



# Annual Performance Report 2019

June 2020

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM





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June 2020

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# Preface

Congress founded the Federal Reserve System (System) in 1913 as the central bank of the United States. While established as an independent central bank, it is subject to oversight by the Congress and must work within the framework of the overall objectives of economic and financial policy established by its enabling statutes. Over time, the Congress has expanded the Federal Reserve's role in the economy and the financial system, as reflected in its mission:

*As the nation's central bank, the fundamental mission of the Federal Reserve System is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems and to promote optimal economic performance.*

As the governing body of the System, the Board of Governors (Board) guides the operations of the System to promote the goals and fulfill the responsibilities given to the Federal Reserve by the Federal Reserve Act. The Board conducts research, analysis, and policymaking related to domestic and international financial and economic matters; supervises and regulates certain U.S. financial institutions and activities; oversees the operations and activities of the Federal Reserve Banks, including important aspects of the nation's payments system; and plays an important role in promoting consumer protection, fair lending, and community development. The mission and activities of the Board are grounded in its 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 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 fostered by the System's regional structure. It relies on strong teamwork and consensus building to mold independent viewpoints into coherent, effective policies.

Additional information on the Board and the System can be found in its *Purposes & Functions* document and throughout its public website.<sup>1</sup>

<sup>1</sup> *Purposes & Functions* is available at <https://www.federalreserve.gov/aboutthefed/pf.htm>, and the Board's public website is available at <https://www.federalreserve.gov/>.



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# Introduction

The Board of Governors of the Federal Reserve System's (Board) *Strategic Plan 2016–19* (Plan) identified strategic priorities and framed critical organizational challenges.<sup>2</sup> In developing the Plan, the Board considered its ongoing operations and support functions, stakeholder feedback, external environment, and the influence of these factors on its mission and operations. The Board organized the Plan into six strategic pillars to guide investments, align resources, and implement changes over the four-year planning period to best advance the Board's mission.

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.

This document summarizes the Board's accomplishments toward achieving the objectives identified in the *Annual Performance Plan 2019*.<sup>3</sup> In addition, this report contains a brief overview of the Board's most significant accomplishments throughout the Plan's four-year performance period. However, given the large scope of work performed by the Board, not all activities are identified within this document. Throughout this period, senior leadership reassessed priorities taking into account changing circumstances and environmental factors and adjusted priorities and resources to best fulfill its mandate from the Congress to promote maximum employment and price stability, along with its responsibilities to promote the stability of the financial system.

The Board recognizes there are differences between government and private-sector strategic planning and the measurement of those efforts. While private-sector planning often relies on measures of revenue, the Board measures its performance relative to public policy objectives and statutory responsibilities.

The Board issues these reports in the spirit of the Government Performance and Results Act (GPRA) of 1993, which requires federal agencies to prepare a strategic plan covering a multiyear period and submit an annual performance plan and an annual performance report. Although 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 an annual performance plan and an annual performance report.<sup>4</sup>

<sup>2</sup> The *Strategic Plan 2016–19* is available at <https://www.federalreserve.gov/publications/gpra/files/2016-2019-gpra-strategic-plan.pdf>.

<sup>3</sup> The *Annual Performance Plan 2019* is available on the Federal Reserve's website at <https://www.federalreserve.gov/publications/files/2019-gpra-performance-plan.pdf>.

<sup>4</sup> GPRA reports are available at on the Federal Reserve's website at <https://www.federalreserve.gov/publications/gpra.htm>.

As required by the Federal Reserve Act, the Board also annually submits to the Congress the *Annual Report* describing the operations of the Federal Reserve System for the previous year, as well as a detailed explanation of the plans and resources dis-

cussed in the approved budgets of the Board and the 12 Federal Reserve Banks.<sup>5</sup>

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<sup>5</sup> The *Annual Report* is available on the Federal Reserve's website at <https://www.federalreserve.gov/publications/annual-report>.

# Overview of 2016–19 Accomplishments

When the Board assessed its needs for the 2016–19 performance period, it identified a broad array of challenges related to a number of environmental factors, including the need to address risks to the banking industry, financial markets, and consumers resulting from the evolution of financial products and services, the complexities related to the implementation of statutory changes to regulation, shifting workforce demographics, and innovations in data and technology. The Board also acknowledged the changing nature of work, which has become increasingly demanding, complex, and interdependent among rapidly changing business models, processes, and technologies.

The Plan identified the Board’s priorities across six strategic pillars and served as a guide for implementing strategic initiatives and aligning resources. Throughout the performance period, the Board committed to expanding its interdisciplinary infrastructure to support its objectives in the regulation, supervision, and financial stability areas while continuing to promote economic recovery and price stability.

Given the importance of accountability and transparency, the Board also enhanced its ongoing efforts to provide clear communication on its activities and to inform the public and the Congress through both traditional and nontraditional channels. The Board sought out the views of the public, financial institutions, and other U.S. financial regulatory agencies to further develop programs and promote a stable financial system.

The following is an overview of the Board’s accomplishments during the four-year performance period for each strategic pillar; specific details by year are available in the Board’s annual performance reports.<sup>6</sup>

<sup>6</sup> The annual performance reports are available on the Federal Reserve’s website at <https://www.federalreserve.gov/publications/gpra.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.*

Throughout the performance period, the Board responded quickly and effectively to new challenges by applying best practices and systematically leveraging resources throughout the organization. The Board reviewed its administrative support processes and identified changes to ensure the processes continued to operate efficiently. Additionally, the Board implemented enhanced processes for prioritizing and allocating resources. Key accomplishments are listed below.

- Improved budget-forecasting methodology and enhanced performance monitoring, which reduced forecasting cycle time and resulted in timelier, more relevant performance information.
- Initiated an operational Enterprise Risk Management (ERM) program to enhance risk-management processes.
- Oversaw System efforts to define, procure, and implement new Enterprise Resource Planning (ERP) applications, allowing the Federal Reserve Banks to implement efficient, cost-effective, and strategic long-term solutions.
- Formulated a process for developing potential senior leaders, including engaging a diverse leadership pool and enhancing their familiarity with the Board and System.
- Collaborated with the Bureau of Engraving and Printing to develop a design process for the next family of banknotes, including evaluating common themes and security features.
- Led a System initiative that conducted “rural listening sessions” to gather input from consumers,

small business owners, and other community organizations on the impact of bank and bank branch closures on rural community members.

- Participated actively in business continuity, crisis management, and cybersecurity exercises to ensure organizational readiness in emergency situations.
- Drafted, finalized, and approved the Board's *Strategic Plan 2020–23*, published in December 2019.<sup>7</sup>

During the performance period, the Board established policies in support of supervisory and regulatory priorities. Notable efforts include those listed below.

- Finalized rules that tailor the regulations for domestic and foreign banks to more closely match their risk profiles. The rules reduce compliance requirements for firms with less risk, while maintaining the most stringent requirements for the largest and most complex banks.
- Issued final rules under the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA), which expanded the number of foreign bank insured depository institutions that qualify for 18-month examinations, expanded the applicability of the small bank holding company policy statement, streamlined regulatory reporting requirements for small institutions, and amended the liquidity coverage ratio requirements to treat certain municipal obligations as high-quality liquid assets.
- Adopted the Total Loss-Absorbing Capacity final rule and provided interagency information and frequently asked questions on how the financial institutions may begin to submit self-assessments of their diversity policies and practices.

## 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 backgrounds.*

The Board is committed to furthering efforts to promote a diverse workforce and a climate that is respectful of differing views across all levels of the

<sup>7</sup> The *Strategic Plan 2020–23* is available on the Federal Reserve's website at <https://www.federalreserve.gov/publications/2020-23-strategic-plan.htm>.

organization. Efforts during the performance period supported long-standing programs that promote equal employment and workforce diversity, and foster an inclusive and collaborative work environment. The Board enhanced its human resource practices and continued to refine a competitive compensation and benefits program to retain top talent. Key accomplishments are listed below.

- Expanded recruitment activities and focused on attracting diversity in applicants by participating in a variety of events, including those hosted by the Association of Latino Professionals for America, Prospanica (The Association of Hispanic Professionals), and the National Black MBA Association, Inc.
- Developed and implemented a New Employee Orientation program, which enhanced onboarding classroom time and improved the experiences of incoming employees.
- Designed and initiated a volunteer employee initiative, called the Board Ambassadors team, allowing employees to assist at campus recruiting events and professional career fairs.
- Published annually the *Report to the Congress on the Office of Minority and Women Inclusion*, which describes diversity and inclusion activities undertaken at the Board.<sup>8</sup>
- Since fall of 2016, jointly taught the class "Financial Literacy/Data Analysis with R" to undergraduate and graduate economics students at Howard University and other local colleges, as part of the Board's initiative to strengthen financial literacy and encourage a diversity of perspectives and backgrounds in the economics profession.

## Strategic Pillar 3: Physical Infrastructure

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

During the strategic planning process, the Board recognized the need for a long-term strategy for managing space that aligned space requirements with projected workforce growth. The Board evaluated the changing needs of its workforce and recognized the

<sup>8</sup> The annual *Report to the Congress on the Office of Minority and Women Inclusion* is available at <https://www.federalreserve.gov/publications/minority-women-inclusion.htm>.

growing need to collaborate across organizational and geographical boundaries. Leadership emphasized efficiency, resulting in a long-term plan to consolidate the workforce into as few locations as possible, while meeting contingency needs and considering environmental impact. The renovation of the Board's facilities represents a critical step toward creating a modern and efficient workplace, while enhancing occupant safety and security. The Board continued the renovation of the William McChesney Martin Jr. Building (Martin), as well as modernization and build-out projects at all facilities, which include the achievements listed below.

- Acquired the 1951 Constitution Avenue NW (1951) Building.
- Awarded the contract for architectural and engineering services and received conceptual designs in support of the planned renovations at the 1951 and Marriner S. Eccles (Eccles) buildings.
- Awarded the contract for a Basis of Design at the New York Avenue (NYA) Building.

## Strategic Pillar 4: Technology

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

During the performance period, the Board focused on evolving its computing environment to support expanding business demands. The Board advanced its computing infrastructure to adjust to rapid technological change, while addressing the increasing sophistication of cyber threats and maintaining the security of critical information assets. Additionally, the Board continued efforts to improve access to information assets among an increasingly mobile workforce, while enhancing electronic collaboration capabilities within and outside the System. Key accomplishments are listed below.

- Conducted robust security and compliance reviews to ensure readiness against cyber threats.
- Sustained a secure production environment for enterprise-level, high-performance computing to support analysis of large data sets, quantitative analysis, and stress-testing activities.
- Completed enforcement of Personal Identity Verification card authentication for all users in compli-

ance with the National Institute of Standards and Technology's authentication requirements.

- Completed security reviews for the initial set of national applications.
- Completed migration activities for all mainframe dependent applications and began the process of decommissioning outdated datasets and the mainframe.
- Developed a framework for evaluating cloud services, including establishing guidelines for assessing the security of such services.

## 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.*

Throughout 2016–19, the Board worked to strengthen and improve its data governance policies, processes, and standards for assessing new data acquisitions and ensuring appropriate access to data across the organization. The Board developed and instituted effective data policies and procedures backed by sufficient, secure, and scalable storage capacity to ensure employees get timely access to data. Furthermore, the Board invested in modernized technology, processing systems, and business analytics to meet increased data demands.

Communication efforts focused on expanding employees' awareness and understanding of available data across the organization, in support of transparency and open data initiatives. Notable accomplishments are listed below.

- Enhanced the Information Collection Coordination workflow system to allow for greater response agility and data storage capabilities.
- Implemented the Records Email Vault solution to be consistent with the National Archives and Records Administration's approach for automatic retention of email and instant messages.
- Completed the search and navigation design for the Board's internal search and discovery tool, allowing users to browse and discover information

about the Board, including enabling searches for speeches and testimony.

## Strategic Pillar 6: Public Engagement and Accountability

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

Across the performance period, the Board advanced efforts to build awareness and understanding of its mission, policies, and operations with the public and the Congress through a variety of communication vehicles. The Board collaborated with external entities to inform its policy decisions, which provided a more complete understanding of the economy and financial system and contributed to activities that enhanced the resiliency of the financial sector.

Staff researched a wide array of policies and guidance on supervisory programs and addressed legislative mandates or changes. Together with the Federal Reserve Banks, the Board engaged with the public on an extensive range of issues, pursued a broad research agenda focused on the economy and financial markets, and worked to assess potential risks that could threaten economic and financial stability.

A core component of the Board's work includes research to help inform policy decisions. Throughout 2016–19, the Board published its research on its public website, including *Finance and Economics Discussion Series (FEDS) Notes* and its *International Finance Discussion Papers (IFDP)* series.<sup>9</sup> Several key published reports are listed below.

- *Financial Stability Report*, which summarizes the framework for assessing the resilience of the U.S. financial system and presents the current assessment.
- *Monetary Policy Report*, submitted to the Congress with an enhanced summary of material on financial stability developments, detailed coverage of the economic experiences of major demographic groups, a special box on market liquidity, and included a new box that explains the basics of monetary policy rules.

<sup>9</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/econres.htm>.

- *Annual Report on Preserving Minority Depository Institutions*, an annual report to the Congress on interagency efforts to preserve and promote Minority Depository Institutions.
- *Report on the Economic Well-Being of U.S. Households*, which shares the wide range of financial challenges and opportunities facing individuals and households in the United States based on the information received from the Survey of Household Economics and Decisionmaking (SHED).
- *Supervision and Regulation Report*, which summarizes current banking system conditions and recent supervisory and regulatory actions.

During the performance period, the Board enhanced its transparency by providing detailed communication and analysis on important areas affecting the banking system and U.S. economy. A few highlighted activities are listed below.

- Hosted a town hall meeting with educators from across the country, which was live-streamed to the public, where both the in-person audience and participants at the Federal Reserve Banks provided questions.
- Hosted a series of roundtables across the country to gather feedback from bankers and community groups on the current state of, and potential revisions to the Community Reinvestment Act (CRA) regulations.
- Co-hosted, together with the Federal Reserve Bank of Chicago, the biennial Federal Reserve System Community Development Research Conference, *Renewing the Promise of the Middle Class*.
- Hosted a Housing Supply Convening to explore the current housing shortage in the United States and associated policies.
- Explored intercity patterns of income and race to help inform public policy around poverty alleviation.
- Introduced the Board's first iTunes podcast, *The Noteworthy Podcast*, which discusses the history, use, and designs of Federal Reserve notes.
- Released scenarios banks and supervisors will use for the *Comprehensive Capital Analysis and Review* (CCAR) and stress test exercises.

# Key 2019 Accomplishments

In 2019, the Board accomplished many projects and initiatives in support of its mission. While not an exhaustive list, the following highlights key accomplishments throughout the organization.

A core component of the Board's work includes research and outreach to help inform policy decisions. In 2019, the Board released the sixth annual *Report on the Economic Well-Being of U.S. Households*, which provided insights from the survey on individuals' income, employment, expenses, bank and credit access, housing decisions, education, student loans, and retirement.<sup>10</sup>

The Board also conducted a national survey of Community Development Financial Institutions to gain insight into specific areas where these institutions work to support community economic development, including Opportunity Zones, the modernization of the CRA, and the impact of the partial federal government shutdown in early 2019.

Additionally, the Board collaborated with colleagues from across the System on 14 Fed Listens events, as part of a comprehensive public review of the strategy, tools, and communication practices used to achieve the System's dual mandate of maximum employment and price stability.<sup>11</sup>

In 2019, the Board published several reports and articles to enhance transparency and provide detailed communication and analysis on important areas affecting the banking system and U.S. economy. These include the following publications:

- *Consumer & Community Context*, the inaugural and second issues of an article series featuring

<sup>10</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/newsevents/pressreleases/other20190523b.htm>.

<sup>11</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications-fed-listens-events.htm>.

original analysis about the financial conditions and experiences of consumers and communities.<sup>12</sup>

- The Board's *Perspectives from Main Street: Stakeholder Feedback on Modernizing the Community Reinvestment Act* report summarized feedback received from bankers and communities across the country.<sup>13</sup>
- The *Bank Branch Access in Rural Communities* report examined how rural consumers and small businesses use bank branches and how rural communities have been affected by branch closures.<sup>14</sup>
- *Housing Affordability in the U.S.: Trends by Geography, Tenure, and Household Income*, a paper exploring where and for whom housing affordability is getting worse, better, or staying the same, in order to focus new light on the differential experiences of various groups.<sup>15</sup>

The Board, in collaboration with other financial regulatory agencies, adopted final rules to tailor regulations for domestic and foreign banks to

- more closely match their risk profiles,
- exclude community banks from the Volcker rule,
- increase the threshold for residential real estate appraisal requirements, and

<sup>12</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/publications/consumer-community-context.htm>.

<sup>13</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/publications/files/stakeholder-feedback-on-modernizing-the-community-reinvestment-act-201906.pdf>.

<sup>14</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/publications/bank-branch-access-in-rural-communities.htm>.

<sup>15</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/econres/notes/feds-notes/housing-affordability-in-the-us-trends-by-geography-tenure-and-household-income-20190927.htm>.

- allow community banks to adopt a simple leverage ratio to measure capital adequacy.<sup>16</sup>

The Board also issued two final rules to limit the use of the “qualitative objection” in its CCAR exercise.

Throughout the year, the Board worked collaboratively with a variety of academic, community, and financial stakeholders to understand the diverse positions on issues germane to economic stability while continuing to foster public engagement and accountability. The Board hosted a series of 29 roundtables to contemplate revisions to the CRA and hear stakeholder feedback. Together with the Federal Reserve Bank of Chicago, the Board co-hosted the biennial Federal Reserve System Community Development Research Conference, *Renewing the Promise of the Middle Class*. In addition, the Board hosted a town hall meeting, live-streamed to the public with educators from across the country.

The Board advanced efforts to further safety and efficiency in the payment system by hosting the inaugural Payment, Clearing, and Settlement Summit to foster knowledge and relationship-building. The Board contributed to the Federal Reserve-issued paper entitled *Synthetic Identify Fraud in the U.S.*

<sup>16</sup> See the following for more information:

- Federal Reserve news release, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191010a.htm>
- Federal Reserve news release, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191008a.htm>
- *Federal Register*, <https://www.federalregister.gov/documents/2019/10/08/2019-21376/real-estate-appraisals>
- Federal Reserve news release, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191029a.htm>

*Payment System* under the auspices of the *Strategies for Improving the U.S. Payment System*. Significantly, the Board announced the Federal Reserve’s decision to develop a new, real-time payment and settlement service called the FedNow Service in support of faster payments in the United States.<sup>17</sup>

Work efforts continued to support long-standing programs that promote equal employment and workforce diversity, and foster an inclusive, collaborative work environment that recognizes, appreciates, and effectively utilizes the talent, skills, and perspectives of every employee. The Board began its rollout of Civil Treatment Training, designed to provide employees with new skills to create a more inclusive and productive workplace. The Board evolved its data capabilities and technological infrastructure by developing a public statement repository, which includes speeches and testimony, and enriching the newly established taxonomies to support public statement search capabilities.

Work continued on the Board’s physical infrastructure, progressing on the renovation of the Martin Building and the initial preparation for the renovation of the 1951 and Eccles buildings. The Board incorporated Leadership in Energy and Environmental Design (LEED) standards and practices for the Martin Building renovation and planned renovations of the 1951 and Eccles buildings.<sup>18</sup>

<sup>17</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/other20190805a.htm>.

<sup>18</sup> Leadership in Energy and Environmental Design (LEED) standards is a certification program devised in 1994 by the U.S. Green Building Council to encourage sustainable practices design and development by means of tools and criteria for performance measurement.



# 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.

The Board will develop and enhance 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

- Foster a culture of fiscal stewardship and transparency by improving stakeholder communication, increasing accuracy of the multiyear operating budget and expense forecasts, and leveraging more automated tools.
  - Initiated a program to upgrade the Board's financial, procurement, and human capital management systems, including appointing a program executive to coordinate activities.
- Complete pilot risk assessment in each of the Board's divisions and pilot a risk event capture and reporting process.
  - Advanced the implementation of the ERM program by conducting division risk assessments, including for the financial, procurement, and human capital management systems project, and by completing the pilot for the Risk Event Capture and Reporting tool.
- Enhance Reserve Bank oversight processes for increased effectiveness and to ensure an appropri-

ate risk focus, including with respect to: the System Information Technology Strategic Plan; the System's program to define, procure, and implement new Enterprise Resource Planning (ERP) applications; and the assessment of Reserve Bank management and risk culture.

- Revised the Reserve Bank oversight model through regular engagement with the Reserve Banks and their respective Product Offices, allowing for efficient scoping of oversight work performed while on-site, as well as an expanded understanding of the related work across the System.
  - Designed and implemented a continuous monitoring framework and collaborated with the System to explain the evolution of the Board's oversight approach of Reserve Banks.
  - Engaged in the oversight of the ERP program by supporting Reserve Bank leadership involvement in strategic decisions related to process standardization and decisionmaking rights.
- Support the System's efforts to ensure its leadership, over time, becomes more representative of American society and therefore better able to provide the diversity of perspective that is critical for discharging, as effectively as possible, the range of responsibilities set forth in the Federal Reserve Act.
  - Progressed effort to deepen the pool of potential future leaders in the System.
    - Hosted over 30 System leaders at the Board for The FRS: View from the Board event to support the development and engagement of key System leaders and offer the opportunity to understand the Board's structure, role, responsibilities, and current agenda while engaging with a cross-section of its leadership.

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

The Board must be able to execute new and ongoing projects successfully using project management capabilities and implementing best practices.

### Projects and Initiatives

- Enhance the security, resilience, and educational elements of the U.S. currency program by working with the U.S. Department of the Treasury and the Bureau of Engraving and Printing to design a new, highly secure family of banknotes that can be efficiently produced.
  - Explored options for a new family of Federal Reserve banknotes in collaboration with the Bureau of Engraving and Printing.
  - Met with suppliers of currency security features under development to consider possible integration strategies for new design notes, explore low-fidelity concepts, and discuss requirements for security, manufacturability, and seamless functionality in commerce.
- Maintain the investment review process to ensure ongoing oversight, measurement, and governance of large and significant strategic projects, including those identified as part of the budget process, to ensure senior leadership has relevant and timely information to make informed decisions.
  - Reviewed 19 projects as part of the Investment Review Board’s evaluation and monitoring of projects deemed to have significant or strategic impact on the operating and capital budget of the Board.

## 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 by using shared tools and implementation of best practices.

### Projects and Initiatives

- Implement Systemwide initiatives to encourage robust information exchange and analysis on risks

in consumer financial services markets and on new consumer and small business markets and developments, as well as inform stakeholders on significant events affecting consumers and communities.

- Hosted a panel of experts to share their research and perspectives on wealth disparities across key population groups, including women, people with disabilities, and racial minorities, with staff from across the System.
- Hosted the inaugural Payment, Clearing, and Settlement Summit to foster knowledge and relationship-building among the financial market infrastructures (FMI) and bank supervisory and policy communities.
- Sponsored a seminar featuring researchers from University of California Berkeley to discuss their paper, *Consumer-Lending Discrimination in the FinTech Era*, which helped inform the System’s staff workgroup on fintech that is monitoring the potential benefits and risks in this growing area of the financial industry.<sup>19</sup>
- Testified before the House Financial Services Subcommittee on Consumer Protection and Financial Institutions on the Board’s role in preserving and promoting minority depository institutions.<sup>20</sup>
- Issued a joint statement, resulting from the working group established by the Board, the Treasury’s Office of Terrorism and Financial Intelligence, and the Financial Crimes Enforcement Network (FinCEN), to improve transparency into the risk-focused approach to Bank Secrecy Act (BSA)/anti-money-laundering (AML) supervision.
- Released the inaugural and second issues of *Consumer & Community Context*, an article series featuring original analysis by System researchers about the financial conditions and experiences of consumers and communities.<sup>21</sup>
- Chair Powell spoke at a conference in the Mississippi Delta on the challenges of rural communities’ access to economic development and financial services opportunities in a speech, “Encour-

<sup>19</sup> *Consumer-Lending Discrimination in the FinTech Era* is available at <http://faculty.haas.berkeley.edu/morse/research/papers/discrim.pdf>.

<sup>20</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/testimony/lindo20191120a.htm>.

<sup>21</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/publications/consumer-community-context.htm>.

aging Economic Development in High-Poverty Rural Communities.”<sup>22</sup>

—Convened an outreach visit, in collaboration with the Federal Reserve Bank of Chicago, between Governor Bowman and local Neighborhoods Affiliates to share perspectives on issues and challenges confronting their communities.

—Governor Bowman met with representatives from ACCION Chicago, Chicago Community Loan Fund, Chicago Neighborhoods Initiative Microfinance Group, Industrial Council of Nearwest Chicago, and Make City Incubator.

—Organized, in collaboration with the Federal Reserve Bank of Boston, an effort under the Working Cities Challenge program whereby Chair Powell participated in a community tour and leadership engagement with the East Hartford CONNects initiative.

—Hosted a meeting for Chair Powell and Governor Bowman with workforce development experts who work to create career pathways to well-paying jobs that do not require a four-year college degree; the panelists discussed the successes of these programs, the challenges of scaling programs, and the key role that employers can play in upskilling the workforce.<sup>23</sup>

- The System also released a short documentary highlighting the issue and the story of an individual who benefited from such employment.<sup>24</sup>

- Continue to implement tailored programs, including but not limited to the EGRRCPA requirements by supporting rule changes, assisting or leading supervisory guidance changes, program implementation, and communication.

—Adopted rules, such as the highlighted rules below:

- Regulation BB; Docket No. R-1690: Streamlining regulatory reporting requirements for small institutions.<sup>25</sup>

<sup>22</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/speech/powell20190212a.htm>.

<sup>23</sup> Additional information is available at <https://www.investinwork.org/>.

<sup>24</sup> The documentary is viewable at [https://www.investinwork.org/opportunity-occupations?utm\\_medium=referral&utm\\_source=website-frs-intranet&utm\\_campaign=opportunity-occupations-video](https://www.investinwork.org/opportunity-occupations?utm_medium=referral&utm_source=website-frs-intranet&utm_campaign=opportunity-occupations-video).

<sup>25</sup> See the Federal Reserve’s website at <https://www.federalregister.gov/documents/2019/12/30/2019-27288/community-reinvestment-act-regulations>.

- Regulation WW; Docket No. R-1616: Amending the liquidity coverage ratio requirements to treat certain municipal obligations as high-quality liquid assets.<sup>26</sup>

- Docket No. R-1608: Excluding, together with the FDIC, OCC, Commodity Futures Trading Commission (CFTC), and SEC, community banks from the Volcker rule.<sup>27</sup>

- Docket No. R-1639: Increasing, together with the FDIC and OCC, the threshold for residential real estate transactions requiring an appraisal from \$250,000 to \$400,000.<sup>28</sup>

- Regulation Q; Docket No. R-1576: Reducing, together with the FDIC and OCC, regulatory burden by simplifying several requirements in the agencies’ regulatory capital rules.<sup>29</sup>

- Regulation Q; Docket No. R-1638: Simplifying, together with the FDIC and OCC, capital requirements for community banks by allowing them to adopt a simple leverage ratio to measure capital adequacy.<sup>30</sup>

- Finalized updates, together with the FDIC and OCC, to rules restricting the ability of a director or other management official to serve at more than one depository institution or depository holding company.<sup>31</sup>

- Finalized rules that tailor regulations for domestic and foreign banks to more closely match their risk profiles.<sup>32</sup>

- Announced, together with the FDIC, a final rule that modifies resolution plan requirements for large firms, reducing requirements

<sup>26</sup> See the *Federal Register* at <https://www.federalregister.gov/documents/2018/08/31/2018-18610/liquidity-coverage-ratio-rule-treatment-of-certain-municipal-obligations-as-high-quality-liquid>.

<sup>27</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191008a.htm>.

<sup>28</sup> See the *Federal Register* at <https://www.federalregister.gov/documents/2019/10/08/2019-21376/real-estate-appraisals>.

<sup>29</sup> See the Federal Reserve’s website at <https://www.federalregister.gov/documents/2019/07/22/2019-15131/regulatory-capital-rule-simplifications-to-the-capital-rule-pursuant-to-the-economic-growth-and>.

<sup>30</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191029a.htm>.

<sup>31</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191002a.htm>.

<sup>32</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191010a.htm>.

for smaller firms that pose less risk to the financial system.<sup>33</sup>

- Issued a final rule that limits the use of the “qualitative objection” in its CCAR exercise, effective for the 2019 cycle; the changes eliminated the qualitative objection for most firms because of the improvements in capital planning made by the largest firms.<sup>34</sup>
- Plan the implementation of the Financial Accounting Standards Board Current and Expected Credit Loss model, including impacts on capital and other policies, and develop tailored supervisory expectations.
  - Hosted an *Ask the Regulators* webinar, in collaboration with the Financial Accounting Standards Board (FASB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Association (NCUA), Office of the Comptroller of the Currency (OCC), and Securities and Exchange Commission (SEC), regarding the accounting standard for credit losses and to re-emphasize that small institutions do not need complex or expensive implementation processes.
  - Hosted a webinar, together with the FDIC and OCC, to clarify the use of model risk management by large institutions for model-based processes employed in their Current Expected Credit Losses frameworks.
  - Issued Supervision and Regulation Letter, SR 19-8, in conjunction with the FDIC, NCUA, and OCC, to address frequently asked questions aimed at aiding institutions with their implementation of the new accounting standard for credit losses recently issued by the FASB.<sup>35</sup>
  - Finalized revisions to the *Consolidated Reports of Condition and Income* (Call Report) and other specific Federal Financial Institutions Examination Council (FFIEC) reports that primarily address changes in the accounting for

credit losses under the FASB’s Accounting Standards Update (ASU) 2016-13.<sup>36</sup>

- Continue to encourage, through a variety of supervisory approaches, and in coordination with other relevant authorities, the further development of resolution and recovery programs by central counterparties and other financial market infrastructures.
  - Contributed to international engagement on central counterparty resolution through participation in the Financial Stability Board’s Cross-border Crisis Management Group for FMIs.
- Enhance coordination between community development and consumer compliance supervision functions to identify opportunities to support the CRA supervision and modernization of the CRA regulations.
  - Published *Perspectives from Main Street: Stakeholder Feedback on Modernizing the Community Reinvestment Act (CRA)*, a report summarizing feedback received from bankers and community groups during a series of 29 roundtable discussions hosted by the Board and the Federal Reserve Banks on the current state of the CRA and potential revisions.<sup>37</sup>
    - More than 400 participants shared views that factored into the Board’s consideration of any modernization proposal of the CRA.
  - Participated in interagency discussions to modernize the CRA regulations to focus on increasing the transparency, objectivity, and certainty of what counts under the CRA and on ensuring that any reform serves to strengthen the regulations’ focus on meeting the needs of the law’s intended beneficiaries.
  - Governor Brainard shared insights on what the Board had learned from comments and stakeholder feedback with respect to modernizing the CRA regulations in her remarks, “The Community Reinvestment Act: How Can We Preserve What Works and Make It Better?”<sup>38</sup>

<sup>33</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191028b.htm>.

<sup>34</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190306b.htm>.

<sup>35</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/supervisionreg/srletters/sr1908.htm>.

<sup>36</sup> See the FFIEC website, [https://www.ffiec.gov/pdf/FFIEC\\_forms/FFIEC030\\_FFIEC030S\\_FFIEC031\\_FFIEC041\\_FFIEC051\\_FFIEC101\\_FIL10\\_201903.pdf](https://www.ffiec.gov/pdf/FFIEC_forms/FFIEC030_FFIEC030S_FFIEC031_FFIEC041_FFIEC051_FFIEC101_FIL10_201903.pdf).

<sup>37</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190613a.htm>.

<sup>38</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/speech/brainard20190312a.htm>.

## 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 backgrounds.*

### 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 environment that is respectful of all views at all levels of the organization.

#### Projects and Initiatives

- Support targeted engagement and culture change efforts to address specific feedback received from the engagement surveys and focus groups.
  - Engaged divisions and collaborated with senior leadership to advance organizational efforts to build an increasingly sustainable culture of inclusion while promoting diversity at all levels of the Board.
  - Gained insight into employees' thoughts and attitudes toward their work and the overall environment through engagement surveys and pulse surveys, which resulted in the Board initiating several changes aimed at improving the work environment, including the continuation of its mentoring and leadership programs as well as increasing the number of rotational assignments.
  - Supported seven Employee Resource Groups (ERGs), which served as key components of workplace inclusion programs. One new ERG was added in 2019, the Veterans ERG.<sup>39</sup>

<sup>39</sup> ERGs are open to all employees and provide a direct benefit to both employees and the organization through professional

- Held *The Status of Black Women in the Economics Profession* event, which highlighted the challenges facing black women in economics and the lack of blacks and Hispanics within the economics field. This event was hosted by the Economics Divisions' Diversity and Inclusion Council and African American and Women's ERGs.
- Continue the effort to create an environment that fosters engagement and trust between staff and business partners using engagement surveys, periodic pulse surveys, and skip-level meetings to monitor the area's climate.
  - Conducted engagement discussions with divisions to focus on actions that support diversity and inclusion efforts.
  - Created staff advisory groups at the division level to work with leadership to create actions plans addressing staff development, training in unconscious bias for leaders, giving effective feedback, and postings about division inclusion activities on intranet sites.
- Continue to implement the objectives identified in the Board's Diversity and Inclusion Strategic Plan.
  - Began development of the 2020–23 Diversity and Inclusion (D&I) Strategic Plan to support the Board's 2020–23 Strategic Plan.
  - Co-hosted the second conference on gender and career progression with the Bank of England and the European Central Bank. The conference highlighted cutting-edge research on the benefits that diversity conveys to organizations, the factors that keep women from advancing in their careers, and interventions that have been shown to increase diversity.

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development, educational programs, networking, and outreach opportunities. The seven ERGs at the Board are the African American ERG; the Asian American Pacific Islander ERG; Advocacy for the Diverse Abilities, Needs, and Contributions of Employees; the Hispanic ERG; the Lesbian, Gay, Bisexual, Transgender, Queer, and Allies ERG; the Women's ERG; and the Veterans ERG.

- Advanced the Diversity and Economic Inclusion Workgroup, which was established in 2016 to discuss diversity and economic inclusion concerns and activities. The Chair leads the workgroup, with participation by the governors, division directors, and senior staff.
- Enhance System reporting through the inclusion of aggregated consolidated workforce and supplier diversity data for the Board and all 12 Reserve Banks in the Board’s annual *Report to the Congress on the Office of Minority and Woman Inclusion*.
  - Aggregated consolidated workforce and procurement data for the Board and Reserve Banks for inclusion in the 2020 *Report to the Congress on the Office of Minority and Women Inclusion*.
    - Published the Board’s annual *Report to the Congress on the Office of Minority and Women Inclusion* in support of the organization’s continued commitment to fostering an inclusive workplace and diverse workforce.<sup>40</sup>

## Objective 2.2: Attract diverse, highly qualified talent.

The Board will work to attract a diverse and qualified workforce, which is critical to executing the Board’s mission.

### Projects and Initiatives

- Educate hiring managers to evaluate the effectiveness of recruiting approaches to ensure the Board is reacting appropriately to labor market pressures using data, analytics, and market information and to foster a diversified applicant pool at all stages of the employee life cycle.
  - Enlisted a campus recruiting module and initiated a process to develop specifications and requirements to facilitate targeted campus and alumni association job postings for entry-level and intern positions.
    - Seventy-seven schools were selected with a focus on historically black colleges and universities, Hispanic-serving institutions, women in STEM programs, and geographic diversity.

<sup>40</sup> The 2020 *Report to the Congress on the Office of Minority and Women Inclusion* is available at the Federal Reserve Board’s website, <https://www.federalreserve.gov/publications/files/omwi-report-20200331.pdf>.

- Designed and implemented the Board Ambassador Program, a volunteer initiative for employees to join recruiters to assist with identifying the next generation of Board employees at campus recruiting events and professional career fairs and to attract candidates by connecting them with Board employees from diverse backgrounds.
- Conducted several division-specific sessions of the course, Effectively Hiring Top Talent in a Competitive Market.
- Held the Careers in Economics program to share noneconomist career ladders and internship opportunities with students.
- Received confirmation to fill four positions through a partnership with SEEC—Project Search, a nonprofit organization that places people with intellectual and developmental disabilities to help them gain experiences and opportunities through training and mentorship.
- Partnered with the Federal Reserve Bank of New York to create an interactive website “Who is Being Trained in Economics? The Race, Ethnicity, and Gender of Economics Majors at U.S. Colleges and Universities,” that highlights the enrollment of women and minority students in economics majors at all colleges and universities in the United States.<sup>41</sup>
- Jointly taught the class “Financial Literacy/Data Analysis with R” to undergraduate and graduate economics students at Howard University and other local colleges as a way to strengthen financial literacy and encourage a diversity of perspectives and backgrounds in the economics profession.
- Implement workforce planning to mitigate the risks of competitive labor market, while helping leadership identify talent management priorities.
  - Finalized workforce plans for select areas and briefed leadership on the analysis.
  - Began providing labor market data reports during hiring strategy sessions with hiring managers for all externally posted positions.

<sup>41</sup> See the Federal Reserve Bank of New York’s website at <https://www.newyorkfed.org/data-and-statistics/data-visualization/diversity-in-economics#interactive/overview>.

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

The Board will continue to enhance its human resource practices and offer competitive compensation and benefits to retain top talent and endeavor to achieve a workforce representative of all segments of society.

#### Projects and Initiatives

- Assess skills and knowledge required to support future technologies and create a workforce development plan.
  - Began competency assessment planning to serve as the foundation for developing the organizational workforce resource plan.
  - Furthered workforce planning initiatives throughout the Board to assess human capital requirements and provide divisions with information needed to optimize the workforce's skills and experience in the future.
- Evaluate the effectiveness of current compensation and benefits approaches, leveraging data, analytics, and market information, and make appropriate changes in order to attract and retain a diverse, highly qualified workforce.
  - Developed plans and solicited stakeholder feedback for implementing a tiered model of customer service, which includes a new phone tree for the Benefits Hotline to help employees find the information they need quickly and support the transition toward a self-help model.
  - Approved a new program for paid parental leave that enhances the Board's comprehensive package of employee benefits and complies with the National Defense Authorization Act's federal parental paid leave law.

### Objective 2.4: Develop the next generation of Board leaders.

The Board will preserve and build upon existing leadership development programs to ensure success going forward in support of fostering a diverse and inclusive organization.

#### Projects and Initiatives

- Provide targeted learning and development opportunities to help cultivate diversity of thought, experience, and background in the next generation of leaders and subject matter experts at the Board.
  - Began a Boardwide rollout of the Civil Treatment Training, designed to provide employees with the skills needed to create a more inclusive and productive workplace.
  - Provided development opportunity for 133 officers, managers, and senior-level staff through the Board's Executive Coaching Program, of which 73 participants (55 percent) were female and 39 (29 percent) were minorities. The Executive Coaching Program provides a collaborative, individualized learning opportunity for Board leaders to focus on their current and/or next role development with an external coach in a manner that builds competencies necessary for the Board to achieve its strategic objectives.
  - Offered Manager QuickStart, an eight-session, cohort-based leadership development program, designed to help new managers develop critical skills needed to be effective in their role. Two cohorts of the program were offered with a total enrollment of 31 managers. Seventeen participants (55 percent) were female and 13 (42 percent) were minorities.
  - Offered Leading at the Board, a cohort-based, multisession program for Board officers, focused on three core areas: leading self, leading others, and leading the organization. One cohort was offered in 2019 with a total enrollment of 17 officers. Of the total, eight participants (47 percent) were female and six (35 percent) were minorities.
  - Provided courses supporting professional and leadership development to employees through online courses, such as Managing Multigenerational Employees and Using Communication Strategies to Bridge Cultural Divides, to support the Board's efforts to foster an inclusive culture. In addition, the Board provided in-person targeted training to support division-specific initiatives related to diversity and inclusion and employee engagement through courses such as Unconscious Bias, Microtriggers, and The Language of Inclusion in Government.





## Strategic Pillar 3: Physical Infrastructure

*Goal: Build a productive, collaborative work environment through the tailored use of physical 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 physical space, including aligning space requirements to projected workforce growth.

#### Projects and Initiatives

- Execute the approved long-term space plan.
  - Issued design changes to enhance collaboration in open workspaces in support of the Board’s long-term space strategy.
  - Reconfigured office space to serve as a pilot demonstrating options for space planning, furniture, and lighting, and encouraged employees to preview the space.
  - Awarded the contract for design services in support of additional workspace strategy pilots.

### 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 Board’s renovation of the Martin Building and upgrades to the Eccles and New York Avenue (NYA) buildings represent critical steps toward creating a

modern workplace that promotes sustainability and efficiency. Projects will enhance occupant safety and security within the Board’s facilities.

#### Projects and Initiatives

- Continue the multiyear Martin Building renovation project effectively with respect to established project specifications.
  - Established a Facilities Steering Committee of cross-divisional senior leaders to share specific requirements, establish processes and standards, and communicate related decisions back to respective divisions concerning the Board’s building and renovation projects.
  - Participated in tours of various mixed workplace environments and collected data through surveying and meeting with each division regarding their unique requirements.
- Plan and implement upgrades and renovations to Board-owned buildings that promote sustainability and efficiency while meeting the needs of the workforce.
  - Held initial meeting with the Commission of Fine Arts, the D.C. Historic Preservation Office, and the National Capital Planning Commission on design concepts for the 1951 and Eccles buildings.
  - Received the Basis of Design for the NYA Building.
  - Installed a new stand-by generator and upgraded the restroom infrastructure at the NYA Building.
  - Received conceptual designs for the 1951 and Eccles buildings, and for the restoration of the Martin Building North Garage and East Fountain.
- Upgrade security components to continue to meet federal security standards focused on high-security areas.

—Upgraded the Federal Information Processing Standard Publication 201-compliant hardware and software in the access control system test environment to meet Personal Identity Verification requirements for federal employees and contractors.

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

The Board seeks 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 and sustainability. Ongoing facility assessments will

ensure that existing Board facilities are operating efficiently.

### Projects and Initiatives

- Establish updated standards supporting the sustainable and the efficient use of space, consolidating the workforce into as few locations as possible with preference for Board-owned buildings consistent with the long-term space plan.
- Incorporated LEED standards and practices for the Martin Building renovation and the planned renovations of the 1951 and Eccles buildings.
- Implemented an Integrated Workplace Management System that will help more efficiently manage 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.

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

#### Projects and Initiatives

- Extend the technology roadmap to respond to emerging business needs and to address capability gaps.
  - Updated the process to reflect program changes and lessons learned from the first adapters who implemented the national systems.
  - Worked to assess the cyber risk tolerance for the business functions and assess the risk for critical business functions.
- Enhance continuous monitoring capabilities through the implementation of the Department of Homeland Security Continuous Diagnostics and Mitigation program.
  - Progressed work toward implementing the Division of Homeland Security's *Continuous Diagnostic and Monitoring* dashboard to allow for a single view of the organization's security status.
- Define the next generation contingency environment for the provisioning of critical automation services.
  - Explored leveraging technologies such as artificial intelligence (AI), machine learning, and natural language processing to meet evolving business needs.
  - Completed the email archive migration to the Records Email Vault in compliance with the National Archives and Records Administration mandate.
- Execute the multiyear plan to migrate remaining information assets off of the mainframe computing platform.
  - Completed all mainframe migration and decommissioning activities for all dependent applications and National Information Center mainframe production repositories.
- Continue to develop a strategy for the adoption of cloud service as an extension of the Board's data center.
  - Progressed effort for the procurement, consultation, and design for the identified Infrastructure as a Service Proof of Concept projects.
  - Expanded and enhanced the Advanced Data Analytics Platform to improve the usability and stability of the platform as well as facilitate collaboration between end-users, including deploying hardware and architecture updates in support of supervision and regulation-related workstreams.
  - Selected a vendor to facilitate the Board's production environment deployment of the Managed Trusted Internet Protocol Services (MTIPS) solution at the data center and began

implementation of the MTIPS Board contingency site; this cybersecurity-related service will monitor all communications between the Board and external networks for malicious activity.

- Established a Cloud Awareness and Adoption area of focus to inform the development of a strategy for the adoption of cloud service as an extension of the data center.

### 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

- Continue to exercise established governance and procurement protocols, support active usage, and enhance the architecture of the innovation lab by evaluating cloud-based services offerings.
  - Furthered efforts to identify the platforms and tools needed for exploring AI and machine-learning technologies.
- Establish an innovation framework that encourages and fosters innovative thinking, activities, and culture to advance creative solutions to business challenges and operational inefficiencies.
  - Furthered activities in support of the Innovation Lab, including completing the initial review of results from the impediment to operational efficiency crowdsource activity, a component of the innovation framework program established to encourage, recognize, foster, and drive innovative thinking, activities, and culture.<sup>42</sup>

<sup>42</sup> The Innovation Lab is a cloud-hosted R&D environment, which allows Board staff to explore securely innovative technologies in an environment that is physically separated from the Board's production network. It enables the Board to rapidly design, prototype, test, and ultimately adopt innovative technology solutions that more effectively and efficiently meet business line technology needs.

### 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

- Enable offline access to selected data and programs to support the mobility needs of workers who are disconnected from the network.
  - Completed R&D related to assessing remote desktop services as the replacement for the current online solution for viewing Rights Management Services documents, with focus on scalability, performance, and usability.
- Create secure electronic access to materials according to the Board's information handling and classification guide.
  - Completed the semi-annual strategy review for Smartphone Device Infrastructure and Mobile Application Development Refocusing on the use of the viewer to access encrypted documents on iOS devices and on user interface adjustments for usability.
- Enable mobile online access to selected data and programs via tablets and smartphones to enhance ease of access and meet work demands.
  - Progressed efforts to identify viable solutions for access to selected data and programs via mobile devices.

### 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.

The Board will focus on enhancing electronic collaboration capabilities within and outside System. 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

- Continue to implement technology solutions that address defined business needs, leverage a cohesive identity and access management framework for cloud and data center deployments, and evaluate metrics for improving user experience regarding connectivity, collaboration, and data and information processing.
  - Researched and began developing a roadmap for moving applications to the cloud using a Software as a Service product.
  - Received authorization to operate the selected identity and access management cloud authentication solution allowing for the new automated performance management tool.
  - Presented a prototype of the Reporting and Analysis System using counterfeit note data and received endorsement of initial concept for the Counterfeit Currency Analysis System.

## 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.

The Board will consider best-practice service delivery models across the System to provision IT 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

- Expand the enterprise architecture and architecture review board practices to all organizational domains to support informed IT decisionmaking.
  - Conducted the semi-annual contingency test, successfully executing a limited set of operations.

- Progressed efforts toward finalizing recommendations for standards, incorporating guidance into overall development and operations modernization, including application development for automated deployment, provisioning, and the evaluation of adoption paths.
- Coordinate activities and employ joint project teams with technology service partners across the System in accordance with defined governance structures.
  - Participated in the Technology Delivery Leadership Committee End User Productivity Cohort, in partnership with the System's National IT organization, to ensure the proper alignment of Board and System technology, processes, and governance of employee devices, as well as accompanying operating systems, applications, and security and risk-mitigation solutions.
  - Formed a cross-functional group to coordinate ongoing risk and mitigation activities to better protect Board data and applications, focused on threat modeling, targeted vulnerability remediation based on risk, and sharing pertinent information with the application development community.
- Establish an enhanced model for the provisioning of IT services to maximize business capabilities, improve operational efficiency, and manage risk in accordance with enterprise risk-tolerance levels.
  - Completed implementation of application development security standards.
  - Leveraged the partnership between the Board and the Federal Reserve Bank of San Francisco to evolve the large data environment as the central repository for hosting numerous data sets in support of the data needs of the research community.



## 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

- Implement enterprise taxonomy governance to ensure consistent standards, governance, quality, and reliability of information about Board data assets and improve their findability.
  - Advanced work developing an Enterprise Security Access System designed to automate various access requests and provisioning workflows.
  - Developed taxonomies to support Information Collection Coordination System search functionality of public statements, including speeches and testimony, and developed corresponding governance processes for maintaining and enriching these taxonomies.
- Invest in and promote innovative technologies that improve the efficiency and quality of data collection and analysis, supervision, and risk identification.
  - Initiated machine-learning testing as part of the R&D phase for the financial institution data analytics platform.

### 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.

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

#### Projects and Initiatives

- Complete the migration and implementation of data assets into the new Financial Data Repository.
  - Began the operational and development activities associated with new enterprise data sets.
- Based on user feedback, identify new sources of data and content for usability within DataNexus search and discovery functions.
  - Completed design for a new data portal, enabling search navigation on speeches and testimony.
  - Collected feedback on the content, features, and user interface, and improved the value of content available through the portal by monitoring metadata quality and providing feedback to content providers.
- Continue business process improvements for automation initiatives to gain better efficiencies with data management, including: expand the data set content and associated metadata of the Board Data Platform and transition usage toward the

new environment and implement a metadata stewardship framework in support of an enterprise data inventory program, known as DataNexus, to increase awareness of data availability and usage.

—Upgraded the Enterprise Data Platform environment, which involved migrating priority data assets, selecting an ingestion tool for pipeline development and processing, and initiating the development of a governance framework.

### 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.

The Board will require investments in modernized technology, processing systems, and business analytics as data needs and data availability continue to grow.

#### Projects and Initiatives

- Continue using the innovation lab noted in Objective 4.2 and provide feedback regarding future enhancements, usability, and functionality.
  - See response to 4.2.
- Evaluate technologies using the innovation lab resources in support of implementing the Board Data Platform.
  - See response to 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 assets across the organization.

#### Projects and Initiatives

- Continue investing in, and improving access to, consumer and community data and information throughout the Board and the System.
  - Launched two new internal tools to improve staff’s access to data and information on consumer and community resources designed to create efficiencies in access, organization, sharing, and highlighting internal work products.
  - Launched an online data tool for System staff to explore the data collected in the *Survey of Household Economic and Decisionmaking* (SHED), which will allow the tabulations to be shared publicly.
- Enhance data collections on reference rates that will allow for monitoring of selected money market activities and support the publication of reference rate and volume statistics for the public.
  - Worked in collaboration with the Federal Reserve Bank of New York and the U.S. Department of the Treasury’s Office of Financial Research to include onshore deposit data in the overnight bank funding rate collection rule for cleared repo data, which will provide more detailed data fields to support the production of the Secured Overnight Financing Rate (SOFR) and Broad General Collateral Rate.
- Conduct data summits to increase awareness and knowledge about Board data and solicit feedback to inform future enhancements to DataNexus and users ability to find the data they need.
  - Conducted sessions to collect stakeholder feedback on existing DataNexus modules, prioritize new content, and finalize requirements for the analytics dashboard.



# 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 mission 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 and through a variety of communication vehicles.

## Projects and Initiatives

- Promote better understanding and transparency of the Federal Reserve by providing more information through the Board's website and other external communication platforms.

—Posted over 1,480 documents (e.g., reports, transcripts, Federal Open Market Committee (FOMC) materials, research papers, statistical releases, testimony, etc.).<sup>43</sup> Highlights are listed below:

- *Annual Report*
- *Annual Report on Preserving Minority Depository Institutions*
- *Comprehensive Capital Analysis and Review 2019*
- *Consumer Compliance Supervision Bulletin*

- *Dodd-Frank Act Supervisory Stress Test 2019: Supervisory Stress Test Results*
- *Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with Respect to Global Insurance Regulatory or Supervisory Forums*
- *Federal Reserve Banks Combined Quarterly Financial Report*
- *Federal Reserve Bulletin*
- *Financial Stability Report*, semiannual
- *Independent Foreclosure Review*
- *Monetary Policy Report*, semiannual
- *Report to the Congress on Government-Administered, General-Use Prepaid Cards*
- *Report to the Congress on the Office of Minority and Women Inclusion*
- *Report to the Congress on the Profitability of Credit Card Operations of Depository Institutions*
- *Report to the Congress on the Use of the ACH System and Other Payment Mechanisms for Remittance Transfers to Foreign Countries*
- *Quarterly Report on Federal Reserve Balance Sheet Developments*
- *Semiannual Report on Banking Applications Activity*
- Senior Loan Officer Opinion Survey on Bank Lending Practices
- Senior Financial Officers Survey
- *Strategic Plan 2020–23*
- *Supervision and Regulation Report*, semiannual
- *2019 Federal Reserve Payments Study*

—Organized the *Exploring Careers in Economics* program to broaden high school students' awareness to careers opportunities in economics

<sup>43</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/publications.htm>.

and to further develop a diverse pool of talent interested in the field.<sup>44</sup>

—Presented to local students on the topics of economics, financial literacy, and the role of the Federal Reserve to empower students to take charge of their financial futures, expose young people to exciting careers in economics and finance, and educate students about the role of the Federal Reserve System in the global economy.<sup>45</sup>

—Published 87 FEDS and 25 IFDP working papers, and 57 shorter pieces in the *FEDS Notes* series.<sup>46</sup>

**Table 1. Communication with the public, as of December 31, 2019**

Type of communication	Announcements	Followers
Federal Reserve Board Facebook account (@federalreserve)	406	26,325
Federal Reserve Board LinkedIn network	441	44,720
Federal Reserve Board Twitter account (@federalreserve)	851	559,800
Fed Careers Twitter account (@Fed_Careers)	598	8,800
Fed Research account (@FedResearch)	22	3,004

• Sustain relationships and facilitate regular communications with news media and congressional offices to ensure dissemination of information on the Federal Reserve’s analysis and policies to the Congress and the public in a timely and accurate manner.

—Broadened the Board’s reach to the public using various media channels.

- Conducted 48 press lock-ups to ensure the secure and orderly release of FOMC and other sensitive economic information to the public via the news media.

- Facilitated Chair Powell’s television interview with “60 Minutes,” which aired on March 10.<sup>47</sup>

- Issued 204 press releases and other announcements.

- Released 35 videos on the Federal Reserve YouTube Channel and public website.<sup>48</sup>

- Posted 762 regularly scheduled data releases.

—Organized and hosted congressional staff for a full-day program focused on learning about the Federal Reserve.

—Responded to correspondence from members of Congress on issues and constituent matters as well as written questions for the record submitted by congressional oversight committees on behalf of their members.

—Facilitated briefings for congressional staff with subject matter experts.

- Increase the depth of understanding on issues related to household financial stability and effective consumer protection through engaged and informed stakeholder collaboration and research.

—Finalized a set of changes to increase the transparency of the stress testing program for the nation’s largest and most complex banks and improve public understanding of the program while maintaining its ability to independently test large banks’ resilience.<sup>49</sup>

—Published, in collaboration with the Federal Reserve Bank of Cleveland, *Uncertain Terms: What Small Business Borrowers Find When Browsing Online Lender Websites*, in support of the ongoing interest in small businesses and their access to the credit they need to succeed and grow.<sup>50</sup>

—Published *Perspectives from Main Street: Bank Branch Access in Rural Communities*, which examines how rural consumers and small businesses use bank branches and how their com-

<sup>44</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/aboutthefed/educational-tools/exploring-careers-in-economics.htm>.

<sup>45</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/aboutthefed/educational-tools/fed-education.htm>.

<sup>46</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/econres/notes/feds-notes> and <https://www.federalreserve.gov/econres/notes/ifdp-notes/default.htm>.

<sup>47</sup> Additional information is available at <https://www.cbsnews.com/news/full-transcript-60-minutes-interview-with-fed-chair-jerome-powell/>.

<sup>48</sup> See the Federal Reserve’s YouTube channel at <https://www.youtube.com/user/FedReserveBoard>.

<sup>49</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190205a.htm>.

<sup>50</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/publications/files/what-small-business-borrowers-find-when-browsing-online-lender-websites.pdf>.

munities have been affected by branch closures.<sup>51</sup>

- Published *Housing Affordability in the U.S.: Trends by Geography, Tenure, and Household Income*, a paper exploring where, and for whom, housing affordability is getting worse, better, or staying the same in order to shed new light on the differential experiences of various groups.<sup>52</sup>
- Continue to develop policies and research that foster safety and efficiency in the payment system and implement identified payment improvement strategies to increase end-to-end speed and safety.
  - Announced the Federal Reserve’s decision to develop a new, real-time payment and settlement service, named the FedNow Service, in support of faster payments in the United States, in addition to considering expanding the hours for the Fedwire Funds Service and National Settlement Service, up to 24x7x365, subject to the outcome of additional risk, operational, and policy analysis.<sup>53</sup>
  - Advanced initiatives to improve efficiency and safety in the payment system under the Federal Reserve System’s *Strategies for Improving the U.S. Payment System* initiative.<sup>54</sup>
- Continue to enhance the clarity of internal and external communications related to major supervisory policy decisions, initiatives, and results, including the semiannual, public *Supervision and Regulation Report*.
  - Published the semiannual *Supervision and Regulation Report* summarizing banking conditions and the Federal Reserve’s supervisory and regulatory activities in May and November.<sup>55</sup>
  - Invited public comment, together with the FDIC, on use of the Uniform Financial Institu-
- tions Rating System, also known as the CAM-ELS rating system.<sup>56</sup>
  - Hosted a webinar, together with the FDIC and the OCC, clarifying the implementation of the Swap Margin Rule for Phase 4 and Phase 5 Entities.
  - Issued a statement, together with the FDIC, FinCEN, the Conference of State Bank Supervisors, and the OCC, clarifying the legal status of hemp growth and production and the relevant requirements under the Bank Secrecy Act (BSA) for banks providing services to hemp-related businesses.<sup>57</sup>
- Provide relevant and accessible information to consumers and businesses on the designs and security features of genuine Federal Reserve notes through the [uscurrency.gov](https://uscurrency.gov) website and other education, outreach, and training programs.
  - Launched the Money Adventure mobile app on the Google Play Store, the Board’s first publicly available mobile app for Android devices.<sup>58</sup>
    - The application is also available for download on the iTunes store and is designed to teach kids in grades K–5 about the design and security features of Federal Reserve notes along with facts about American history.
  - Introduced *The Noteworthy Podcast* on iTunes, the first podcast from the Board available on that platform. The podcast discusses the history, use, and designs of Federal Reserve notes.<sup>59</sup> Added two new currency education podcast episodes to the iTunes store, with information about the \$1 note and how currency is recycled.
  - Promoted currency awareness through social media, targeted email communication, and website improvements to ensure the global public can easily find information on how to authenticate genuine Federal Reserve notes and report suspected counterfeits.
  - Partnered with the General Services Administration on a Back to School social media cam-

<sup>51</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/publications/bank-branch-access-in-rural-communities.htm>.

<sup>52</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/econres/notes/feds-notes/housing-affordability-in-the-us-trends-by-geography-tenure-and-household-income-20190927.htm>.

<sup>53</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/other20190805a.htm>.

<sup>54</sup> Additional information is available at <https://fedpaymentsimprovement.org/news/blog/progress-in-advancing-the-u-s-payment-system/>.

<sup>55</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/publications/supervision-and-regulation-report.htm>

<sup>56</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191018a.htm>.

<sup>57</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20191203a.htm>.

<sup>58</sup> The Money Adventure app is available at <https://www.uscurrency.gov/educational-materials/classrooms/money-adventure-mobile-app>.

<sup>59</sup> Additional information is available at <https://podcasts.apple.com/us/podcast/the-noteworthy-podcast/id1462059262>.

campaign to raise awareness about currency education resources for teachers.

- Attended the National Retail Federation’s Protect Conference to educate retailers on how to authenticate genuine U.S. currency and report suspected counterfeits.

## 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

- Support the Board and the Federal Open Market Committee in the formulation, implementation, and communication of monetary policy.
  - Submitted the *Monetary Policy Report* semiannually to the Senate Committee on Banking, Housing, and Urban Affairs and to the House Committee on Financial Services.<sup>60</sup>
    - The February 2019 report included an assessment entitled “Developments in Financial Stability,” a supplemental analysis related to the complexity and merits of following the prescriptions from a variety of policy rules was included in the special box, “Monetary Policy Rules and Their Interactions with the Economy.”
    - The July 2019 report, submitted together with Chair Powell’s testimony, included supplemental analysis related to the complexity and merits of following the prescriptions from a variety of policy rules was included in the special box, “Monetary Policy Rules and Their Interactions with the Economy.”
  - Prepared analyses to address the complexity and merits of following the prescriptions from a variety of policy rules, the challenges of policymaking under uncertainty, the public’s beliefs

on the efficacy of alternative policy strategies, and the coordination among policy instruments.

- Conduct research and produce surveys, reports, and data on topics such as: banking conditions; community and human capital development; consumer and household finances; consumer risk; economic activities; financial markets; financial stability; the global economy and its interactions with the U.S. economy; monetary policy; retail payments trends; the Reserve Bank balance sheets; and safety and efficiency of payment, clearing, and settlement arrangements, activities, and instruments. As appropriate, make information available to Congress and the public through publications, working papers, academic journal articles, the public website, or conference presentations.
  - Published research and working papers in numerous peer-reviewed, academic, and scholarly journals as well as on the Board’s public website.<sup>61</sup>
  - Presented at academic conferences, including
    - Society for Economic Dynamics annual meeting
    - Eighth MoFiR (Money and Finance Research) Workshop on Banking
    - Annual Meeting of the American Economic Association
    - North American Summer Meeting of the Econometric Society
    - Reinventing Banking and Sustainable Finance (International Finance and Banking Society) 2019 Angers Conference
    - Second Conference of Financial Stability hosted by the Bank of Spain
    - Tenth BIS CCA Research Conference, “Macro models and micro data,” hosted by the Bank for International Settlements (BIS)
    - National Bureau of Economic Research Summer Institute
- Support the Board’s efforts to increase transparency, enhance communications, and promote public understanding on financial stability, including publishing the semiannual Financial Stability Report.

<sup>60</sup> See the Federal Reserve’s website at [https://www.federalreserve.gov/monetarypolicy/mpr\\_default.htm](https://www.federalreserve.gov/monetarypolicy/mpr_default.htm).

<sup>61</sup> See full listing on the Federal Reserve’s website at [https://www.federalreserve.gov/econres/files/publications\\_list.pdf](https://www.federalreserve.gov/econres/files/publications_list.pdf).

—Vice Chair Quarles testified before the Committee of Financial Service and the Committee on Banking, House and Urban Affairs, on May 15 and 16 and again on December 4 and 5, sharing information on the state of the banking system, discussing the continuing need to ensure the regulatory framework is both coherent and effective, and discussing engagement on community, consumer, and financial stability issues, both at home and abroad.<sup>62</sup>

—Governor Brainard testified before the House Financial Services Subcommittee on Consumer Protection and Financial Institutions on September 25 on the Federal Reserve’s role in promoting financial stability.<sup>63</sup>

—Published the semiannual *Financial Stability Report*, which included special topics on vulnerabilities associated with elevated business debt, and liquidity in the Treasury, equity futures markets, and the financial stability risks of low interest rates.<sup>64</sup>

—Presented at the Fed-Nordic Central Banks conference on financial stability issues related to London Inter-bank Offered Rate (LIBOR) transitions.

—Completed substantial development on the three proposed macroeconomic scenarios for the 2020 CCAR and Dodd-Frank Act Stress Test cycle.

—Supported Vice Chair Quarles in his role as Chair of the FSB and Governor Brainard in her role as the Board’s representative.

- Vice Chair Quarles participated in several global meetings, including the G7 meeting in Biarritz, France and G20 meeting in Osaka, Japan.

- Vice Chair Quarles gave speeches as FSB Chair in 2019, such as<sup>65</sup>

- ◆ “Ideas of Order: Charting a Course for the Financial Stability Board” (February 10)

- ◆ “The Financial Stability Board in 2019” (March 28)

- ◆ “The Financial Stability Board: Beyond the Fog of Battle” (April 2)

- ◆ “Progress on the Transition of Risk-Free Rates” (April 10)

- ◆ “Government of Union: Achieving Certainty in Cross-Border Finance” (September 26)

- ◆ “The Financial Stability Board at 10 Years-Looking Back and Looking Ahead” (October 3)

### Objective 6.3: Expand the extent and effectiveness of engagement and 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 a wide array of policies, propose guidance on supervisory programs, and address any legislative mandates or changes in the economic conditions.

#### Projects and Initiatives

- Enhance working relationships and improve engagement with stakeholders, as appropriate, including representatives from academia, Congress, other government agencies, and international groups to gain broader understanding of the economy and the financial system.

- Engaged with the academic and policy communities, as well as the public at large, including interaction with the Treasury and other U.S. financial regulators on policy topics of mutual interest such as coordinating on the United Kingdom’s exit from the European Union.

- Met with members of the banking industry, U.S. bank regulators, and other central banks, including members of the Bank of Japan, Bank of Israel, and the European Central Bank, to discuss domestic and global financial stability.

- Participated in community tours and outreach in Puerto Rico and the U.S. Virgin Islands with

<sup>62</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/testimony/quarles20190515a.htm> and <https://www.federalreserve.gov/newsevents/testimony/quarles20191204a.htm>.

<sup>63</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/newsevents/testimony/brainard20190925a.htm>.

<sup>64</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/publications/financial-stability-report.htm>.

<sup>65</sup> The speeches are available on the Financial Stability Board’s website at [https://www.fsb.org/press/speeches/?profile\\_post%5B%5D=190](https://www.fsb.org/press/speeches/?profile_post%5B%5D=190).

the other Federal Reserve Bank leaders to gain insights on the status of recovery efforts after Hurricanes Irma and Maria in 2018, as well as understand the credit needs to support redevelopment.<sup>66</sup>

- Provided subject matter expertise to an inter-agency webinar, as part of the *Outlook Live* series focused on consumer compliance supervision topics, on fair lending with five other federal agencies (CFPB, Department of Justice, FDIC, NCUA, and OCC).<sup>67</sup> The discussion included various fair lending topics, including Fair Lending and Innovation, Redlining Case Study, *United States v. First Merchants Bank*, Advanced Topics in Redlining, Fair Lending Analysis in the CRA Protests, HMDA Review Observations, and Complaints in the Fair Lending Risk Assessment and Exam Process.
- Participated in the Alternative Reference Rate Committee (ARRC) meetings with industry participants and continued work to support the transition from USD LIBOR to the new risk-free rate, SOFR.<sup>68</sup>
- Collaborate with other regulators and industry participants to develop a practical framework and potential approaches for conducting supervisory stress testing for central counterparties in order to identify and address key risks to the financial system.
  - Organized the Stress Testing Conference at the Federal Reserve Bank of Boston focused on generating dialogue between all the varied stakeholders in the stress test process.
- Foster collaboration to help refine and consult on consumer protection regulations for which the Federal Reserve has authority, working with other agencies and bureaus, as appropriate.

<sup>66</sup> Additional information is available on the website for the Federal Reserve Bank of Dallas at <https://www.dallasfed.org/cd/events/2019/19clarida>.

<sup>67</sup> Additional information is available at <https://www.consumercomplianceoutlook.org/outlook-live/2019/2019-fair-lending-interagency-webinar/>.

<sup>68</sup> The Board is an Ex Officio Member of the ARRC. In response to recommendations and objectives set forth by the FSB and the FSOC to address risks related to USD LIBOR, the Board and the Federal Reserve Bank of New York jointly convened the ARRC in 2014. Additional information can be found on the Federal Reserve Bank of New York at <https://www.newyorkfed.org/arrc>.

- Collaborated with interagency teams to issue revisions to examination procedures for several consumer compliance regulations: Regulation C (and *A Guide to HMDA Reporting: Getting It Right!*), Regulation E, Regulation X, and Regulation Z.

- Issued a joint final rule, together with four federal regulatory agencies, to implement provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 requiring regulated institutions to accept certain private flood insurance policies in addition to National Flood Insurance Program policies.<sup>69</sup>

- Promote strong risk management at systemically important financial market infrastructures, while capitalizing on expertise in the payments, clearance, and settlement areas to support the Federal Reserve's broader financial stability mission.
  - Engaged in a number of international workstreams under the auspices of the Committee on Payments and Market Infrastructures (CPMI), including joint work between CPMI and the International Organization of Securities Commissions (IOSCO), and the FSB, on topics including digital innovations, digital currencies, decentralized financial technologies, endpoint security, cooperation among authorities, and implementation monitoring.<sup>70</sup>
  - Contributed to the CPMI—IOSCO report, *Responsibility E: A compilation of authorities' experience with cooperation*.<sup>71</sup>
- Conduct a coordinated approach to resiliency that addresses the most critical Reserve Bank functions, aligns with related initiatives such as those related to System risk management, and strikes an appropriate balance between resiliency, efficiency, and budget/resource stewardship.
  - Issued a Federal Reserve Administrative Manual policy on sharing information on risk events and risk incidents, and continued to interact with System risk groups to influence the direction of risk management in the Reserve Banks.

<sup>69</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20190212a.htm>.

<sup>70</sup> Additional information is available at <https://www.bis.org/list/cpmi/index.htm?m=3%7C16%7C570>.

<sup>71</sup> Additional information is available at <https://www.bis.org/cpmi/publ/d189.pdf>.

## 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.

The Board will engage with the public on a wide range of issues relevant to the organization’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

- Contribute to domestic and international efforts to improve the quality of financial data that can better inform policymaking.

—Participated in the FSB’s Global Monitoring Exercise on Nonbank Financial Institutions, which involved providing data on the monitoring of financial activity outside the banking system to Federal Reserve Banks as well as continual improvements in the quality of data.

—Published major statistical and data releases on the Board’s public website, such as the Agricultural Finance Databook - E.15, Factors Affecting Reserve Balances - H.4.1, Assets and Liabilities of Commercial Banks in the U.S. - H.8., and Financial Accounts of the United States - Z.1.<sup>72</sup>

- Engage payment system stakeholders in payment system improvement efforts to help improve the speed, safety, and efficiency of the U.S. payment system.
  - Launched several workstreams to advance mitigation efforts for difficult cyber resilience challenges through the CPMI-IOSCO’s Working Group on Cyber Resilience.
- Engage diverse stakeholders to solicit and inform their views on Board supervisory, monetary, payments, and regulatory policies toward effective consumer protection, strengthened communities, and household financial stability.

<sup>72</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/data.htm>.

—Engaged with a range of stakeholders to solicit views on monetary policy and gather information about developments in financial markets consequential to the effective implementation and transmission of monetary policy, as well as identified potential financial stability risks.

—Met with community members in Kansas City to gain first-hand perspectives for videos to augment the data and research for the System’s Community Development Research Conference and the *Report on the Economic Well-Being of U.S. Households for 2018*.<sup>73</sup>

—Met with members of the banking industry, U.S. bank regulators, and other central banks to discuss issues related to financial stability in the United States and abroad.

—Co-hosted, with the Reserve Bank of Chicago, the biennial Federal Reserve System Community Development Research Conference titled *Renewing the Promise of the Middle Class*.<sup>74</sup>

- The event featured experts from a range of academic disciplines who shared emerging research on paths to the middle class, including research focused on education, the labor market, asset building, financial security and wealth creation, and roles of local communities in defining challenges and opportunities in reaching the middle class.

- Support the Federal Reserve’s initiative to review the strategies, tools, and communication practices it uses to pursue its congressional mandate of maximum employment and price stability.

—Conducted a national survey of Community Development Financial Institutions to gain insight on specific areas where these institutions work to support community economic development, including Opportunity Zones, the modernization of the CRA, and the impact of the partial federal government shutdown in early 2019.

—Conducted, in collaboration with System colleagues, 14 Fed Listens events as part of a comprehensive public review of the strategy, tools, and communication practices the Federal

<sup>73</sup> See the Federal Reserve’s website at <https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf>.

<sup>74</sup> Additional information is available on the website of the Federal Reserve Bank of Chicago at <https://www.chicagofed.org/region/community-development/2019-federal-reserve-system-community-development-research-conference>.

Reserve uses to achieve its dual mandate of maximum employment and price stability.<sup>75</sup>

—Presented to the International Monetary Fund on modelling systemic financial macro-risks.

—Organized the FSB Analytical Group on Vulnerabilities (AGV) Interconnectedness workshop and the FSB AGV Exchange Traded Funds workshop.

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<sup>75</sup> See the Federal Reserve's website at <https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications-fed-listens-events.htm>.





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