



Annual Performance Plan 2021

January 2021

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



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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 (<https://www.federalreserve.gov/aboutthefed/pf.htm>) and throughout its public website (<https://www.federalreserve.gov>).

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Introduction

The Board of Governors of the Federal Reserve System's (Board) Strategic Plan 2020–23 (Plan) identifies and frames the organization's strategic goals and objectives.¹ On December 27, 2019, the Board published its Plan, which outlines the organization's priorities within five functional areas for maintaining the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems:

- Monetary Policy and Financial Stability
- Supervision
- Payment System and Reserve Bank Oversight
- Public Engagement and Community Development
- Mission Enablement

The Board continuously seeks to understand changes in the economic and financial environment and how these changes may impact policy decisions. Additionally, the Board monitors changes in the financial services industry, including the influence of advances in technology, to execute its supervisory and regulatory responsibilities.

The Board's work has become increasingly complex, with growing responsibilities and skill requirements, resulting in a need for enhanced capabilities in operational areas such as data, cybersecurity, technology, and workforce planning. To ensure the System remains an effective steward of public resources, the Board is committed to pursuing additional efficiencies in its operations, as well as the operations throughout the Reserve Banks.

The planning process allows the Board to continuously develop and evaluate how to best prioritize initiatives and investments and then allocate resources in support of strategic objectives. The Board recognizes that there are differences between government and private-sector strategic planning and measurement of those efforts. While private-sector planning often relies on measures of revenue, the Board measures its performance relative to public policy objectives and statutory responsibilities.

This document sets forth the planned projects and initiatives that will contribute to furthering the Federal Reserve's mission and strategic goals and objectives. However, given the large scope of work performed by the Board, not all activities are identified within this document. As necessary, the Board's senior leadership will reassess priorities throughout the performance period and adjust the specific activities to achieve strategic objectives. As it did in 2020, at the onset of the COVID-19 pandemic, the Federal Reserve took forceful actions to provide relief and stability to the economy. To ensure that the eventual recovery will be as strong as possible and that lasting consequences will be limited, the Federal Reserve remains committed to continue using its full range of tools to support households, businesses, and the U.S. economy in 2021.

As it has done in the past, the Federal Reserve will adjust its priorities and resources to meet the needs of the changing environment to best fulfill its mandate from Congress to promote maximum employment and stable prices, along with its responsibilities to promote the stability of the financial system. The Board will release a report to the public on its performance toward achieving its 2021 initiatives.

The Board issues these reports in the spirit of the Government Performance and Results Act (GPR) of 1993, which requires that federal agencies 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 GPR, 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.² As required by the Federal Reserve Act, the Board also annually submits to the Congress the Annual Report describing the operations of the System for the previous year, as well as a detailed explanation of the plans and resources discussed in the approved budgets of the Board and the 12 Federal Reserve Banks.³

¹ The *Strategic Plan 2020–23* is available at <https://www.federalreserve.gov/publications/2020-23-strategic-plan.htm>.

² The annual performance plans and reports are available at <https://www.federalreserve.gov/publications/gpra.htm>.

³ The *Annual Report* is available at <https://www.federalreserve.gov/publications/annual-report.htm>.

Monetary Policy and Financial Stability

Goal 1: Facilitate efforts that support the congressional mandate for maximum employment and price stability through monetary policy.

Objective 1.1: Support the Board's and the Federal Open Market Committee's policy deliberations through the timely provision of high-quality research, analysis, and other information that enables sound and objective decisionmaking.

- 1.1.1 Identify and analyze economic and financial developments in support of the Federal Reserve's mission.
- 1.1.2 Stay abreast of technological and other changes to the financial system and assess potential impacts on the economy.

Objective 1.2: Actively pursue research, analysis, monitoring, and measurement to advance the public's understanding of key economic and financial issues.

- 1.2.1 Pursue research that promotes understanding of labor markets, inflation, and the financial system, including differences or inequities across demographic groups and areas, and implications for the functioning of the economy.
- 1.2.2 Incorporate diversity of thought, perspective, experience, and talent into the Board's research program.
- 1.2.3 Deliver high-quality research focusing on low- and moderate-income financial and economic conditions of traditionally underserved and economically vulnerable consumers and communities.

Objective 1.3: Further promote transparency, accountability, communication, and public education in monetary policy, economic research, and financial stability.

- 1.3.1 Foster public education and effective communication across a wide range of audiences.
- 1.3.2 Improve delivery of and public access to information that effectively communicates the Board's understanding of economic and financial conditions, financial stability, and the impact and efficacy of monetary policy.
- 1.3.3 Develop and implement an ongoing, sustainable process for informing Federal Reserve policymakers and engaging staff across the System on economic and financial experiences of economically vulnerable consumers and communities.

Objective 1.4: Broaden capabilities to effectively and efficiently fulfill the Board's research mission through investment in people, technology, and data.

- 1.4.1 Ensure applicable expertise and a broad range of perspectives are available and used in economic research and analysis to strengthen understanding of economic developments and their implications for monetary policy and financial stability.

- 1.4.2 Enhance technological and data capabilities to conduct research, analysis, monitoring, and measurement that inform the public and policymakers, while meeting cybersecurity standards.
- 1.4.3 Enhance the Board's ability to collaborate with internal and external colleagues on research and analysis through technology, automation, infrastructure, and process advancements.
- 1.4.4 Sustain and nurture an inclusive culture and support a collaborative environment that encourages diversity of perspectives.

Supervision

Goal 2: Promote safety, soundness, and stability of financial institutions and consumer protection through supervision and regulation.

Objective 2.1: Continue to refine rules, practices, and tools to enhance the efficiency and effectiveness of supervision.

- 2.1.1 Identify and implement refinements to supervision that appropriately enhance transparency, promote accountability, and maintain fairness.
- 2.1.2 Enhance community bank supervision through improvements in efficiency, communication, outreach, and regulatory coordination.
- 2.1.3 Further the value proposition and enhance visibility of community banking initiatives.
- 2.1.4 Identify and advance refinements to the Board's risk-management expectations for financial market infrastructures.

Objective 2.2: Improve forward-looking risk-identification and assessment capabilities to inform policy and support timely and effective risk mitigation through supervision.

- 2.2.1 Improve Community Reinvestment Act (CRA) implementation, including examinations, supervisory policy, and application of regulations.
- 2.2.2 Conduct research and outreach regarding partnerships between fintech firms and supervised financial institutions to assess impact on compliance with consumer protection laws and to manage risk of consumer harm.

Objective 2.3: Further promote transparency, accountability, communication, diversity of perspectives, and public outreach to support the System's supervisory responsibilities.

- 2.3.1 Implement new capabilities and conduct regular outreach to share and exchange information with external constituencies and diverse stakeholders, utilizing various platforms to broadly communicate supervisory policy.
- 2.3.2 Engage in outreach with a range of stakeholders, including consumer advocates, industry representatives, and academic researchers, to obtain balanced, diverse, and differing perspectives on consumer protection risks to guide supervisory policy development and examination programs.
- 2.3.3 Support CRA implementation improvements with outreach, research, and analysis.

Objective 2.4: Further improve supervisory and regulatory activities to support financial system stability.

- 2.4.1 Proactively engage with partner agencies to ensure Federal Reserve expertise informs rulemakings, policies, and/or regulations to reduce burden, tailor supervisory expectations, and provide clear and concise information to the industry.
- 2.4.2 Investigate new ways to identify risks to financial stability.
- 2.4.3 Advance and implement analytical and supervisory tools to support financial stability.

Objective 2.5: Broaden capabilities to effectively and efficiently execute supervisory responsibilities through investment in people, technology, and data.

- 2.5.1 Sustain and nurture an inclusive work environment supportive of diverse backgrounds and perspectives.
- 2.5.2 Further streamline examiner training activities to allow for more agile development and onboarding of supervisors.
- 2.5.3 Investigate the use of new technologies to enhance the efficiency and effectiveness of regulatory and supervisory activities and examination processes, including with a focus on fair lending and Unfair and Deceptive Acts and Practices.

Payment System and Reserve Bank Oversight

Goal 3: Foster a safe, efficient, and accessible payment and settlement system through Reserve Bank oversight.

Objective 3.1: Support payment infrastructure modernization to serve changing stakeholder needs.

- 3.1.1 Conduct policy analysis of expanding operating hours for the Fedwire Funds Service and National Settlement Service in conjunction with Reserve Banks.
- 3.1.2 Support efforts to modernize the U.S. payment system and bring the benefits of instant payments broadly to communities across the country, by working collectively with the Reserve Banks to build the new FedNow Service.
- 3.1.3 Conduct research and support international efforts related to digital innovations in payments.

Objective 3.2: Maintain an effective and secure U.S. currency program.

- 3.2.1 Identify opportunities to enhance and sustain production and new banknote design processes at the Bureau of Engraving and Printing to improve the performance, cost, and quality of Federal Reserve notes.
- 3.2.2 Pursue research and education strategies to advance counterfeit deterrence capabilities and support public confidence in the integrity and availability of Federal Reserve notes.

Objective 3.3: Further evolve the Reserve Bank oversight approach.

- 3.3.1 Enhance capabilities to assess Reserve Bank risk-management activities, including information sharing and accountability for fiscal stewardship.

Objective 3.4: Advance diversity in System leadership.

- 3.4.1 Connect with a broad set of diverse stakeholders and potential candidates for future System leadership positions.

Objective 3.5: Broaden capabilities to effectively and efficiently execute oversight responsibilities for payment systems and Reserve Banks through investment in people, technology, and data.

- 3.5.1 Strengthen hiring, development, alignment, and retention of diverse talent in support of long-term workforce development and growth.
- 3.5.2 Provide oversight of Reserve Bank implementations of enterprisewide systems and continue to develop agile oversight approaches, including leveraging data analytics.

Public Engagement and Community Development

Goal 4: Promote broader, ongoing engagement with external individuals and groups and improved understanding of the Board's mission through outreach and public engagement.

Objective 4.1: Develop strategies to identify and engage audiences with a balanced and broad range of diverse perspectives.

- 4.1.1 Increase public outreach and engagement on the Federal Reserve's mission and responsibilities, including interaction with community and affinity groups.
- 4.1.2 Maximize opportunities to share broad and diverse perspectives among stakeholders and increase understanding of a wide range of community needs.
- 4.1.3 Enhance outreach strategy to community and consumer groups, financial institutions, and policy and research organizations that ensures inclusion of balanced, diverse, and differing perspectives.

Objective 4.2: Expand communication and outreach efforts to increase transparency and understanding of the Federal Reserve's mission and activities and better inform decisions.

- 4.2.1 Facilitate communications with the public, the media, and the Congress to ensure timely and accurate dissemination of information.
- 4.2.2 Strengthen, align, and leverage community development programs across the System to best engage stakeholders nationwide and enrich System research and analysis.
- 4.2.3 Enhance public access to information through effective records management practices and in compliance with the Freedom of Information Act.
- 4.2.4 Investigate ways to expand outreach and broaden understanding of the Ombudsman function to increase transparency of the Federal Reserve's regulatory and supervisory actions.

Objective 4.3: Continue adapting and improving information management processes and communication vehicles.

- 4.3.1 Assess future needs for the public website and social media platforms to expand and improve the content strategy and usability to better inform the public.
- 4.3.2 Assess information management practices and resources to modernize technology, such as adoption of cloud solutions, in support of effective and efficient communication and the Board's decisionmaking.

Objective 4.4: Promote understanding of community development and consumer risks.

- 4.4.1 Engage with the public to increase the awareness and dissemination of reports and web-based content to inform about the financial conditions and experiences of consumers and communities.
- 4.4.2 Disseminate research on the financial conditions and experiences of households and communities, including those traditionally underserved, economically vulnerable, or experiencing demographic inequities.

Mission Enablement

Goal 5: Optimize operations and capabilities through efficient, effective, and sustainable stewardship and governance of resources.

Objective 5.1: Attract, develop, and retain diverse talent with varied experiences and perspectives to ensure the Board is able to meet workforce needs in a rapidly changing environment.

- 5.1.1 Foster employee engagement and an inclusive culture, including through the development of strategic initiatives based on human capital industry best practices.
- 5.1.2 Strategically source highly qualified, diverse talent using market information, data analytics, targeted outreach, and leading recruiting practices.
- 5.1.3 Develop and facilitate an education strategy to ensure maximum understanding and utilization of the organization's benefits by the Board's workforce.
- 5.1.4 Provide targeted learning and development opportunities to cultivate current and future leaders to ensure readiness for leadership roles.
- 5.1.5 Conduct comprehensive workforce planning reviews throughout the organization to assess current human capital and to guide future workforce requirements.

Objective 5.2: Optimize the Board's workspace strategy and use of resources by leveraging opportunities to increase collaboration, efficiency, and productivity.

- 5.2.1 Implement the long-term space strategy ensuring appropriate stewardship of resources.

Objective 5.3: Enhance organizational efficiencies and capabilities to provide automation solutions that respond to stakeholder needs.

- 5.3.1 Further the adoption of cloud services and innovative technologies such as artificial intelligence and machine learning to advance business capabilities.
- 5.3.2 Create a modern digital workspace that makes it easier to securely create, share, preserve, and find information, and enables staff to work from any location or Board device with a consistent user experience.
- 5.3.3 Enhance cybersecurity and privacy programs for cloud services and maintain a secure technology environment that fosters continuous improvement and innovation.
- 5.3.4 Support implementation of updated technology to modernize the human capital and financial management platforms and other administrative functions.

Objective 5.4: Accelerate the ability to obtain, integrate, analyze, and share data and information throughout the organization.

- 5.4.1 Develop an enterprise data strategy and integrate with the technology strategy to update the strategic information resource management plan, including an open data plan.
- 5.4.2 Establish a data-management framework life cycle, with enterprise data-governance standards and policies, to ensure data are consistently managed, available timely, of high quality, and utilized safely.
- 5.4.3 Enhance the discoverability of both structured data assets and unstructured information; ensure compliance with The Open, Public, Electronic, and Necessary (OPEN) Government Data Act; and adhere to data management principles.

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