveness.
- Federal Reserve System named as one of American's top employers for 2016 by *Forbes Magazine*, ranking 50th out of 500 organizations.
- Investigate possible improvements to the Board's policies on alternative work arrangements, including assessing current telework practices.
 - Finalized a Boardwide telework policy defining the additional types of telework, changes to the definition of local commuting area, as well as the inclusion of travel options and tax implications for full-time remote workers.
 - Delivered telework training to managers. Approximately 33 percent of employees participated in a telework program.

Objective 2.4: Develop the next generation of Board leaders.

Preserving and building upon the Board's existing leadership development programs will be critical to the Board's success going forward.

Projects and Initiatives

- Pilot an officer leadership program and continue talent management initiatives.
 - Completed two officer leadership programs and held evaluation sessions with the participants and their management to gain information for program refinements.

Strategic Pillar 3: Physical Infrastructure

Goal: Build a productive, collaborative work environment through the tailored use of space, technology, and design.

Objective 3.1: Develop and maintain a long-term space strategy that enhances the ability of the Board staff to carry out its mission.

The Board recognizes the need for a long-term strategy for managing space, including aligning space requirements to projected workforce growth.

Projects and Initiatives

- Lease space for projected near-term workforce growth.
 - Completed construction of leased office space and moved staff into the new space.
 - Executed a lease for additional space and completed programming and design development.
- Develop the long-term space strategy, including the identification and refinement of space parameters.
 - Developed the facility stacking plan component of the mid- and long-term space strategy encompassing all Board owned and leased office facilities.

Objective 3.2: Enhance the usability of existing space to provide a secure, modern environment that meets the needs of the workforce, promotes efficiency, supports resiliency and continuity efforts, and maximizes productivity.

The renovation of the Martin Building and upgrades to the Eccles and New York Avenue buildings represent critical steps toward creating a modern, safe, and efficient workplace. Additional projects will enhance occupant safety and security within the Board's facilities.

Projects and Initiatives

- Manage the multiyear Martin Building renovation project effectively.
 - Completed the design development phases for the Martin Building renovation project.
 - Received updated cost estimates based on the design development for the Martin Building renovation project.
 - Completed construction on the Eccles Building temporary courtyard cafeteria and meeting space.

- Transitioned food services from the Martin Building to the New York Avenue and the Eccles buildings.
- Moved all remaining functions and services from the Martin Building to their new locations throughout other Board facilities.
- Continue upgrades to the Eccles Building, including completion of infrastructure upgrades to ensure the Eccles Building operates independently of the Martin Building.
 - Reached substantial completion to connect the Eccles Building to the existing Martin Building uninterruptable power supply, which will remain throughout the Martin Building renovation project.
 - Reached substantial completion on the cooling loop for IT equipment in the Eccles Building.
 - Relocated the water treatment system to the Eccles Building.
 - Reached substantial completion of the building automation system for the Eccles Building.
- Continue work on projects that enhance the safety and security of Board facilities, including the continuation of the transition to a digital security system infrastructure and the implementation of new emergency notification systems.
 - Completed the physical security system upgrade project.
 - Completed the design for the public address system in leased office space and began the installation process.
 - Installed new emergency desktop notification software to inform staff of emergencies or crises affecting a Board facility.
 - Received the design documents for the fire alarm system upgrades in the Eccles and New York Avenue buildings.
- Procure and install new equipment in the New York Avenue Building.
 - Completed the audio-visual upgrade for the conference rooms.
 - Installed emergency alert buttons in the fitness center.
- Implement technology upgrades and enhance meeting facilities throughout the Board’s facilities.

- Continued the deployment of digital signage, which involves television monitors displays offering life safety and content developed by the Board’s Internal Communications team, throughout the common spaces of the Board’s D.C.-based office buildings.
- Completed the audio-visual upgrade to the relocation site conference rooms.
- Installed a conference management system for centrally managed conference rooms.

Objective 3.3: Develop and implement best practices for efficiently managing space.

Staff will seek to emphasize the efficient use of space, including consolidating the workforce into as few locations as possible while meeting contingency needs and considering the environmental impact. Ongoing assessments will ensure that existing Board facilities are operating efficiently.

Projects and Initiatives

- Continue work on the condition assessment of the New York Avenue Building, which includes inspecting the mechanical, electrical, plumbing, and architectural aspects of the building and identifying possible efficiency gains.
 - Completed the conditions assessment of the New York Avenue Building and summary report, which resulted in the submission of a multicycle project.
 - Awarded a task order to analyze mitigation methods for water proofing issues identified in the New York Avenue Building conditions assessment.
- Improve facility operations and maintenance, space planning, and physical asset management through facilities modeling.
 - Installed and configured building information modeling software.
- Begin development of a Board design standard for facilities projects.
 - Created and issued a system specification document for the technical security systems installed throughout all Board owned buildings and leased spaces.

- Revalidate and, when necessary, create operating standards for new equipment.
 - Updated all standard operating procedures within the facility services area’s equipment and work processes, and converted all procedures to a single digital format.
- Ensure the renovation of office space meets the highest codes and standards for implementing new technology and infrastructure enhancements.
 - Collaborated with technical and specialized staff, such as mechanical, space-planning, operating, and maintenance teams, in the development of the design of the Martin Building renovation project and other infrastructure improvements projects.
 - Initiated training programs to ensure staff have the required skills needed for the implementation of new technologies and infrastructure enhancements.

Objective 3.4: Facilitate Board policies to enable use of alternative workspace.

The Board will address the growing and changing needs of its workforce, including the need to collabo-

rate across organizational and geographical boundaries, and evaluate its approach to workspace and flexible working environments.

Projects and Initiatives

- Align space management choices with Board decisions and policies regarding alternate work arrangements and workspace.
 - Work on this initiative was pending completion of the teleworking policy, which was finalized in the fourth quarter of 2016.
 - Designed a pilot for an open floor concept office space that emulates a financial market floor.
 - Designed an open floor telecommuter office space.

Strategic Pillar 4: Technology

Goal: Empower operational excellence, efficiency, and security through innovative technology platforms.

Objective 4.1: Develop, implement, and maintain a Boardwide technology roadmap driven by business needs that consistently improves the computing environment while strengthening a risk-based information security program.

Board staff rely extensively on technology and information services that enable them to be productive; to focus on their core businesses; and to easily connect, collaborate, and communicate with the confidence that their computing environment and information are secure and of high quality. The Board will focus on evolving its computing infrastructure to support expanding business demands and keep pace with evolving technology. Organizational business drivers will inform an enterprise-level approach to technology and infrastructure investments.

Projects and Initiatives

- Develop a technology investment and implementation plan based on business priorities.
 - Completed the design and implementation of a sustainable and repeatable technology roadmap process that can be used to match business requirements with technology solutions. Defined all technology capability needs and began piloting the roadmap process for the electronic collaboration capability category.
- Identify strategic investments in technology, including those that increase capacity for data and information processing and expand electronic collaboration capabilities.
 - Implemented an enterprise-level high-performance computing environment in the test

and contingency environments to support quantitative analysis, analysis of large research data sets, and stress testing activities.

- Implemented data loss protection tools that enhanced information security controls.
- Completed the evaluation of the contingency environment including a capacity study of the electrical, mechanical, and architecture requirements.
- Piloted software to prevent unauthorized programs from running that could be harmful to the network and devices connected to it or cause unnecessary demand for network resources.

Objective 4.2: Create and maintain a research and development (R&D) culture and environment that allows for technology evaluation and innovation outside of the necessary constraints of the production environment.

The Board will need to keep pace with rapid technological change without compromising the security of critical information assets. The development of innovative business approaches will provide an environment that enables controlled risk taking.

Projects and Initiatives

- Create and maintain an innovation lab to allow for research and technical evaluation.
 - Completed the requirements and evaluation criteria for the establishment of an isolated technical environment that supports the evaluation of new and emerging technologies and data. Finalized the approach for procuring the environment and began establishing processes around content provisioning.

- Initiated the request for proposal process to solicit a vendor to assist with building the isolated technical environment.

Objective 4.3: Continuously enhance the mobile environment to meet requirements for information access, ease of use, and information security.

The Board will continue to improve access to its information assets from an increasingly mobile workforce.

Projects and Initiatives

- Develop a mobility plan, building upon existing platforms, to enhance technology services.
 - Developed and began implementing a strategy that defines the organization’s direction for the evolutionary deployment of mobile devices, mobile application development standards, and information security controls.
 - Evaluated alternative mobile device management infrastructure options to support a variety of end-point computing needs, is device agnostic, and is compatible with the Federal Reserve System.

Objective 4.4: Provide the ability for Board employees to collaborate effectively with a wide variety of partners, including those within the Board, the System, and broader communities.

Enhancing electronic collaboration capabilities within and outside the System is of particular importance to the Board. As the need to share information with varying degrees of sensitivity grows, the Board

must be equipped to provide secure and efficient communication mechanisms.

Projects and Initiatives

- Identify gaps between existing capabilities and defined business needs and develop metrics for improving user experience regarding connectivity, collaboration, and data and information processing.
 - Gathered organizational input regarding satisfaction levels with technology capabilities. Completed the analysis of results, which will inform the development of a strategy to close technology capability gaps.
 - Created a cross-functional workgroup to identify specific business use cases that describe unmet electronic collaboration needs across the organization.

Objective 4.5: Evaluate the information technology service-provisioning model across the Board and the System to ensure alignment and promote service and cost efficiencies.

Staff will consider best-practice service delivery models across the System to provision information technology services. The Board will focus on automation enhancements that improve business processes and look for ways to fund investments through associated savings.

Projects and Initiatives

- Work completed under the first four objectives will inform the projects and initiatives related to this objective.
 - Work focused on the first four objectives.

Strategic Pillar 5: Data

Goal: Research, analyze, and respond to economic and financial developments, challenges, and issues, as well as safety and soundness, consumer protection, and financial stability risks through enhancement of the Board's data management and analytics environment.

Objective 5.1: Strengthen the Board's governance of its data assets to increase their quality, reliability, and usability.

The Board will work to strengthen and improve data governance policies, processes, and standards for assessing potential new data acquisitions and providing appropriate access to data across the organization.

Projects and Initiatives

- Develop and implement components of a Board-wide data governance framework.
 - Defined the data governance framework. Data management capabilities have been prioritized, and key components that will need to be implemented have been identified and reviewed with the Board Data Council.
- Define the requirements for a comprehensive data stewardship program across all Board divisions.
 - Defined the data stewardship framework to support the Enterprise Data Inventory (EDI) Program and outlined a pilot plan to roll out the program.
 - Reviewed the data stewardship framework with planned pilot participants.
 - Continued the implementation roadmap work on key initiatives from EDI Program and data stewardship framework.
- Implement a Systemwide process to analyze, coordinate, and prioritize data for use in supervising institutions.

- Developed a website for data collections in the clearance pipeline and a manual to clarify roles and define processes related to data collection.

- Drafted a plan to create and implement a System Supervision and Regulation Data Stewardship framework.

Objective 5.2: Improve the data architecture, processes, and data storage technology to respond with greater agility and efficiency to emerging business needs for data, while facilitating controlled sharing and the movement of data to get the right data to the right people at the right time.

Staff will institute effective data policies and procedures backed by sufficient, secure, and scalable storage capacity to ensure that Board employees get timely access to data.

Projects and Initiatives

- Begin the development of a target data architecture with key enterprise assets such as the National Information Center and Financial Data Repository.
 - Continued the analysis and review of user and system requirements for a new Financial Data Repository platform. Additionally, the technical team began considerations of multiple infrastructure alternatives to support the new platform.
- Create the foundation for an information-sharing framework that leverages the enterprise data inventory and maintains controlled internal access to data assets.

- Completed current state assessment of security and access controls. Work on the future state of the information sharing framework will begin in 2017, in preparation for a wider roll out of the EDI Program.
- Continue business process improvements for automation initiatives to gain better efficiencies with data management and streamline the reports clearance process.
 - Completed key milestones in developing the Information Collection and Processing System (ICAP), which included developing the manual data entry process, the historical data load process, and the process to load ICAP data into the Financial Data Repository.
 - Continued work on the Information Collection Coordination automation project focused on creating an automated workflow solution.
 - Continued work on the data management services re-architecture program, which included successfully loading and testing a key dataset for beta implementation.
 - Completed the requirements for the stress test modeling data submission process and the data and file submission and validation process within the Regulation Analysis and Modeling Platform (RAMP). Upgraded databases that support RAMP in order to take advantage of the programming and statistical computing language for modeling within the platform.

Objective 5.3: Create and maintain an R&D culture and a stand-alone R&D environment so that the Board’s ability to evaluate and innovate regarding new data sets, tools, and policies is improved.

As data needs continue to increase and the data available continue to grow, the Board will require investments in modernized technology, processing systems, and business analytics.

Projects and Initiatives

- Develop a cross-organizational innovation framework, including the development of an innovation lab as noted in objective 4.2.
 - See results under Technology, objective 4.2.

Objective 5.4: Improve Board staff’s ability to find what data are available and how to access them to be more effective, and to more easily recognize and account for data gaps and overlaps.

The Board will continue to build employee awareness and understanding of the availability of data across the organization.

Projects and Initiatives

- Establish a baseline enterprise data inventory of Board data assets.
 - Developed the EDI Program prototype with collected and acquired data as the seed content for search. Conducted pilots to obtain initial feedback on the functionality and user experience.
- Create a Boardwide data awareness and education program.
 - Drafted a communication plan to deliver the core message regarding the EDI Program Boardwide. A communications expert worked with the EDI team to prepare specific communication artifacts, including scheduling, timing, clarity of messaging, and delivery mechanisms.
- Invest in and improve access to consumer and community data and information throughout the Board and the System.
 - Commenced design of an automated tool to analyze district- and state-level data to gain insight into financial service and community economic development needs to inform Federal Reserve supervision, research, and outreach efforts.

Objective 5.5: Enhance the transparency of Board data by increasing the awareness, accessibility, and usability of publicly available Board data to contribute to the body of global open data assets.

The Board will continue to support transparency and open data initiatives.

Projects and Initiatives

- Begin the process of defining an open data strategy.

—Deferred the requirements phase until 2017.

Strategic Pillar 6: Public Engagement and Accountability

Goal: Increase understanding and appreciation of the Board's mission through public engagement and accountability.

Objective 6.1: Provide information on issues spanning the full range of the Board's missions that enhances public understanding of the Board and its policy decisions and that allows the Congress and the public to assess the effectiveness and efficiency of the Board in fulfilling its responsibilities.

The Board will continue to build awareness and understanding of its mission, policies, and operations among the Congress and the public through a variety of communication vehicles.

Projects and Initiatives

- Enhance communications and promote understanding of the Federal Reserve by providing more information via the Board's website and other external communication platforms.

—Posted regulatory proposals and annual Freedom of Information Act (FOIA) statistics on the Board's FOIA webpage and Board and Federal Reserve Bank budgets, congressional communications, and the Chair's calendar in the FOIA Reading Room.⁷

—Published more than 1,000 new documents on the public website, including transcripts, FOMC materials, surveys, research papers, data on

financial markets, economic activity, and monetary policy.

—Published the *Report to the Congress on the Office of Minority and Women Inclusion*, www.federalreserve.gov/publications/minority-women-inclusion/files/omwi-report-20160331.pdf.

—Posted videos on the Federal Reserve Board YouTube channel. The channel had 13,019 subscribers and was viewed more than 56,600 times throughout the year, www.youtube.com/user/FedReserveBoard.

—Launched a Federal Reserve Board Facebook account in August. Posted 137 updates, reached more than 397,500 Facebook users, and acquired 16,415 followers, www.facebook.com/federalreserve/.

—Posted over 700 tweets from the Federal Reserve Board's main Twitter account, ending the year with 390,000 followers, 159,000 profile visits, and 5 million tweet impressions, <https://twitter.com/federalreserve>.

—Hosted journalists from the Society of American Business Editors and Writers.

- Sustain relationships with news media and congressional offices to ensure information on the Federal Reserve's analysis and policies are disseminated timely and accurately to the Congress and the public.

—Conducted over 35 press lock-ups, which allowed credentialed news organizations to prepare informed summarized analysis of economic data as well as to ensure the secure and orderly release of FOMC and other sensitive economic information to the public via the news media.

—Responded to letters and questions for the record submitted by congressional oversight committees and congressional offices. Coordinated briefings between Board members and members of Congress as well as Board staff and

⁷ Information on regulatory proposals can be found on the Board's website at www.federalreserve.gov/apps/foia/proposedregs.aspx. FOIA information can be found on the Board's website under the *Annual Report* and Reading Rooms sections at www.federalreserve.gov/foia/about_foia.htm.

- congressional staffers on topics of interest to congressional offices.
- Facilitated calls between various reporters and subject matter experts to increase understanding of Board and FOMC actions, policies, and research.
 - Continued to provide information through speaking engagements, such as
 - “Monetary Policy, Financial Stability, and the Zero Lower Bound,” www.federalreserve.gov/newsevents/speech/fischer20160103a.htm
 - “An Update on the Outlook, Liquidity, and Resilience,” www.federalreserve.gov/newsevents/speech/brainard20160307a.htm
 - “Insurance Companies and the Role of the Federal Reserve,” www.federalreserve.gov/newsevents/speech/tarullo20160520a.htm
 - “Trends in Community Bank Performance over the Past 20 Years,” www.federalreserve.gov/newsevents/speech/powell20160929a.htm
 - “Macroeconomic Research After the Crisis,” www.federalreserve.gov/newsevents/speech/yellen20161014a.htm
 - Expand the functionality of the Official Response Collaboration Application, including improving workflows that register and track responses to letters received by the Chair’s office, and add a Public Information Outreach module to better track correspondence submitted through the Board’s public website.
 - Continued work on the Official Response Collaboration Application.
 - Conduct research on topics such as the U.S. economy; the global economy and its interactions with the U.S. economy; financial stability; consumer risk; community and human capital development dynamics and practices; safety and efficiency of payment, clearing, and settlement arrangements, activities, and instruments; and retail payments trends. As appropriate, continue to make the research available to the public through publications, working papers, academic journal articles, or conference presentations.
 - Published *Holiday Spending and Financing Decisions in the 2015 Survey of Household Economics and Decisionmaking (SHED)*, which provided insight on the frequency of circumstantial savings and holiday spending questions on how non-savers manage discretionary spending choices, www.federalreserve.gov/econresdata/notes/feds-notes/2016/holiday-spending-and-financing-decisions-in-2015-survey-of-household-economics-and-decisionmaking-20161201.html.
 - Published *Experiences and Perspectives of Young Workers* that presented data collected in the Board’s 2015 Survey of Young Workers, which explored how a changing labor market is leading to shifts in the skills demanded of workers, the location of work, and the relationships between employers and employees, www.federalreserve.gov/econresdata/2015-experiences-and-perspectives-of-young-workers-201612.pdf.
 - Published the *Consumers and Mobile Financial Services 2016* report, www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201603.pdf.
 - Began collecting data for the triennial cross-sectional survey of U.S. families for the Survey of Consumer Finances.
 - Continued to develop a reference rate for overnight transactions collateralized by Treasury securities.
 - Conducted research on various topics, such as⁸
 - the possible implications of Brexit for domestic monetary policy and European banks;
 - the consequence of globalization and understanding the causes of increased worldwide trade;
 - the effect of shocks to the supply of letters of credit on U.S. exports;
 - how private information in hedging outcomes affects the design of managerial compensation;
 - the economic models and the analysis of wholesale funding markets;
 - the aspects of “risk management” in the setting of monetary policy;
 - the role of shifts in the demographic composition of the population for national savings, and via that mechanism, the equilibrium (or neutral) level of the real interest rate;
 - the monetary policy rules and non-standard monetary policies;

⁸ See the Federal Reserve Board’s economic research at www.federalreserve.gov/econres.htm.

- the implications of the effective lower bound on nominal interest rates;
- the determinants and measures of latent variables (equilibrium interest rate, output gap, long-term inflation expectations, term premia) that are critical for the conduct of monetary policy;
- the appropriate response of monetary policy to financial stability;
- the efficient computation and solutions for quantitative models;
- the microstructure of overnight reverse repurchase markets; and
- the history of bank runs and their resolution.
- Produce and publish surveys, reports, and data on financial markets, banking conditions, the Reserve Bank balance sheets, economic activity, and monetary policy, including the Census of Finance Companies.
 - Published the 2015 Census of Finance Companies, www.federalreserve.gov/financocensus/.
 - Produced and published the annual audited financial statements, earnings release, and weekly balance sheets with special emphasis on the implications of the Fixing America’s Surface Transportation, or FAST Act.
 - Continued to develop the uscurrency.gov informational website that was launched in September 2015.
 - Released interagency information and FAQs on how financial institutions may begin to submit self-assessments of their diversity policies and practices as of year-end 2015. The guidance strongly encourages financial institutions to disclose their diversity policies and practices on their websites, as well as information related to their self-assessments, to maximize transparency, and to provide their policies, practices, and self-assessment information to their primary federal financial regulator, www.federalreserve.gov/newsevents/press/bcreg/20160802b.htm.
- Serve as a resource for the general public, consumers, and supervised financial institutions who have questions or concerns regarding the Board’s regulatory activities, through the Board’s Office of the Ombudsman.
 - Provided to the general public information about the Board’s regulatory functions; made

referrals to other government agencies, as appropriate; and received complaints regarding the Board’s regulatory activities.

- Provided to consumers information regarding how to raise complaints pertaining to supervised financial institutions and made referrals to other government agencies, as appropriate.
- Addressed inquiries from supervised financial institutions, particularly community banks, about the status of pending matters; provided an avenue for these institutions to raise concerns or complaints about the process and results of examinations; provided information regarding the material supervisory determination appeal process; and reviewed, investigated, and decided claims that an institution was subjected to retaliatory conduct.

Objective 6.2: Clearly communicate the rationale underlying the Board’s decisions across a range of topics including monetary policy, regulatory policy, payment system policy, and supervisory actions.

The Board will continue to communicate and publish reports regarding its policy decisions through a variety of communication vehicles.

Projects and Initiatives

- Develop and issue with the other regulators a report to the Congress, as defined under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA), that identifies outdated or unnecessary regulations and reduce regulatory burden on insured depository institutions while, at the same time, ensuring their safety and soundness and the safety and soundness of the financial system.
 - Drafted the final EGRPRA report to Congress, which outlines the actions the agencies have taken, or plan to take, to address burden-related issues identified during the review process.
 - Issued a joint advisory with federal banking agencies to clarify supervisory expectations for using an evaluation for certain real estate-related transactions pursuant to the EGRPRA.
- Monitor and track implementation of recommendations to reduce regulatory burden on community

banks, incorporating any related EGRPRA process results and reviewing any additional actions to reduce regulatory burden as applicable.

- Analyzed existing regulations focusing on minimizing regulatory burden, where possible, and participated in steps to incorporate the EGRPRA.
- Completed four burden-reducing initiatives, including: (1) publishing a final notice in the *Federal Register* with limited burden reductions to the Call Report for all institutions, (2) publishing a notice in the *Federal Register* on a proposed streamlined Call Report for small institutions with limited burden reductions for larger banks, (3) publishing a Community Reinvestment Act (CRA) Questions and Answers (Q&A) in the *Federal Register*, and (4) issuing a consumer affairs letter to announce a policy change reducing internal Real Estate Settlement Procedures Act referral requirements, www.federalregister.gov/documents/2016/08/15/2016-19268/proposed-agency-information-collection-activities-comment-request, www.federalregister.gov/documents/2016/07/25/2016-16693/community-reinvestment-act-interagency-questions-and-answers-regarding-community-reinvestment.
- Enhance transparency and understanding of the supervision process and outcomes, both within the System and for the public, focusing on aggregate quantitative and qualitative information rather than firm-specific information.
 - Issued, as part of the Federal Financial Institutions Examination Council (FFIEC), an updated Uniform Interagency Consumer Compliance Rating System for evaluating financial institutions' adherence to consumer compliance requirements. The new rating system designed was informed by public comments and agency experts to reflect current consumer compliance supervisory approaches and to align the rating system with current risk-based, tailored examination processes, [www.federalreserve.gov/bankinfo/reg/caletters/CA_16-8_Attachment_Uniform_Interagency_CC_Rating_System_\(002\).pdf](http://www.federalreserve.gov/bankinfo/reg/caletters/CA_16-8_Attachment_Uniform_Interagency_CC_Rating_System_(002).pdf).
 - Issued supervision and regulation letters, commonly known as SR letters, which addressed significant policy and procedural matters related to the Federal Reserve System's supervisory responsibilities, www.federalreserve.gov/supervisionreg/srletters/2016.htm.
- Contributed to the development and analysis of the European Central Bank's Household Finance and Consumption Survey.
- Participated in three Consumer Compliance Outlook Live webinars to assist community bankers in complying with federal consumer protection laws and regulations related to CRA; overdraft practices; and fair lending issues related to Consumer Financial Protection Bureau (CFPB) actions, compliance management, redlining, Home Mortgage Disclosure Act validation, and auto lending.
- Continue to communicate and publish reports on monetary and financial stability policy.
 - Contributed to the development of the Financial Stability Oversight Council's (FSOC) 2016 *Annual Report*, www.treasury.gov/initiatives/fsoc/studies-reports/Pages/2016-Annual-Report.aspx.
 - Published the *Monetary Policy Report* to the Congress twice, www.federalreserve.gov/monetarypolicy/mpr_default.htm.
 - Proposed a rule to address the risk associated with excessive credit exposures of large banking organizations to a single counterparty.
 - Published in the *Federal Register* an interim final rule that amended Regulation H to raise the asset threshold for state member banks (SMBs) and U.S. branches and agencies of foreign banks to be eligible for the 18-month examination cycle to the new statutory maximum, from less than \$500 million to less than \$1 billion. As a result, approximately 104 additional SMBs qualified for the 18-month examination cycle, which will lead to a reduction in the amount of examinations each year, www.federalregister.gov/documents/2016/02/29/2016-03877/expanded-examination-cycle-for-certain-small-insured-depository-institutions-and-us-branches-and.

Objective 6.3: Expand the extent and effectiveness of collaborations with external entities, as appropriate.

The Board will continue to collaborate with external entities as appropriate to inform the Board's policy

decisions by providing a more complete understanding of the economy and the financial system. Staff will continue to contribute to activities that enhance the resiliency of the financial sector and coordinate with other federal supervisory agencies. Staff will continue to research and propose to the Board a wide array of policies and guidance on supervisory programs and address any legislative mandates or changes in the economic conditions.

Projects and Initiatives

- Enhance working relationships, as appropriate, with representatives from academia, other government agencies, and international groups.
 - Issued a request for public comment on a proposed rulemaking to implement provisions of the Biggert-Waters Flood Insurance Reform Act jointly with the Farm Credit Administration, the FDIC, the National Credit Union Administration, and the Office of the Comptroller of the Currency, www.federalreserve.gov/newsevents/press/bcreg/20161031a.htm.
 - Collaborated with the Federal Reserve Bank of New York, the University of New Hampshire, and the MacArthur Foundation to convene a group of community development professionals, asset managers, impact investing experts, and foundation staff to discuss impact investment models to attract and deploy capital in underserved communities.
 - Participated in the Legal Entity Identifier (LEI) Regulatory Oversight Committee with over 70 other authorities to develop the governance and technical structure of the Global LEI System as well as to oversee the operation of that system.
 - Contributed to workgroups formed by the Committee on Global Financial Systems that attempt to inform the public and policy community about topical aspects of financial systems.
 - Continued participation in a joint project with FSOC agencies to collect better data on securities lending activities.
 - Discussed financial stability developments with other FSOC member agencies and coordinated presentations of Board staff analysis at the FSOC System Risk Committee.
 - Participated in domestic interagency and international work stream to identify potential systemic risks from activities of asset managers and contributed to several reports.

- Organized and participated in a workshop with the International Monetary Fund on monetary policy and financial stability issues.
- Participated in domestic interagency and international workstream to identify potential systemic risks from activities of asset managers.
- Collaborated with the Department of Defense on interpretive guidance for amending rules implementing the Military Lending Act.
- Partnered with George Washington University to sponsor 11 convenings of the Financial Literacy Seminar Series, which has been offered since 2012.
- Convened a student loan counseling conference on potential areas of risk for individuals pursuing post-secondary education. Partnering with the National Association of Student Financial Aid Administrators, the event explored the counseling techniques and challenges in helping students navigate financial decisions. Results were published in *Student Loan Counseling Challenges and Opportunities: Findings from Focus Groups with Financial Aid Counselors*, www.federalreserve.gov/communitydev/files/student-loan-counseling-challenges-and-opportunities-2016.pdf.
- Continue to develop policies and standards that foster safety and efficiency in the payment system and identify payment improvement strategies to increase end-to-end speed and safety, including working jointly with Reserve Banks to engage payment system stakeholders in payment system improvement efforts as outlined in the *Strategies for Improving the U.S. Payment System* paper.⁹
 - Participated in a number of international workstreams regarding FMIs and payment, clearing, and settlement systems.
 - Staff contributed to several reports, including a report on new guidance regarding risk management by central counterparties (CCPs) on issues in the Principles for Financial Market Infrastructures (PFMI) and an assessment of

⁹ On January 26, 2015, the System issued the paper *Strategies for Improving the U.S. Payment System*, available at <https://fedpaymentsimprovement.org/wp-content/uploads/strategies-improving-us-payment-system.pdf>. The paper presents a multi-faceted plan for collaborating with payment system stakeholders, including large and small businesses, emerging payments firms, card networks, payment processors, consumers, and financial institutions to enhance the speed, safety, and efficiency of the U.S. payment system.

implementation of the PFMI by 10 derivatives CCPs.

—Contributed to the *Fast Payments—Enhancing the Speed and Availability of Retail Payments* report as part of the Committee on Payments and Market Infrastructures (CPMI), www.bis.org/cpmi/publ/d154.htm.

—Continued to advance a workstream on fraud in wholesale payments, relating to end-point security in networks used for transmitting payment messages through the CPMI. Additionally, staff participated in working groups on digital innovations, which look at the aspects of distributed ledger technology in the area of payment clearing and settlement.

—Engaged in a number of initiatives to improve the efficiency of the payment system consistent with the strategies announced in 2015.

—The Federal Reserve has made progress in educating the industry and plans for the adoption of a new international payment standard (ISO 20022). Staff have also worked with the industry to publish educational materials to help facilitate greater use of electronic payment methods for businesses and to facilitate specific implementation strategies identified by the industry.

- Continue to draft, refine, and consult on consumer protection regulations for which the Federal Reserve has authority, working with other banking agencies and the CFPB, as appropriate.

—Consulted with the CFPB on several rule-writing proposals, including rules on payday loans, vehicle title loans, and other high-cost installment loans; fair debt collection practices; mortgage disclosures and servicing; prepaid cards under Regulations E and Z; and the Fair Debt Collection Practices Act.

- Work closely with the Treasury Department’s BEP to improve processes associated with currency design and production.

—Continued implementing a multiyear Currency Quality Assurance (CQA) program at the BEP to build a sustainable quality system throughout the organization, which is intended to improve effectiveness, efficiencies, and productivity at both BEP facilities. CQA also has built and implemented formal technology development and banknote design processes as ways to

improve banknote effectiveness, functionality, and manufacturability.

Objective 6.4: Gather information, views, and perspectives on issues related to the Board’s mission from a wide range of constituencies, including consumers, businesses, financial sector participants, community groups, researchers, and elected and other public officials.

Under the Board’s leadership, staff will engage with the public on a wide range of issues relevant to the Board’s mission. Staff will work on a broad research agenda that focuses on the macroeconomy and financial markets and will work to assess potential financial stresses that could threaten economic and financial stability.

Projects and Initiatives

- Support the FOMC with the commencement of the policy normalization process as outlined in its approach to monetary policy normalization in the Policy Normalization Principles and Plans.¹⁰
 - Continued to monitor financial markets and provide analysis of issues associated with policy normalization.
 - Prepared an assessment of how different monetary policy operating frameworks may impact the safety and efficiency of the payment system, which was sent to the FOMC and Reserve Bank research directors.
 - Continued to monitor financial markets and provide analysis of issues associated with policy normalization, focusing on market effects of operating near the zero lower bound, and on potential next steps in the policy normalization process.
- Increase outreach to community and consumer organizations, industry groups, government agencies, and academics, including the Board’s official advisory councils (the Community Advisory

¹⁰ More information on the Policy Normalization Principles and Plans is available on the Federal Reserve Board’s website at www.federalreserve.gov/monetarypolicy/policy-normalization.htm.

Council (CAC), the Community Depository Institutions Advisory Council, the Federal Advisory Council, and the Model Validation Council) to identify and facilitate community development activities.¹¹

- Coordinated and participated in various community outreach tours and engagements in Detroit, the Mississippi Delta, El Paso, Atlanta, Miami, and Milwaukee. Each tour included meetings with local community practitioners and residents to discuss the challenges faced by low- and moderate-income families and opportunities for banks to increase their CRA activities, tours of neighborhoods, and site visits with local organizations working to address the needs of the community.
- Contribute to domestic and international efforts to improve the quality of financial data that can better inform policymaking.
 - Continued work to improve the “Financial Accounts of the United States” data release through the Enhanced Financial Accounts initiative to make the financial accounts more useful and more usable for researchers, analysts, and others interested in understanding key financial relationships in the U.S. economy.
- Engage payment system stakeholders in payment system improvement efforts, including members of the faster payment and secure payment task forces and the public.
 - Contributed to the work on how potential new operating tools, such as changes to the discount window, might interact with the Federal Reserve’s approach to intraday credit and the Board’s Payment System Risk policy and provided expertise on how different monetary policy operating frameworks may impact the safety and efficiency of the payment system.
 - Engaged with the Reserve Banks to develop protocols for providing access to payments data collected by Federal Reserve Financial Services to support the System’s broader research and policy agenda.
 - Facilitated the efforts of the faster payments and secure payments task forces that were formed after the publication of the *Strategies for Improving the U.S. Payment System* paper, including the following:
 - The faster payments task force published effectiveness criteria for evaluating faster payment approaches. A qualified independent assessment team evaluated faster payments proposals against the effectiveness criteria.
 - The faster payments task force began reviewing a final report and discussed the opportunities and barriers to implementing faster payment solutions in the United States.
 - Federal Reserve staff continued to support four work groups of the secure payments task force related to payment identity management, information sharing, standards, and data protection.

¹¹ More information on the Board’s advisory councils is available on the Federal Reserve Board’s website at www.federalreserve.gov/aboutthefed/advisorydefault.htm.

www.federalreserve.gov

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