

# 2008 Operational Highlights



The Federal Reserve Bank of Cleveland responded to unprecedented economic challenges in 2008 while maintaining the highest levels of operational excellence in serving the needs of the U.S. Treasury and the public and adapting to an evolving payments system.

## Central Bank Operations

**The Supervision and Regulation** function responded to the financial crisis by strengthening its monitoring and oversight of Fourth District institutions and by providing support to other Federal Reserve district offices. Through our **Credit Risk Management** function, the Bank adapted its operations and risk management processes to implement the Federal Reserve's new credit facilities, managing significant growth in new collateral arrangements and additional monitoring of intraday credit. **The Statistics and Analysis** function ensured that reports received from Fourth District institutions, upon which many decisions and actions were based, were timely and accurate.

**The Research** function maintained comprehensive support for the president's policy contributions to the Federal Open Market Committee and advanced original research in many subject areas. Concepts presented in the Bank's 2007 *Annual Report* essay on central banks and crisis management were further advanced by a joint conference with the Federal Deposit Insurance Corporation on identifying and resolving financial crises. The function also maintained an active presence in the region to expand public understanding of economic and financial market developments.

**The Office of Policy Analysis** coordinated the Bank's efforts to identify emerging trends and provide research-informed perspectives on public policy issues. Focusing on the root causes of the mortgage foreclosure crisis and the economic impact of housing vacancy and abandonment, the Bank shared information with community development groups and public officials.

As Ohio legislators considered a bill to revamp the state's existing laws on land banks, the Bank published an analysis of land banks as a tool to address the problem of vacant and abandoned properties. This analysis is intended to be of interest to policymakers nationwide. The Bank also focused on opportunities for regulatory reform and conducted numerous meetings with nationally renowned experts, with an eye toward developing a set of principles for regulatory reform.



**December 10, 2008.** Joint Board of Directors dinner with guest speaker William Dudley, current president of the Federal Reserve Bank of New York.



**May 8, 2008.** Ben Bernanke, chairman of the Board of Governors of the Federal Reserve System, speaks to Federal Reserve Bank of Cleveland employees at a special program hosted at the Bank.

**The Bank's Learning Center and Money Museum** offered additional opportunities to strengthen public awareness of the role of the Federal Reserve System and provided economic education and financial literacy resources for educators and students.

**The Community Development** function conducted extensive outreach during 2008, sharing the Bank's policy perspectives with community development practitioners and public officials. These efforts enabled the Bank to remain informed of emerging issues and opportunities to respond to them. The Bank contributed to the development of the System's "Recovery, Renewal, Rebuilding" events to address the housing market crisis, and hosted a research conference on vacant properties in weak-market cities.

The Bank also provided analytical support to public officials as they explored ways to optimize the use of funding made available by the Department of Housing and Urban Development through the Housing and Economic Recovery Act of 2008. In addition, the Bank also crafted two of the 16 case studies included in the System's landmark study, *The Enduring Challenge of Concentrated Poverty: Case Studies from Across the U.S.*, and provided guidance on the research direction of the project.



**June 11-12, 2008.** Sixth annual Community Development Policy Summit. (L-R): Jeff Gatica, senior Community Development advisor, Federal Reserve Bank of Cleveland; Paul Ginger, Central District Community Affairs officer, Office of the Comptroller of the Currency; Glenn Brewer, Community Affairs specialist, Federal Deposit Insurance Corporation; and Ruth Clevenger, vice president and Community Affairs officer, Federal Reserve Bank of Cleveland.

## Core Business Operations

**The Check** function was selected as the Federal Reserve System's final paper check processing site and the final site for check adjustments, reflecting a long-term commitment to efficiency, effectiveness, and customer service. In support of the System's strategy to streamline operations in response to an increasingly electronic payments system, the Bank successfully consolidated Buffalo and Cincinnati check operations with minimal customer impact.

**The Cash** function maintained a superior ranking for all System efficiency standards and helped lead System efforts to standardize software requirements and operational practices.

**The eGovernment** function provides strategic, product development, project management, and operational support for two significant Treasury business lines: the processing of internet-originated collections and the settlement of check and ACH debit transactions. It also supports one emerging business line, the online banking channel. The function achieved the highest possible operational ratings from the U.S. Treasury and met or exceeded all cost targets. The Bank provided analysis and insights to the Treasury to support the future strategy for modernizing its collection and cash management operations.

**The Treasury Retail Securities** function received the highest possible rating from the U.S. Treasury and met all quantitative and qualitative Treasury measurements. The Bank continues to support the Bureau of the Public Debt initiatives, providing leadership to the business scanning project and expanding services to retail customers.

To support all of these outcomes, the Bank continued its culture change program through a focus on learning, leadership, and innovation. These efforts, combined with human capital plans to strengthen existing skills, are intended to help the Bank accommodate new opportunities to support Federal Reserve System strategies. To that end, the Bank hosted a talent management summit to provide expert insights on its approach and to share best practices with other Reserve Banks.



**June 25, 2008.** Lunchtime learning event presented to Federal Reserve Bank of Cleveland employees by Paul Kaboth, assistant vice president in Supervision and Regulation Administration.