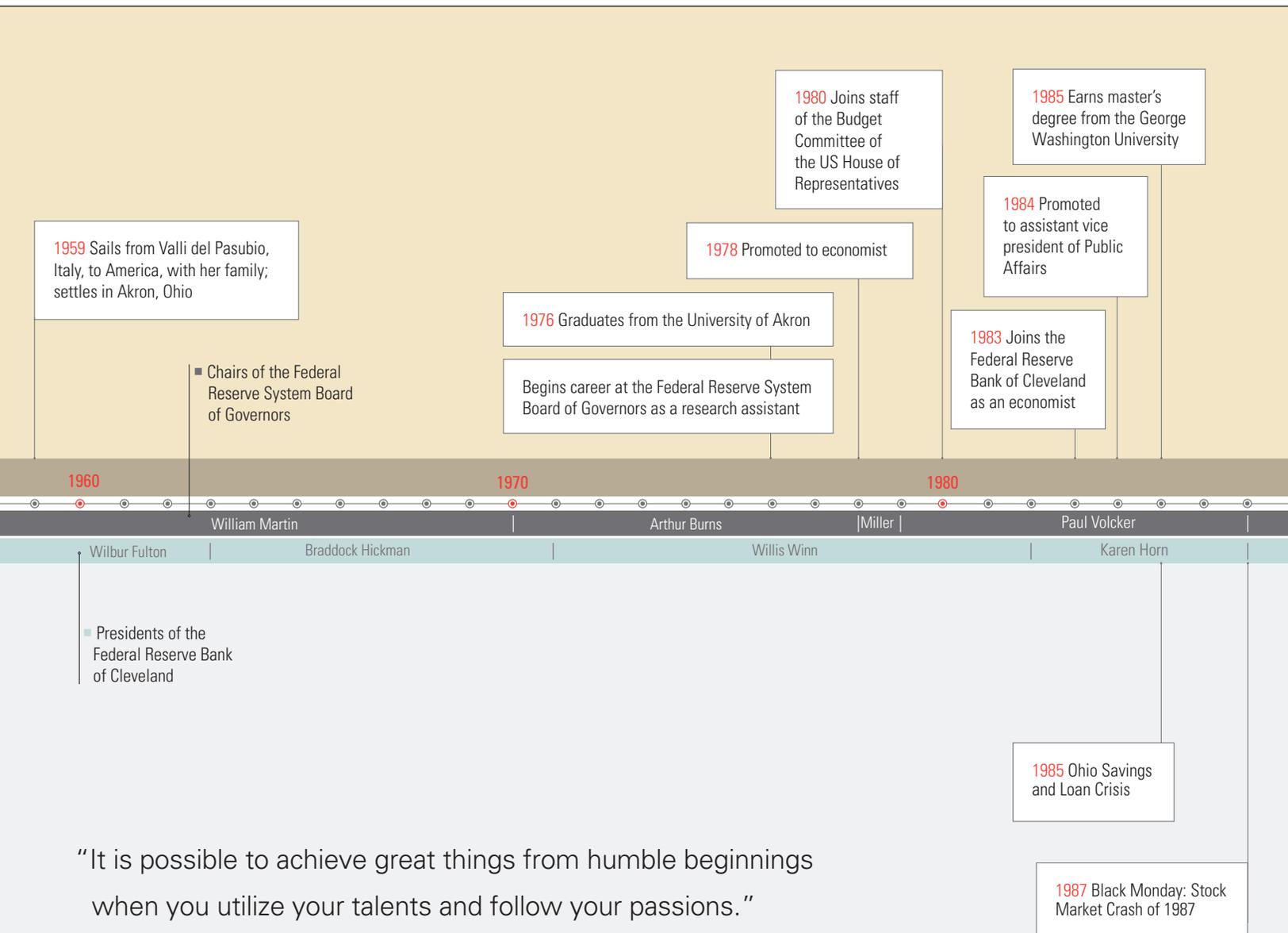


THE LIFE AND TIMES OF SANDRA PIANALTO



“It is possible to achieve great things from humble beginnings when you utilize your talents and follow your passions.”

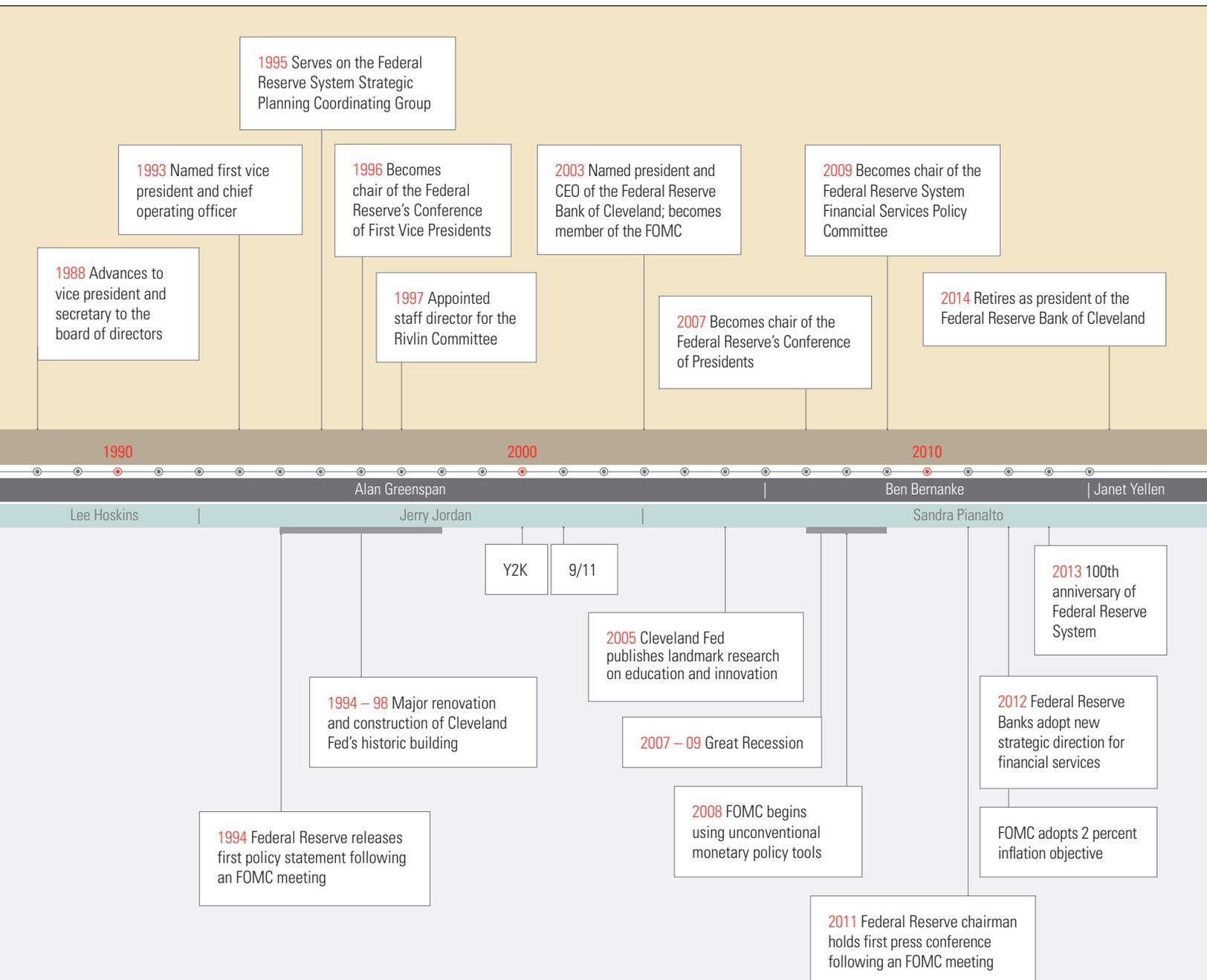
Sandra Pianalto

Ten Milestones in Sandy Pianalto's Life at the Federal Reserve

Highlights from the more than three-decade career of retiring Federal Reserve Bank of Cleveland President and CEO Sandy Pianalto.

1. First Day at the Federal Reserve

In August 1976, a newly hired research assistant named Sandy Pianalto got a tour of the Federal Reserve Board of Governors' Eccles Building in Washington, DC. The high point of the tour was the board room where the Federal Open Market Committee meets. For Pianalto, an immigrant to the United States at age five who had decided early on that she would dedicate herself to public service, it was a career-changing moment. "I was impressed with the huge mahogany table in the center of the room," she later said. "And I thought to myself, I would love to sit at that table someday."



42
votes cast as
member of the
FOMC

5
age when
Sandy emigrated
from Italy

2. Appointed to No. 2 Post at the Federal Reserve Bank of Cleveland

Pianalto’s journey to eventually get a seat at that table took a leap forward in 1993. To the surprise of many of her more senior colleagues, Pianalto was named first vice president and chief operating officer (COO) of the Federal Reserve Bank of Cleveland, the Bank’s second-highest ranking official. Having worked at the Bank for the previous 10 years with increasing responsibilities—though no operations experience—Pianalto began with an ambitious vision. First up was changing the culture of the tradition-bound institution. Some of the differences were symbolic, such as opening up the officers’ dining room to all employees. Others involved driving new behaviors and were longer in the making, such as moving away from a command-and-control style of management to a more participative, collaborative style, and breaking down silos. The goal was to build an inclusive workplace where employees were encouraged to share their ideas.

36
years in the
Federal Reserve
System

3. Victory Over Y2K

It felt like a century’s worth of preparation crammed into a few months. Everything was tested—internal operations, software applications, building systems, electronic payments, check processing, and cash processing. Across the Federal Reserve System, 90 million lines of code were examined, with about 10 percent remediated before the changeover. The Federal Reserve System distributed billions of dollars in currency as a backstop.

6
positions
held within
the Fed

Pianalto herself spent New Year’s Eve at the Bank along with dozens of colleagues (sans champagne). They rang in the New Year with nary a glitch. In hindsight, there were people who suggested that Y2K was never a serious threat in the first place. But Pianalto and others on the front lines would be the first to say that the reason it turned out to be a non-event—within the financial services industry, at least—was directly attributable to the work done by the Federal Reserve and the financial services industry more broadly.

6
Fed chairs
under which
Sandy served

4. Leading a Payments Evolution, Part One

In 1997, Pianalto was appointed staff director for the Committee on the Federal Reserve in the Payments Mechanism, a Federal Reserve-commissioned review chaired by Vice Chair Alice Rivlin, to study the future role the Federal Reserve should have in the payments system. The committee reached two general conclusions: The Federal Reserve should remain a provider of both check collection and automated clearing house services, while ensuring access for all depository institutions; the Federal Reserve should play a more active role in enhancing the efficiency of those payments services and helping to evolve strategies for moving to the next generation of payment instruments. The Rivlin Committee was lauded for drawing on the expertise of a range of subject matter experts inside and outside of the Federal Reserve System, reflecting a collaborative spirit that would become Pianalto’s hallmark.

5. Rallying on 9/11

In many ways, days like September 11, 2001, were what the Fed was created for—as a stabilizing force during trying times. Financial markets across the globe were impaired and consumer confidence was threatened after the terrorist attacks. Pianalto, who was still the first vice president and COO at the time, joined conference calls with colleagues across the Federal Reserve and made the decision locally with President Jerry Jordan to keep the Federal Reserve Bank of Cleveland open for business. In the days that followed, the Federal Reserve Bank of Cleveland lent millions of dollars through its discount window to banks impacted by the disruptions to financial markets that occurred following the attacks. Throughout, the Bank’s operations remained fully functional, with no disruption in

90
FOMC meetings
attended

processing of currency, checks, and electronic payments. Pianalto observed: “It’s times like this when we truly see that our Bank motto, ‘Our people make the difference,’ is more than just words on paper—it’s a reality.”

6. Presidential Timbre

On February 1, 2003, Pianalto became the 10th president and CEO of the Federal Reserve Bank of Cleveland, succeeding the retiring Jerry Jordan. The announcement of her appointment in the Bank’s auditorium had been met with raucous cheers. “I was excited but I was also worried,” Pianalto said. “I started to wonder, ‘Why are employees so excited for me? What are they expecting?’ When I asked several employees, I got the same answer, ‘We expect that you won’t change, and that you will continue to care about employees.’”

7. Check Consolidation

For decades, the single largest operation in the Federal Reserve System was check clearing. The Federal Reserve Bank of Cleveland once processed 11 million paper checks every night in the Fourth District. But as technological innovation made other forms of payment popular, Americans simply stopped writing paper checks like they used to. Starting in 2003, check operations were consolidated across the Federal Reserve System. The consolidation was painful for employees who lost their jobs. Pianalto noted that having to part with valuable employees is always the most difficult part of a CEO's role. Throughout the consolidation, the Federal Reserve Bank of Cleveland maintained a leadership role in check processing. In 2008, the Bank's check function was selected as the final paper check processing site and the final site for check adjustments for the entire Federal Reserve System. Pianalto observed at the time that the decision reflected the Bank's long-term commitment to efficiency, effectiveness, and customer service. One positive outcome of the consolidation was that it led the Bank to focus not just on operational excellence, but also on thought leadership. The last paper

951
total full-time employees Sandy supervises at the Bank*

in the country. In response, they looked at the 50 states over a 75-year period. During that entire period two factors stood out as the most important for driving income growth: education and innovation. The message resonated strongly with Pianalto. She has cited that landmark 2005 study in many of her speeches over the years, and the lesson from that study continues to resonate across the region in the form of growing recognition among policymakers and elected officials about the importance of supporting education and innovation.

during 2008. Efforts like that ultimately helped to prevent a financial market meltdown. Also, creative and aggressive monetary policies prevented a depression and helped to put the economy on a path to recovery.

11
years as president and CEO of the Cleveland Fed

9
Cleveland Fed presidents before Sandy

10. Leading a Payments Evolution, Part Two

In 2009, Pianalto took over as chair of the Financial Services Policy Committee, the body responsible for directing payments services at the Federal Reserve Banks. Pianalto looked forward to the challenge of a world where technology was fast expanding the possibilities for all sorts of payments, and helping the Federal Reserve adapt to the new environment. The Financial Services Strategic Plan that the Committee unveiled in 2012 provided the framework for collaboration with the payments industry to further improve the speed, safety, and efficiency of modern-day payments. "To succeed in improving our nation's payments system, we must continue to engage and find ways to leverage our collective strengths and resources," Pianalto told an annual conference of payments industry leaders in 2013. Pianalto hands over the reins with a well-laid foundation for leading the development of the next generation of payments systems in the United States.

1
Cleveland Fed president with longer presidential tenure

9. Weathering the Financial Crisis

While traveling overseas in the summer of 2007, Pianalto took a call from one of the Bank's directors. He was worried about slowly worsening conditions in financial markets. It was one of the first hints of the crisis that would become full-blown a year later. Pianalto said later she felt humbled by the financial crisis, which prompted a realization that there were serious gaps in the Federal Reserve's field of vision. "I think it is fair to say that the Federal Reserve was too narrowly focused on banks and not the broader financial system," she said. "The crisis taught us differently. There was a lot we didn't know and much we couldn't control." That said, she took pride in the quick response and aggressive actions taken across the Federal Reserve System. At the Federal Reserve Bank of Cleveland alone, almost \$100 billion was lent to institutions through its discount window

31
years employed at the Federal Reserve Bank of Cleveland

check was processed at the Federal Reserve Bank of Cleveland on December 31, 2012.

8. Landmark Research on Education and Innovation

Early into her tenure as president and CEO of the Federal Reserve Bank of Cleveland, Pianalto challenged her staff of research economists to better understand why the Fourth District wasn't growing as fast as most of the regions

8
honorary degrees Sandy holds

11
community boards and organizations on which Sandy has served