



FROM LEFT TO RIGHT

Claudine B. Malone, Deputy Chairman; Walter A. Varvel, First Vice President;
Henry J. Faison, Chairman; J. Alfred Broaddus, Jr., President

MESSAGE FROM THE PRESIDENT

It is a pleasure to present this Bank's *Annual Report* for 1995. As indicated in "The Year in Review" section, the Bank made significant further progress over the year toward achieving the long-term goals set out in its strategic plan. I believe that this progress enabled the Bank to serve Fifth District depository institutions, the U.S. Treasury and the public more effectively in 1995.

Progress was made across a wide range of Bank activities — from contributions to national monetary, banking, and payments system policies to specialized support for the payments activities of the U.S. Treasury. A number of successful steps were taken in accordance with our strategic goal to increase efficiency and reduce costs. This progress allowed the Bank to compete more effectively in the provision of priced financial services — another goal — as evidenced by a substantial improvement in cost recovery prospects in these activities.

In 1995, the Bank also focused heavily on strengthening and extending its public information outreach and educational efforts. For example, members of our Public Affairs staff strongly supported economic education programs throughout our District and played a key role in developing the national and international educational campaign mounted by the Treasury to prepare the public for the introduction of the redesigned U.S. currency. Elsewhere, our Community Affairs staff published several new community profiles and inaugurated *Marketwise*, a newsletter focused on community development initiatives in our region. And with the assistance of our Public Affairs staff, I have had the pleasure of visiting several smaller District communities for two-way discussions with local business people — especially owners of small businesses and bankers.

In keeping with the Bank's informational and educational mandates, this Bank traditionally has built its *Annual Report* around an essay aimed at strengthening the reader's appreciation of a public policy issue or operational matter relevant to the Bank's activities or Federal Reserve System activities. This year's essay, prepared by my colleague Marvin Goodfriend and me, focuses on the System's operations in foreign exchange markets and raises questions regarding possible negative consequences of these operations on the credibility and effectiveness of Federal Reserve monetary policy and the Fed's status as an independent central bank within the government.



J. Alfred Broaddus, Jr.
President