

2006 Operational Highlights

In 2006, the Federal Reserve Bank of Cleveland continued to manage operational growth while advancing its strategic objectives of leadership in thought and deed, operational excellence, and external focus.¹

Leadership in Thought and Deed

The Bank's strategy to provide leadership in both thought and deed challenges employees to leverage their intellectual and operational expertise and relationships to shape the policies, strategies, and practices of the Federal Reserve System.

◆ The **eGovernment** function, in partnership with the Treasury Relations and Support Office, provided significant support to the U.S. Treasury through projects such as the Treasury's Collection and Cash Management Modernization initiative. In 2006, the Department of Defense recognized the Bank's exceptional contributions to the rapid deployment of scanners at major military sites. The U.S. Treasury also commended the function's extraordinary efforts to implement software changes that enabled the migration of U.S. Customs ACH transaction processing through the Pay.gov project.

- ◆ The **Cash** function contributed to the Federal Reserve System's Cash Product Office by serving on Future Cash Application Project teams and the Cash Quality work group. Cleveland served as a pilot site for the National Coin Inventory Management project, led the Cash Infrastructure and Depot Procedures Review Team, and assisted two other Reserve Banks as they prepared for their depot conversions.
- ◆ The **Retail Payments Office** managed operational restructuring and automation of check services and supported product management, development, and pricing. Cleveland staff continued to identify strategies to facilitate the transition to a more electronic check-processing environment.

1. To learn more about the Bank's role in payments, see the Operational Highlights section of the Federal Reserve Bank of Cleveland's 2005 *Annual Report*.

- ◆ The **Payments System Research Group** collaborated with Federal Reserve and industry experts on key payments issues and special projects. The group continued to provide leadership to the Electronic Billing Information Delivery System (EBIDS) task force pilot. EBIDS is a market-based approach to enhancing the payments system by eliminating barriers to the adoption of electronic bill presentment and payment and by creating solutions for enrollment, account change, and identity management.
- ◆ **Research** continued its focus on inflation and the role that innovation, education, and human capital play in strengthening economic performance and long-term economic growth. Research staff contributed numerous articles, policy discussion papers, working papers, and economic commentaries to advance thinking about monetary policy, price measurement, and long-term economic growth.

- ◆ **Supervision and Regulation, Credit Risk Management, and Statistics and Analysis** contributed to a variety of initiatives. Supervision continued its District umbrella supervision initiative in conjunction with the Office of the Comptroller of the Currency. Credit Risk Management provided support and leadership of national application development and led the effort to automate the transfer of securities to and from the Depository Trust Company. Statistics and Analysis contributed to Federal Reserve System efforts to modernize call report processes and, as a result, a staff member received the Outstanding Accomplishment Award from the Federal Financial Institutions Examination Council.



Nine eGovernment employees received a prestigious award from the U.S. Treasury in April 2006 for successfully developing, testing, and upgrading software used by the Treasury to collect customs payments. Several individuals from the Treasury and the U.S. Customs and Border Protection departments also received the award.

Operational Excellence

The Bank's operational excellence strategy requires a commitment to achieve the highest levels of operational efficiency and effectiveness.

- ◆ **Check** performance was strong in a year of continued consolidation and rapid transition from paper to electronics. The Cleveland and Cincinnati offices accommodated significant growth in Check 21 volume, processing the largest percentage of Check 21 transactions in the Federal Reserve System. The Bank was one of only two Federal Reserve Banks in the nation to meet all key internal financial, productivity, and quality measures.
- ◆ The **Cash** function successfully consolidated Buffalo Cash depot operations, which contributed to a 55 percent increase in paying and receiving volume in the Cleveland office. As part of this consolidation, three additional coin terminals were implemented.
- ◆ The **eGovernment** function continued to expand operations and successfully implemented the U.S. Treasury's Rapid Application Development methodology for Pay.gov.
- ◆ **Treasury Retail Securities** improved operations by implementing Payroll for the Internet and the EZ Clear Libra system, acquiring additional printing capacity for savings bonds. The operation completed the release of Gulf Coast Recovery Bonds, which supported the recovery efforts in areas devastated by hurricanes Katrina, Rita, and Wilma.
- ◆ **Supervision and Regulation** established a risk team framework to enhance its supervisory processes and completed the first phase of its Basic Training Program and Examination Simulator initiative.
- ◆ **Financial Management** exceeded targets for National Billing customer satisfaction, met all service-level agreements, and actively contributed to the future direction for software development.
- ◆ **Information Technology** sponsored the Federal Reserve System's Server and Storage Leadership Team and led the administration of the Systemwide information technology customer satisfaction survey.



Jeff Davis, Procter & Gamble's director of New Business Development, spoke at the Bank's conference on Universities, Innovation, and Economic Growth in November 2006.



Scott Ferguson, intermediate Check processor, was one of nearly 350 employees in the Cleveland and Cincinnati offices who helped the Check function to accommodate significant operational growth and meet all key internal quality measures.

◆ **Information Security** hosted a highly successful conference on web security, which heightened Federal Reserve System awareness of information security improvement opportunities.

◆ **Drive 4th**, a new cultural change initiative, kicked off a multiyear effort to transform the Bank's culture to better support external focus and thought leadership initiatives.

External Focus

The Bank's external focus strategy promotes an understanding of the Federal Reserve and its mission through active and visible engagement with financial institutions, the U.S. Treasury, and the public.

◆ **Research** strengthened its role as a source of information and analysis on national and regional economic issues. Research staff hosted or sponsored numerous events throughout the year, including a conference on Universities, Innovation, and Economic Growth.

◆ **Community Affairs** sponsored numerous programs, seminars, and workshops to foster a dialogue on issues that affect community reinvestment strategies in low- and moderate-income neighborhoods and to promote a better understanding of regulatory issues. Cleveland's 2006 policy summit examined specific poverty issues and the role that community development practitioners play in meeting the challenges associated with concentrated poverty.

◆ **Public Information** provided several well-received educational outreach programs to promote understanding of the Federal Reserve's mission and key initiatives. The Fed Challenge, Essays in Economics, and Great Minds Think events offered District students and educators an opportunity to learn about the economy, personal finance, and critical thinking. The Bank also co-sponsored the Ohio Council on Economic Education's Economics Challenge competition.

◆ The **Learning Center and Money Museum** hosted more than 10,000 visitors during its first year of operation. See the following two pages for facts, figures, and photos.



In March 2006, the Pittsburgh office printed the first Gulf Coast Recovery Bond to help rebuild the hurricane-devastated Gulf Coast region. The Information Technology Department assisted in responding to this urgent request from the U.S. Treasury.



Financial Management's National Billing Team exceeded targets for customer satisfaction, met all service-level agreements, and assisted in software development.