Since the adoption of the Bank's strategic plan in late 1993, a set of strategic goals has guided Bankwide activities and the commitment of financial resources. Bank performance is evaluated each year, in large part by progress made toward achievement of these goals.

POLICY ISSUES

One of the Bank's important goals is to influence constructively the direction of monetary, banking, and payments system policies by advancing knowledge and understanding of important policy issues within the Federal Reserve and in the community at large. Strong support for this goal was provided in 1996 by the Bank's Research, Bank Supervision and Regulation, Financial Services, Reserve Accounts and Credit, and Public Information areas. Research economists provided high quality analytical support for the Bank president's participation in Federal Open Market Committee meetings and published analyses of relevant policy issues in professional journals and Bank publications. Staff members also contributed significantly to realizing an expanded payments system policy role for the Bank through the president's involvement with the System Financial Services Policy Committee and the Payments System Policy Advisory Committee. The Bank's quarterly banking policy briefings continued to provide a forum for key staff within the Bank to expand their knowledge and understanding of current policy issues in a cross-functional setting. In September the Bank Supervision and Regulation function organized and hosted a highly successful conference for banking regulators nationwide covering new retail electronic banking initiatives and related supervisory and regulatory issues.

PUBLIC INFORMATION AND OUTREACH

In pursuit of another goal, the Bank further expanded its public information and outreach activities in an effort to broaden its traditional audience and better educate the public concerning Federal Reserve policies and activities. Professor Alan Blinder of Princeton University, formerly vice chairman of the Federal Reserve Board, was the guest lecturer in this year's Economic Lecture Series, cosponsored with local universities. Bank officers increased the number of speeches and presentations given in public forums. In addition, the series of informal breakfast and dinner meetings in communities around the District continues to provide opportunities for Bank representatives to communicate more directly with community leaders. The Public Affairs Department expanded other outreach activities with bankers, media representatives, educators, government officials, and business people. Joint economic education activities with secondary school teachers were increased throughout the District, and *Equilibria*, a new economic education newsletter for teachers, was introduced. In addition, a Bank-sponsored volunteer program was organized in Richmond, expanding the involvement of Bank employees in community and human services organizations.

COMMUNITY DEVELOPMENT

The Bank's Community Affairs function produced several reports and newsletters designed to promote community development programs within the District. Community profiles with economic, demographic, and community lending data for Columbia, South Carolina; Hagerstown, Maryland; and Richmond, Virginia were published and presented in local forums. Special reports and newsletters covered successful community development techniques, compliance issues, and regional and national development topics. The Bank also hosted a Districtwide conference in October promoting best practices for fostering small business development.

CUSTOMER SERVICE

Another important Bank goal is to continue to be a successful competitive provider of financial services that are responsive to the needs of depository institutions, the U.S. government, and the general public. The Bank fully met the requirements of the Monetary Control Act by recovering all of the costs of providing its priced services (i.e., check collection and electronic payment services) through fees charged to service users. Service quality improvements were emphasized in 1996, and all System targets for service quality measures were exceeded. Financial services staff members gave special attention to customer quality expectations and initiated a continuous improvement process to further enhance service offerings. Cooperative efforts with local ACH associations were expanded in an effort to encourage increased use of electronic payments.

Bank staff provided critical consultative and developmental support to key initiatives by the U.S. Treasury and other government agencies to enhance the efficiency of government financial processes. A Bank officer served as System Treasury liaison and helped coordinate over 30 strategic Treasury initiatives. Other officers and staff in Information Systems, Fiscal and Securities, Currency Technology Office, and Reserve Accounts and Credit also made key contributions to joint Treasury-Federal Reserve initiatives during the year. One of the projects, the Account Management Agent software application designed and developed by Bank staff for the Department of Agriculture's Food and Consumer Services, earned that agency the government's "Excellence in Financial Management" award.

INTERSTATE BANKING

Meeting the challenges posed by the growth of interstate banking organizations for the Federal Reserve's central bank and financial service operations has been another important strategic goal. Several large and rapidly expanding interstate banking institutions are headquartered in the Fifth District. Relying on insight gained from close contacts with these organizations, Bank staff made significant contributions in 1996 to the Federal Reserve System's understanding of and proactive response to the support requirements and policy implications surfaced by the growth of interstate banking. Notable contributions were made in the areas of banking supervision, reserve accounting, credit, risk monitoring, statistical reporting, and the identification of new bank informational requirements.

FINANCIAL STABILITY

Healthy economic and financial conditions during the year were conducive to the continued strong financial condition of Fifth District financial institutions. Banking Supervision and Reserve Accounts and Credit staff members made further progress toward the Bank goal of being prepared to respond immediately and fully to financial crises. Banking Supervision focused on improving the bank examination and monitoring processes, with special attention to the management of risk within banking organizations and improved coordination among regulatory agencies. Consultative efforts of the Reserve Accounts and Credit staff significantly enhanced the understanding and readiness of District depository institutions to borrow from the discount window, if necessary.

REVIEW OF STRATEGIC PLAN

Finally, Bank management conducted a fundamental review of the dynamic external and internal environments in which the Bank pursues its mission. This analysis resulted in a refinement of Bank goals to reflect changes in its strategic situation and new challenges facing both the Bank and the Federal Reserve System as a whole.