



## **Key Dimensions of the Federal Reserve Bank President Position**

The position of the Federal Reserve Bank president reflects the unique nature of the Federal Reserve System itself, which by its very design, has assigned the Reserve Banks a range of very significant responsibilities and incorporates both public and private sector characteristics. A Fed president's responsibilities fall into three broad areas. The first is that of a public policymaker. The second is acting as chief executive officer (CEO) of his/her organization. The third involves contributing to System leadership. All of these distinct roles include an important and sensitive requirement for communicating with the Federal Reserve's various constituents.

While there is a common core of key dimensions associated with a president's job, expectations of an individual Bank president may vary significantly from Bank to Bank, reflecting differences in the background and expertise of an incumbent president, the scale and scope of a particular Bank's work, special responsibilities assigned to a Reserve Bank or its president, and priorities established by the Bank's board of directors. The following paragraphs elaborate on key dimensions of a Fed president's primary responsibilities:

### **Policymaker**

#### **Monetary Policy**

A Federal Reserve Bank president participates with the other 11 Reserve Bank presidents and the seven members of the Board of Governors in the process of debating and deciding US monetary policy. The work of a president in monetary policymaking includes:

Economic research. Guides the focus of Bank-level economic research, often in collaboration with other researchers inside and outside the Fed, to inform the policy debate and the general understanding of important economic issues.

Regional economic intelligence. Gathers insightful, anecdotal economic intelligence through interactions with the District board(s) of directors and other business and community contacts. Provides strong support to the board of directors in developing the directors' discount rate recommendations.

Policy debate and decision-making. Participates in FOMC policy debates, bringing both regional insights and independent views on national and international economic issues.

Policy communication. Is actively involved in the process of informing the Fed's various constituents about monetary policy issues and actions.

## **Policy Adviser**

### **Supervisory Policy**

Pursuant to Section 11(k) of the Federal Reserve Act, the Board of Governors has exclusive authority to establish policies for the supervision and regulation of depository institution holding companies and other financial firms subject to its supervision. A president's involvement in the supervision of financial institutions will vary by the types and sizes of the institutions located in the president's District and their financial condition. The president is responsible for ensuring that the Bank's supervisory staff carries out their responsibilities as set forth by the Board of Governors. The president plays an important contact role, especially in times of financial problems. While Bank supervision and regulatory decisions are made by the Board of Governors, the president may provide valuable input into the regulatory process through participation on joint Bank/board committees and providing comments on regulatory proposals.

### **Payments Policy and Related Matters**

Depending on the role of a president's Reserve Bank in payments operations and/or a president's System committee responsibilities, presidents may contribute to setting the strategic direction for the Federal Reserve System payments services and efforts to influence national payments system evolution. In this regard, presidents' contributions may be informed through their association with financial institutions in their districts. During times of crisis, presidents may play a more direct and visible leadership role in System payments issues.

## **Chief Executive Officer**

A Federal Reserve Bank president serves as CEO of his/her Bank, an organization with complex, challenging, and sensitive responsibilities. That work includes:

Strategic vision and leadership. In consultation with other senior officers at the Bank and with the board of directors, develops a broad vision for the organization subject to the statutory authority prescribed for the Reserve Banks. Communicates the corporate vision throughout the organization and develops effective strategies and goals to accomplish the vision. Models the integrity, intellect, character, executive disposition, personal leadership, and communication skills required of an effective top executive.

Business performance and stewardship. Fosters a culture of strong business performance and achieves strategic financial and operational goals. Provides good stewardship of public resources and is accountable for budget and financial performance for the Bank, including the oversight of System payments operations in their districts, discount window lending, and shared financial goals of the System.

Risk identification and mitigation. Creates and participates actively in a process for identifying strategic risks facing the organization and leads the development of strategies and initiatives to mitigate those risks.

Director relations. Assists in the ongoing process of identifying and recruiting strong and diverse potential directors for election by shareholder banks and appointment by the Board of Governors. Advises and consults with the Bank's board of directors regarding issues of strategic direction and policy and keeps the board informed regarding ongoing operations and progress on business goals and objectives. Ensures that individual directors are well prepared and supported to fully contribute to board discussions.

Development of leadership talent and teamwork. Identifies, recruits, and develops a strong and diverse cadre of leaders for the organization. Builds teamwork across functional areas and with other colleagues throughout the Fed System. Fosters a culture of openness and provides an environment for personal growth and advancement. Develops senior management succession plans.

Community and civic involvement. Represents the Reserve Bank and the Federal Reserve System to the community within the Federal Reserve District. Educates community leaders and the public about the Fed's roles and responsibilities. Promotes the Federal Reserve as an involved and supportive organization within the cities where the Bank has a presence. Builds goodwill and respect for the Federal Reserve among the Bank's constituencies.

### **System Leadership**

While each Reserve Bank operates as a distinct legal entity, the success of a Reserve Bank and the overall Federal Reserve System depends upon the effective collaboration and cooperation among the Reserve Banks. That intellectual and operational partnership among Reserve Banks has several dimensions:

Personal System contributions. Contributes to the Conference of Presidents' debate and decision-making on issues that transcend individual Reserve Bank authority, recognizing the duty to ensure that decisions on such matters need to reflect the broad interests and strategies of the Federal Reserve System. Leads or contributes to individual System committees, projects, or other efforts to ensure that the best ideas and thinking from across the System are identified. Follows through in leadership assignments to build consensus, get decisions, implement decisions, and assess results.

Support for coordinated System direction. Ensures that the local Reserve Bank supports coordinated System objectives by contributing strong performance and quality on its local System responsibilities and by fulfilling its performance agreement obligations to the other Reserve Banks.

Staff contributions. Identifies staff from his/her Reserve Bank with the experience, interest, and ability to take roles in System subcommittees, task forces, and project work. Makes such staff available and provides appropriate support for such System assignments.