

Federal Reserve Bank of Minneapolis

2010

Operations  
Report



# Message from the First Vice President

Over the next few years, the Federal Reserve System (System) faces a complex, dynamic, and uncertain outlook as it seeks to fulfill its mission to foster the stability, integrity, and efficiency of the nation’s monetary, financial, and payments systems in order to promote optimal economic performance.

The financial crisis that began in 2007 revealed vulnerabilities in markets and specific institutions, requiring policy responses on a scope and scale that would have been hard to imagine previously. With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) on July 21, 2010, attention has shifted to the enormous implementation challenge. The Dodd-Frank Act, recognizing the pivotal role played by the System in responding to the crisis, expands the System’s responsibilities in numerous ways while limiting some authorities, reinforcing transparency, and expanding review mechanisms. The sheer volume of regulatory rule making that must be accomplished over the next two years has little, if any, precedent in System history.

Against this backdrop, the Federal Reserve Bank of Minneapolis (Bank) will continue to seek opportunities to leverage its strengths in making important System contributions while at the same time pursuing financial and operational strategies directed at ensuring that all System objectives are met efficiently and with high quality.

In the supervision and regulation area, the Dodd-Frank Act bestows on the System significant new responsibilities for the supervision of systemically important financial institutions, systemically important financial market utilities, and thrift holding companies. The Dodd-Frank Act also necessitates revisions to existing supervisory policies. For the Bank, these changes, along with the rapidly changing landscape of the financial services industry, will require additional resources and new expertise.

With respect to its priced service activities, declining check volumes and advances in electronic payment technologies continue to challenge the System to adapt in order to meet its statu-

## 2010 BY THE NUMBERS

In 2010, the Federal Reserve Bank of Minneapolis processed:

- 11.7 billion ACH (Automated Clearing House) payments worth approximately \$21.4 trillion. FedACH is a nationwide system, developed and operated by Minneapolis staff on behalf of the entire Federal Reserve System, which provides the electronic exchange of debits and credits.
- \$10.6 billion of currency deposits from financial institutions, destroyed \$897.5 million of worn and torn currency, and shipped \$12 billion of currency to financial institutions.
- Tenders, account maintenance, forms, and other customer transactions for 227,000 active Legacy Treasury Direct accounts for individuals holding Treasury securities totaling \$45 billion, and 2.7 million savings bond purchase requests worth \$1.2 billion, as one of two Treasury Retail Securities sites in the Federal Reserve System.
- 188,000 transaction items valued at \$464 billion through FR-ETA (Federal Reserve-Electronic Tax Application), a same-day payment mechanism, hosted by the Federal Reserve Bank of Minneapolis, for businesses paying federal taxes via their financial institutions.

tory cost recovery obligations. In response, the System's check business strategy focuses on virtually eliminating its paper-processing infrastructure and transitioning to electronic processing. Pursuant to this strategy, in May 2010, the Bank closed its check operations, marking the end of nearly a century of clearing checks. Change will also be a continuing reality in the Bank's other key operating areas where it conducts consolidated activities on behalf of the System, including Treasury Retail Services, Electronic Access customer support and FedACH, as these areas respond to the impact of technology advances, marketplace dynamics, and evolving business plans.

Over the next few years, the Bank will continue to pursue opportunities to leverage its customer support infrastructure to efficiently support other System operations. As it has recently with the National Service Desk, the Bank will continue to look for System consolidation opportunities that are well aligned with its existing operations, strengths, and strategic priorities.

Strengthening the Bank's Research and Public Programs areas will be an important priority over the next few years. The Bank will continue its focus on academic research in applied economics as well as expanding its capabilities related to selected public policy issue oriented research. In addition, the Bank's outreach efforts to its diverse constituencies and stakeholders will be broadened and strengthened.

The Bank's continued success in addressing challenges is a result of our employees' strong commitment to excellence and the Bank's core values. One of the requirements of the Dodd-Frank Act is the establishment of an Office of Minority and Women Inclusion to focus on, among other things, improving diversity of the Bank's workforce and the participation of minority- and women-owned businesses in the Bank's programs and procurements. These requirements of the Dodd-Frank Act reinforce the Bank's long-standing commitment to diversity in its workforce and business relationships.

As we look to the future, we will strive to sustain our commitment to excellence and our core values, successfully meet future challenges, and thereby continue to support the System's mission to foster stability, integrity, and efficiency in the nation's monetary, financial, and payments systems to promote optimal economic performance.



James M. Lyon  
First Vice President