

Federal Reserve Financial Services

Business and Strategy Update

FRB Kansas City Joint Boards of Directors

January 12, 2023

Presenters: Kim Robbins, FRFS Chief of Enterprise Services

Josias Aleman, Payments Committee Support Office Director

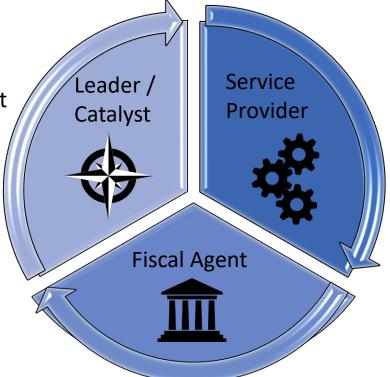


The Federal Reserve's Role in the Payments System

Foster the integrity, efficiency, and accessibility of the payments system

- Advocate
- Convener
- Educator
- Change Agent

- FedCash Services
- * Retail Services
- Wholesale Services
- FedLine Services
- FedNowSM Services



Services to the U.S. Treasury and other government agencies



Financial Services Evolution

1910s

1913: Federal Reserve established; check clearing established

1914-1915: First Federal Reserve notes distributed; began acting as the U.S. government's fiscal agent

1918: Early version of funds transfer established

1980s

1980: Monetary Control Act passed

Cash Fiscal Product Office established (was later changed to Cash Product Office and Wholesale Product Office)

2000s

2001: Cash Product Office, Customer Relations and Support Office, Treasury Relations and Support Office, and Wholesale Product Office established

2003: Check Clearing for the 21st Century Act passed

2020+

Financial Services Reorganization

FedNowSM Service Launch













1960s & 70s

1960s: Funds transfer took electronic form

1972: Automated Clearing House (ACH) network created

1978: Federal Reserve began managing a national network of linked ACH networks

1990s

1994: Retail Payments Office established

2010s

2011: Esther joins the COP financial services oversight committee (FSPC)

2013-2017: Engaged industry in Payment System Improvement / Strategies for Improving the U.S. Payment System initiative

2016-2019: Esther chairs FSPC

2019: FedNowSM Service announcement



Federal Reserve Financial Services Reorganization

Past: Business Line Oriented ~ Product Centric ~ Specific Reserve Banks

Cash Product
Office

FRB San Francisco

Customer
Relations and
Support Office
FRB Chicago

Retail Payments
Office

FRB Atlanta

Wholesale
Product Office
FRB New York

FedNowSM

Development

FRB Boston

<u>Current</u>: Functionally Oriented ~ Enterprise Centric ~ All Reserve Banks

Chief Payments Executive

FRFS Operations

FRFS Technology FRFS
Product &
Relationship
Management

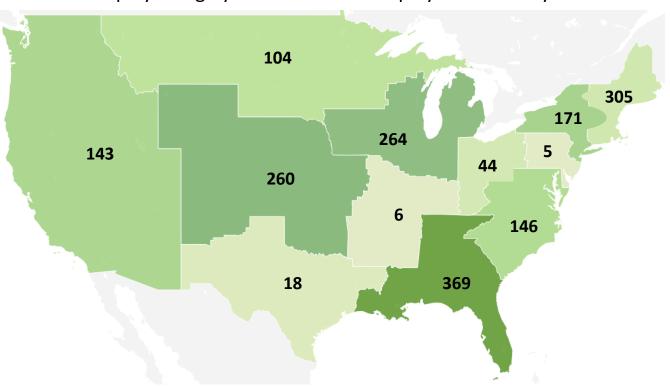
FRFS FedCash Services FRFS Support Services FRFS
People &
Culture

FRFS Chief of Staff



Scale and Scope of the FRB Kansas City Contribution

The Bank employs roughly 14% of all FRFS employees¹ in the System.



^{*}FRB Kansas City employee count includes 9 employees in the Payments Committee Support Office.

Senior Leadership and **Executive Support**

5 Employees

FedNow

17 Employees

Development

Payments Committee Support Office 9 Employees

Operations 113 **Employees**

Technology 93 Employees

Product and Relationship **Management**

12 Employees

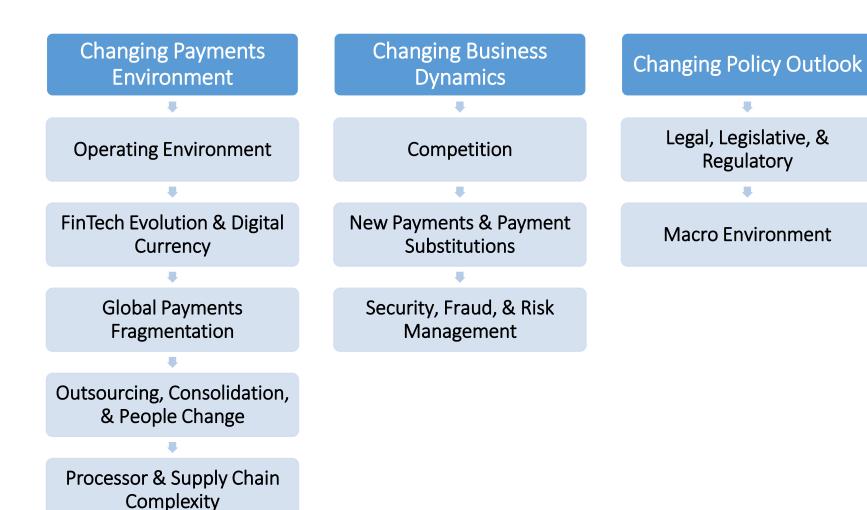
Enterprise Services, Chief of Staff, and People 11 Employees

¹ Excludes FRFS Contractors



Environmental Drivers

The FRFS Enterprise faces a dynamic operating environment characterized by increasing change and complexity





Strategic Direction

Over the next two years, the FRFS Enterprise will focus its efforts on three strategic objectives:

Guiding Themes & Objectives

Keep the FRFS pointed towards the Vision

Desired Outcomes

FRFS will achieve its Objectives when we...



Successfully Launch FedNow



Improve Payments System Efficiency,
Security, and Resiliency

Drive product

improvements to benefit our diverse customer base

Advance FRFS' Competitive Position



TRANSFORM

Advance the FRFS functional alignment and leverage our diversity in creating a unified customer-focused enterprise

Enable Seamless Operation of the Enterprise

Establish FRFS Integrated Payments
Strategy and Roadmaps



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