

# 1995 ANNUAL REPORT



**Federal Reserve Bank of Atlanta**





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FEDERAL  
RESERVE  
BANK OF  
ATLANTA





## MESSAGE FROM THE PRESIDENT

**T**HE 1995 ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF ATLANTA FEATURES A REVIEW OF THE INSTITUTION'S ACCOMPLISHMENTS FOR THE YEAR ALONG WITH THE CONSOLIDATED FINANCIAL STATEMENTS OF THE ATLANTA, BIRMINGHAM, JACKSONVILLE, MIAMI, NASHVILLE, AND NEW ORLEANS OFFICES. THE NAMES OF ALL DIRECTORS AND OFFICERS WHO SERVED THE SIXTH DISTRICT DURING THE PAST YEAR ARE LISTED AS WELL.

UPON MY RETIREMENT AS OF YEAR'S END 1995, I TAKE THE OPPORTUNITY IN THE ESSAY THAT FOLLOWS TO LOOK BACK ON ECONOMIC DEVELOPMENTS DURING THE TWELVE YEARS OF MY SERVICE AS ATLANTA FED PRESIDENT. DRAMATIC POLITICAL EVENTS HAVE OCCURRED THROUGHOUT THE WORLD OVER THE LAST DECADE, BREAKING DOWN ECONOMIC AND CULTURAL BARRIERS AND CHANGING WORLD MARKETS. THIS GLOBALIZATION HAS BROUGHT SWEEPING ECONOMIC CHANGES FOR BOTH THE UNITED STATES AND THE SOUTHEAST. THE ESSAY OBSERVES THAT POLICYMAKERS IN THE FEDERAL RESERVE SYSTEM—ALONG WITH INDIVIDUALS, BUSINESSES, AND COMMUNITIES THROUGHOUT SOCIETY—MUST MOVE FORWARD IN THIS NEW ENVIRONMENT, THINKING MORE BROADLY AS WE MAKE DECISIONS.



THROUGHOUT MY TENURE AS PRESIDENT, I HAVE BEEN PRIVILEGED TO WORK WITH A NUMBER OF DIRECTORS FROM AROUND THE SIXTH DISTRICT, AND I WOULD LIKE TO EXPRESS MY APPRECIATION FOR THEIR VALUABLE COUNSEL. I ESPECIALLY WANT TO ACKNOWLEDGE THOSE DIRECTORS WHO SERVED IN 1995 AND IN PARTICULAR THOSE WHOSE SERVICE ENDED WITH THE YEAR: LEO BENATAR, CHAIRMAN, J. THOMAS HOLTON, AND W.H. SWAIN, OF THE ATLANTA BOARD; LANA JANE LEWIS-BRENT, CHAIRMAN OF THE JACKSONVILLE BOARD; JAMES D. HARRIS, OF THE NASHVILLE BOARD; AND THOMAS E. WALKER, OF THE NEW ORLEANS BOARD.

*Robert P. Forrestal*

ROBERT P. FORRESTAL  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

FEDERAL  
RESERVE  
BANK OF  
ATLANTA



# A RETROSPECTIVE: FACING THE CHALLENGE OF GLOBALIZATION

BY ROBERT P. FORRESTAL



IN THE TWELVE YEARS SINCE I BECAME PRESIDENT OF THE FEDERAL RESERVE BANK OF ATLANTA, TRULY MOMENTOUS HISTORICAL EVENTS HAVE TAKEN PLACE AROUND THE WORLD, FROM THE TEARING DOWN OF THE BERLIN WALL TO THE RAISING OF HOPES OF PEACE IN THE MIDDLE EAST, NORTHERN IRELAND, AND BOSNIA. PROFOUND ECONOMIC CHANGES HAVE OCCURRED WORLDWIDE AS WELL, INCLUDING THE REUNIFICATION OF GERMANY, THE TRANSFORMATION OF MANY LATIN AMERICAN COUNTRIES FROM CENTRALIZED TO MARKET ECONOMIES, AND CHINA'S EMERGENCE INTO THE WORLD ECONOMY. NO FORCE HAS BEEN GREATER THAN THE GLOBALIZATION THAT CONTINUES TO SWEEP ASIDE ECONOMIC AND CULTURAL BARRIERS BETWEEN COUNTRIES AND TO CALL FOR COUNTRIES TO THINK MORE BROADLY IN DECISION MAKING ON PUBLIC POLICY.

## A DECADE OF DRAMATIC CHANGE



THE END OF THE COLD WAR AND THE BREAK-UP OF THE SOVIET UNION WERE THE WATER-SHED EVENTS OF THE PAST DECADE. THEY WERE MORE THAN POLITICAL AND MILITARY EVENTS, HOWEVER. NOW THE COUNTRIES THAT FOR YEARS WERE UNDER COMMUNIST RULE ARE FREE TO PURSUE THE PRINCIPLES OF MARKET ECONOMICS THAT HAVE SERVED THE UNITED STATES SO WELL.

IN CONTRAST TO THE BREAKING UP OF THE U.S.S.R. CAME THE FORMAL AGREEMENT TO UNIFY THE MARKETS OF THE EUROPEAN COMMUNITY IN 1992. "EUROPE 1992" MARKED THE RECOGNITION BY MANY EUROPEAN COUNTRIES THAT THEY EACH WOULD BE BETTER OFF WORKING IN CLOSER HARMONY WITH THEIR



NEIGHBORS IN TRADE AND IN VARIOUS REALMS OF ECONOMIC POLICY. THE ROAD TO UNIFICATION HAS NOT ALWAYS BEEN SMOOTH, BUT IT WAS NOT EXPECTED TO BE, GIVEN THE ENORMITY OF THE TASK. IT HAS REQUIRED BRINGING TOGETHER DIVERSE NATIONS THAT HISTORICALLY HAVE CLUNG PROUDLY TO THEIR SOVEREIGNTY AND DISTINCT CULTURES. AT THE SAME TIME, IT HAS REQUIRED BREAKING DOWN TRADE, POPULATION, AND CAPITAL FLOW BARRIERS RANGING FROM DIFFERENT PRODUCT SAFETY STANDARDS TO DIFFERENT BANK REGULATIONS.

THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) WAS ALSO A MAJOR EFFORT TO TIE TOGETHER NEIGHBORING YET DISPARATE COUNTRIES IN A REGIONAL TRADE PACT. FIRST CANADA AND THE UNITED STATES ENTERED INTO AN AGREEMENT TO RELAX TRADE RESTRICTIONS, AND LATER, AFTER MUCH DEBATE, MEXICO JOINED THE AGREEMENT. MEXICO WAS ABLE TO JOIN NAFTA BECAUSE OF ITS INVOLVEMENT IN ANOTHER CRUCIAL DEVELOPMENT—THE SHIFT FROM A DEBT CRISIS IN LATIN AMERICA IN THE EARLY 1980S TO A SITUATION OF ONGOING DEBT RELIEF, MAJOR MACROECONOMIC REFORMS, AND THE EMERGENCE OF MARKET-ORIENTED ECONOMIES THERE.

THE UNITED STATES HAS EXPERIENCED ITS OWN MILESTONES, BOTH POSITIVE AND NEGATIVE. WE WATCHED THE PERSIAN GULF WAR ON TELEVISION IN REAL TIME VIA NEW TECHNOLOGY EMPLOYED BY CNN. THE RODNEY KING TRIALS AND THE ENSUING RIOTS FORCED US TO EXAMINE OUR DEEPEST RACIAL BELIEFS AND, MORE BROADLY, CHALLENGED US TO CONSIDER HOW WE AS A SOCIETY DEAL WITH AN INCREASINGLY DIVERSE POPULATION AS WELL AS THE UNRESOLVED PROBLEM OF POVERTY.

IN THE BUSINESS WORLD, THE STOCK MARKET CRASH IN 1987 BROUGHT TO MIND HARROWING TALES OF THE GREAT DEPRESSION. QUESTIONABLE BUSINESS ETHICS ALSO CHARACTERIZED THE 1980S AS INSIDER-TRADING SCANDALS ERUPTED. ON A BROADER SCALE, THE COUNTRY SEEMED TO ENTER A PERIOD DURING WHICH CURRENT CONSUMPTION TOOK PRECEDENCE OVER SAVING AND INVESTING FOR THE FUTURE. THE DECLINING HOUSEHOLD SAVINGS RATE REFLECTED THIS PHENOMENON, BUT IT IS ALSO ALL TOO EVIDENT IN THE BUILDUP OF THE HUGE FEDERAL BUDGET DEFICIT THAT IS STILL WITH US.

OVER THE PAST DECADE OR SO THE BANKING INDUSTRY CHANGED A GREAT DEAL AS WELL. BANKS FACED EVEN TOUGHER COMPETITION FROM FINANCIAL INSTITUTIONS BOTH INSIDE AND OUTSIDE THE UNITED STATES. THE SAVINGS AND LOAN DEBACLE CAUSED HARDSHIP TO TAXPAYERS. HOWEVER, BOTH THE FINANCIAL SYSTEM AND THE ECONOMY HAVE ALSO EXPERIENCED GOOD NEWS. IN THE EARLY 1980S, FOR EXAMPLE, THE ECONOMY WAS RECOVERING FROM A BOUT OF INFLATION THAT HAD REACHED THE HIGH-WATER MARK OF 13.5 PERCENT IN 1980. TODAY, FOUR YEARS OF LOW AND STABLE INFLATION OF 3 PERCENT OR LESS AND RESPECTABLE TO RAPID ECONOMIC GROWTH HAVE PAINTED A MUCH BRIGHTER ECONOMIC PICTURE.



DURING THIS SAME PERIOD, WE HAVE ALSO WITNESSED THE SOUTHEAST TAKING ITS PLACE IN THE NATION AS AN ECONOMIC EQUAL AMONG OTHER REGIONS—IF NOT A LEADER. THE IMPROVEMENT IN THE SOUTHEASTERN ECONOMY IS SYMBOLIZED AS MUCH BY ITS STRONG GROWTH—CONSISTENTLY STRONGER THAN THE NATION'S—DURING THE REBOUND FROM THE 1990-91 RECESSION AS BY THE OLYMPIC GAMES THAT WILL BE HELD IN ATLANTA IN THE SUMMER OF 1996.

## LEADING DEVELOPMENTS



AS I REFLECT ON THESE YEARS, IT IS CLEAR THAT MANY FORCES HAVE BEEN AT WORK. PROMINENT AMONG THEM IS THE RAPID PACE OF TECHNOLOGICAL CHANGE. WHEN HISTORIANS AND OTHER OBSERVERS LOOK BACK TO THE ERA OF THE 1980S AND 1990S,

THEY MAY COMPARE OUR TECHNOLOGICAL REVOLUTION TO THE INDUSTRIAL REVOLUTION OF THE 1800S. MANY OF THE SALIENT EVENTS AND TRENDS SUCH AS THE GROWTH OF INTERNATIONAL MONEY AND CAPITAL MARKETS WOULD NOT HAVE BEEN POSSIBLE WITHOUT ADVANCED TECHNOLOGIES LIKE IMPROVED TELECOMMUNICATIONS AND COMPUTERS. INDEED, TECHNOLOGICAL DEVELOPMENTS HAVE PROVIDED MUCH OF THE MOMENTUM IN THE TREND TOWARD GLOBALIZATION—THAT IS, THE GROWING INTEGRATION OF MARKETS ALL OVER THE WORLD, INCLUDING THE UNITED STATES—THAT HAS TAKEN CENTER STAGE IN REGIONAL AND NATIONAL ECONOMIC DEVELOPMENTS.

GLOBALIZATION, OFTEN MEASURED IN TERMS OF INCREASED TRADE AND FINANCIAL FLOWS, IN FACT GETS TO THE VERY HEART OF INDIVIDUAL BUSINESS DECISIONS. IT MEANS THAT THE SCOPE OF DECISION MAKING—WHERE TO PUT A NEW MANUFACTURING PLANT, FOR INSTANCE, OR WHERE TO FIND A POOL OF LABOR—WIDENS GEOGRAPHICALLY TO INCLUDE THE WHOLE WORLD, NOT JUST A REGION OR THE NATION. IN THE SAME SENSE, GLOBALIZATION HAS CONTRIBUTED TO THE EVOLUTION OF EVENTS AND THE CHOICES IN ECONOMIC POLICY AND THEREFORE HAS BEEN A PARTICULARLY IMPORTANT DYNAMIC TO BE CONSIDERED IN MY ROLE AS A CENTRAL BANKER.

## GLOBALIZATION AS A DRIVING FORCE



THE ARRAY OF ISSUES ON THE U.S. ECONOMIC PUBLIC POLICY AGENDA IN THE LAST DECADE—BANKING DEREGULATION, COMPETITIVENESS AND EFFICIENCY, BUDGET DEFICITS, PRICE STABILITY, DEMOGRAPHICS, DIVERSITY, AND LENDING DISCRIMINATION,

TO NAME ONLY SOME—MAKE IT CLEAR THAT, WHILE EACH ISSUE HAD ITS OWN SET OF CAUSES AND CONSEQUENCES, THE EVOLUTION OF THE GLOBAL ECONOMY WAS A FACTOR IN ALMOST EVERY ONE.

IN BANKING AND FINANCIAL MARKETS, CHANGE HAS BEEN ACCELERATED BY TRULY GLOBAL FLOWS OF MONEY AND CAPITAL, AND THE U.S. BANKING INDUSTRY HAS HAD TO DEAL WITH THE COMPETITIVE PRESSURES OF AN INCREASINGLY GLOBAL ECONOMIC ENVIRONMENT. HOWEVER, CONGRESS HAS BEEN SLOW TO DEREGULATE GEOGRAPHIC RESTRICTIONS ON THE BANKING INDUSTRY OR OFFER NEW POWERS TO BANKS. BANKS FACE COMPETITION FROM OTHER FINANCIAL INSTITUTIONS—BOTH DOMESTIC AND FOREIGN—THAT MAY OFFER THE SAME PRODUCTS AS BANKS BUT ARE NOT SUBJECT TO THE SAME RULES AND REGULATIONS. ALTHOUGH MANY BELIEVE THAT BANKS SHOULD HAVE THE ABILITY TO COMPETE, THE NEEDED CHANGE IN BANKING REGULATIONS HAS NOT KEPT PACE. NONETHELESS, THE BANKING INDUSTRY HAS BEEN



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ABLE TO FIND LAWFUL WAYS AROUND THIS REGULATORY FRAMEWORK, TAKING ADVANTAGE OF STATE LAWS ALLOWING INTERSTATE BANKING TO CONSOLIDATE AND FINDING OTHER WAYS TO DEAL WITH CHALLENGES RELATED TO GLOBALIZATION.

COMPETITIVENESS AND PRESSURES TO INCREASE EFFICIENCY HAVE APPLIED NOT ONLY TO THE BANKING INDUSTRY BUT TO THE U.S. ECONOMY AT LARGE AS BUSI-

NESSES HAVE FOUND THEMSELVES COMPETING WITH INTERNATIONAL COMPANIES. NOT SURPRISINGLY, MANY PEOPLE BEGAN TO CALL FOR PROTECTIONISM AS AN EASY ANSWER TO COMPETITION. IN THE MAIN, THIS NATION HAS NOT FALLEN PREY TO THE SIREN SOUND OF PROTECTIONISTS, A RESTRAINT THAT HAS PROVEN TO BE FOR THE BETTER ECONOMICALLY. CONSUMER BENEFITS IN THE FORM OF OVERALL LOWER PRICES AND GREATER CHOICE ARE SELF-EVIDENT. HOWEVER, AMERICAN BUSINESS BENEFITS, TOO. PROTECTED BUSINESSES ARE LESS COMPETITIVE IN THE LONG RUN BECAUSE THEY ARE LITERALLY PROTECTED FROM HAVING TO INCREASE THEIR EFFICIENCY IN ORDER TO MATCH OR BEAT THE PRICES AND PRODUCTIVITY OF BROADER, GLOBAL COMPETITORS.

TWO OTHER TRENDS CAME TO THE FOREGROUND DURING MY TENURE. CHANGING DEMOGRAPHICS AND THE GROWING DIVERSITY OF THE WORK FORCE ARE MAKING SIGNIFICANT DIFFERENCES IN THE U.S. ECONOMY. WOMEN AND MINORITIES HAVE BEEN INCREASINGLY INCORPORATED NOT ONLY INTO THE CORPORATE WORKPLACE BUT INTO MANAGEMENT, ALTHOUGH PROGRESS NEEDS TO CONTINUE. AS THE LARGE "BABY BOOMER" GENERATION AGES, RELATIVELY FEWER PEOPLE ARE COMING INTO THE WORK FORCE EACH YEAR. IN



THE LATE 1970S, FOR EXAMPLE, THE LABOR FORCE WAS GROWING AT ABOUT 3 PERCENT ANNUALLY; FOR THE YEARS FROM 1991 TO 1994, THE GROWTH RATE WAS HALF THAT FIGURE AND IS PROJECTED TO SLOW TO JUST MORE THAN 1 PERCENT EARLY IN THE NEXT CENTURY. THOSE WHO STUDY POPULATION TRENDS PROJECT THAT NEARLY ALL THE GROWTH IN THE WORLD LABOR SUPPLY DURING THE NEXT FIFTY YEARS WILL OCCUR IN EMERGING NATIONS. GIVEN THE IMPORTANCE OF SKILLED LABOR TO PRODUCTION IN AN ADVANCED ECONOMY, MORE BUSINESSES ARE LIKELY TO LOOK FOR LABOR IN DIFFERENT PARTS OF THE WORLD. AS A RESULT, WE MAY SEE THE LARGE-SCALE MIGRATION OF LABORERS FROM DEVELOPING COUNTRIES TO INDUSTRIALIZED COUNTRIES LIKE THE UNITED STATES. THE CHALLENGES AHEAD IN THIS AREA HAVE ALREADY BEEN REFLECTED IN DEBATES ON IMMIGRATION ISSUES AND IN EFFORTS TO MAKE ENGLISH THE OFFICIAL LANGUAGE OF THE UNITED STATES. IN CERTAIN RESPECTS, THEN, IT IS POSSIBLE TO SAY THAT THE GROWING DIVERSITY OF THE WORK FORCE IS RELATED TO GLOBAL DYNAMICS.

DIVERSITY AND DEMOGRAPHICS ALSO AFFECTED BANKS. BESIDES THE USUAL BANKING ISSUES THAT ARE COVERED BY SAFETY AND SOUNDNESS REGULATIONS, BANKS ALSO FACED HEIGHTENED REGULATORY ATTENTION ON SOCIAL ISSUES LIKE REDLINING AND LOAN DISCRIMINATION. INCREASED PUBLIC SCRUTINY IN THE 1970S AND 1980S LED TO THE COMMUNITY REINVESTMENT ACT (CRA) OF 1977 AND, IN 1989, ADDITIONAL REPORTING REQUIREMENTS TO THE HOME MORTGAGE DISCRIMINATION ACT (HMDA) OF 1975, WHICH REQUIRE BANKS TO MONITOR MORE CLOSELY THE ROLES THEY PLAY IN THEIR COMMUNITIES. ALTHOUGH ISSUES LIKE RACIAL DISCRIMINATION AND A LACK OF AFFORDABLE HOUSING MAY SOUND PECU- LIARLY DOMESTIC, GLOBALIZATION HAS HAD A CERTAIN HAND IN ISSUES LIKE CRA AND HMDA. SUCH SOCIAL ISSUES BECOME MORE SALIENT WHEN WE ARE MORE AWARE OF VALUES IN OTHER CULTURES. WHEN WE HARSHLY JUDGE CORRUPTION AND INSENSITIVITY TO POVERTY ABROAD, IT BECOMES HYPOCRITICAL TO TOL- ERATE IT AT HOME.

## THE MEANING OF GLOBALIZATION



THE CHANGES BROUGHT ON BY GLOBALIZATION HAVE SHAPED MY OWN DECISION MAKING AS A CENTRAL BANKER. WHEREAS ONLY TWO DECADES AGO MEMBERS OF THE BOARD OF GOVERNORS AND RESERVE BANK PRESIDENTS COULD FOCUS MORE NARROWLY ON THE DOMESTIC ECONOMY WHEN SETTING POLICY, NOW WE MUST PAY MORE ATTENTION—ON A PERSONAL LEVEL AND AN INSTITUTIONAL LEVEL—TO THE GLOBALIZATION OF FINANCIAL MARKETS AS WELL AS TO DEVELOP- MENTS IN OTHER COUNTRIES. WE CANNOT IGNORE THE INCREASING INTERCONNECTION OF MANY NATIONS THROUGH FINANCIAL FLOWS AND WORLD TRADE.

FROM 1970 TO 1994, THE SHARE OF TRADE (MEASURED AS THE AVERAGE OF IMPORTS AND EXPORTS OF GOODS AND SERVICES) AS A PROPORTION OF THE U.S. GROSS DOMESTIC PRODUCT HAD MORE THAN DOUBLED TO 17.4 PERCENT. MOREOVER, THE COMPOSITION OF IMPORTS HAS SHIFTED FROM THE PRE-DOMINANCE OF RAW MATERIALS, TROPICAL FRUIT, AND BEVERAGES TO A LARGER SHARE OF MANUFACTURED GOODS. FINALLY, COUNTRIES THAT NOT LONG AGO WERE ON THE FRINGE OF WORLD MARKETS, LIKE THOSE IN THE PACIFIC RIM, HAVE STARTED TO BECOME FULL PARTNERS IN TRADE. GLOBAL FINANCIAL FLOWS HAVE ALSO BECOME LARGER. FOR INSTANCE, U.S. INVESTORS SPENT AN ANNUAL AVERAGE OF \$9.5 BILLION BUYING FOREIGN EQUITIES AND FINANCIAL INSTRUMENTS FROM 1980 TO 1990. THAT AVERAGE INCREASED SUBSTANTIALLY TO NEARLY \$60 BILLION ANNUALLY FROM 1990 TO 1994.



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AT THE INSTITUTIONAL LEVEL, GLOBALIZATION HAS LED THE ATLANTA FED TO EVOLVE IN MANY AREAS. IN THE RESEARCH AREA, STAFF ECONOMISTS HAVE INCREASED THE NUMBER OF INTERNATIONAL RESEARCH TOPICS THEY HAVE EXPLORED, RANGING FROM EXCHANGE RATE VOLATILITY TO THE

RELEVANCE OF MICROBANKS IN ASIA AS MODELS FOR THE UNITED STATES IN PROMOTING ECONOMIC DEVELOPMENT AMONG THE POOREST STRATA OF SOCIETY. THE ATLANTA FED HAS ALSO SPONSORED NUMEROUS CONFERENCES ON INTERNATIONAL THEMES, INCLUDING SEVERAL IN RECENT YEARS ON OPPORTUNITIES FOR TRADE AND INVESTMENT IN LATIN AMERICA AND THE CARIBBEAN, OTHERS ON DEPOSIT INSURANCE REFORM IN EASTERN EUROPE, ON DEVELOPMENTS IN ASIA, AND ON THE SOUTHEAST IN A GLOBAL ECONOMY. IN ADDITION, INTERNATIONAL VISITORS FROM CENTRAL AND COMMERCIAL BANKS IN COUNTRIES LIKE CHINA, PERU, BULGARIA, AND RUSSIA REGULARLY VISIT THE BANK TO LEARN FIRSTHAND HOW OUR CENTRAL BANKING SYSTEM WORKS.

IN THE AREA OF SUPERVISION AND REGULATION, WE HAVE LONG BEEN INTERNATIONALLY ORIENTED THANKS TO THE LARGE NUMBER OF FOREIGN-OWNED BANKS IN THE REGION, ESPECIALLY IN MIAMI. AS PART OF OUR EFFORT TO SERVE THOSE BANKS THAT WE EXAMINE, WE HAVE DEVELOPED A BILINGUAL EXAMINATION STAFF IN MIAMI. WE ALSO HAVE WIDENED OUR EXPERTISE IN LATIN AMERICAN AFFAIRS, IN PARTICULAR FOLLOWING THE PASSAGE OF THE FOREIGN BANK SUPERVISION ENHANCEMENT ACT IN 1990. THIS ACT GAVE THE



FEDERAL RESERVE THE RESPONSIBILITY TO ENSURE THAT FOREIGN BANKS WANTING TO OPERATE IN THE UNITED STATES ARE SUBJECT TO COMPREHENSIVE AND CONSOLIDATED SUPERVISION IN THEIR HOME COUNTRIES. THE ATLANTA FED WAS GIVEN OVERVIEW OF LATIN AMERICA, AND OUR SUPERVISION STAFF HAS MADE VISITS TO CENTRAL BANKERS AND SUPERVISORS IN LATIN AMERICAN COUNTRIES. WE HAVE ALSO CREATED A LATIN AMERICAN RESEARCH GROUP TO SUPPORT THE EXAMINATION OF LATIN AMERICAN-BASED FOREIGN BANKS AND TO BROADEN THE SCOPE OF OUR MACROPOLICY BRIEFINGS FOR FEDERAL OPEN MARKET COMMITTEE MEETINGS.

WHILE GLOBALIZATION MAY NOT HAVE DIRECTLY AFFECTED RESERVE BANK OPERATIONS, INCREASED COMPETITIVENESS IN THE FINANCIAL SERVICES INDUSTRY CERTAINLY HAS. AS BANKS CONSOLIDATED AND BEGAN TO OPERATE ACROSS STATE LINES, THE FEDERAL RESERVE IN RESPONSE HAD TO OFFER NATIONAL-LEVEL PRODUCTS AND SERVICES. IN ADDITION, RENEWED ATTENTION TO COST EFFICIENCY, SUCH AS IN THE CONSOLIDATION OF SYSTEM AUTOMATION ACTIVITIES AND DISTRICT OPERATING FUNCTIONS, HAS BEEN NEEDED TO KEEP FED SERVICES COMPETITIVE. ENHANCED COMMUNICATIONS AND COORDINATION BETWEEN RESERVE BANK OPERATIONS AND SUPERVISORY AREAS WERE CRITICAL TO REAP THE EFFICIENCIES OF MORE CENTRALIZED OPERATIONS WHILE MAINTAINING THE BENEFITS OF OUR DECENTRALIZED ORGANIZATIONAL STRUCTURE. FOR EXAMPLE, IN 1995 THE RESERVE BANKS REORGANIZED THE WAY STRATEGIC DIRECTION IS BROUGHT TO KEY PAYMENTS SERVICES BY GIVING RESPONSIBILITY TO SMALL CENTRAL POLICY AND MANAGEMENT COMMITTEES FOR OVERSEEING THE ACTIVITIES OF FOUR NEWLY CONSTITUTED NATIONAL PRODUCT OFFICES.

## POLICY CHALLENGES POSED BY GLOBALIZATION



ALL THESE DEVELOPMENTS ARE EXCITING, BUT WE MUST REMEMBER THAT THE WORLD HAS BEEN HERE BEFORE AND SLIPPED BACK. GLOBAL TRADE AND FINANCE HAVE EXISTED FOR A GOOD DEAL OF MODERN HISTORY. IN FACT, IT IS THE PERIOD FROM 1930 TO

1970 THAT IS ANOMALOUS. IN THE EARLY 1930S THE UNITED STATES AND OTHER COUNTRIES IMPOSED TRADE RESTRICTIONS AND TIGHT REGULATIONS OF DOMESTIC FINANCIAL MARKETS. THE INTERNATIONAL COORDINATING MECHANISMS THAT WERE ONCE EFFECTIVE—THE GOLD STANDARD OR THE BANK OF ENGLAND, FOR INSTANCE—WERE FOUND WANTING.

FORTUNATELY, TRADE RESTRICTIONS HAVE BEEN GRADUALLY LIFTED OVER THE PAST THREE DECADES, AND NEW COORDINATING MECHANISMS LIKE THE INTERNATIONAL MONETARY FUND, THE EUROPEAN COMMUNITY, AND THE WORLD TRADE ORGANIZATION HAVE REPLACED THE GOLD STANDARD AND THE BANK

OF ENGLAND. MOREOVER, THANKS TO LONG EXPERIENCE AND MODERN RESEARCH, THE POTENTIAL (AND THE LIMITATIONS) OF MONETARY POLICY ARE NOW BETTER UNDERSTOOD. IN ADDITION, WE ARE MOVING TOWARD A BETTER GRASP OF THE RELATIONSHIP BETWEEN MONETARY POLICY AND FISCAL POLICY AND OF THE EFFECTS OF EFFORTS TO COORDINATE INTERNATIONALLY. HOWEVER, WE CANNOT TAKE FOR GRANTED THAT THE PRESENT MOMENTUM OF GLOBALIZATION WILL CONTINUE TO TAKE US FORWARD, AND PAST EXPERIENCE TELLS US WE MUST GRAPPLE WITH ONGOING CHALLENGES OF GLOBALIZATION IN THE AREAS OF MONETARY POLICY, FINANCIAL MARKETS, AND REGIONAL ECONOMIES.

## MONETARY POLICY



IN THE REALM OF MONETARY POLICY, THE CHALLENGE OF COMBATING THE HIGH INFLATION OF THE 1970S AND EARLY 1980S HAS BEEN SQUARELY FACED. THE FEDERAL RESERVE'S EFFORTS DURING THE PAST FIFTEEN YEARS HAVE GENERALLY CREATED AN ENVIRONMENT IN WHICH PEOPLE CAN MAKE THE MOST EFFICIENT PRIVATE DECISIONS IN AN ENVIRONMENT NOT DISTORTED BY INFLATION AND ASSOCIATED UNCERTAINTY. U.S. FIRMS BENEFIT BECAUSE THEY ARE ABLE TO ATTRACT LOW-COST FINANCING DESPITE A LOW U.S. SAVINGS RATE. AS BUSINESSES, NOT CONSTRAINED BY ARTIFICIAL IMPEDIMENTS LIKE TRADE BARRIERS, LOOK GLOBALLY FOR RESOURCES AND INVESTMENT OPPORTUNITIES, STABLE AND LOW INFLATION IN THE UNITED STATES MAKES INVESTMENT IN THIS COUNTRY MORE ATTRACTIVE. THUS, THE PAYBACK OF LOW INFLATION TO SOCIETY IS EVEN GREATER THAN IN A PURELY DOMESTIC SETTING.

GLOBALIZATION DOES PRESENT NEW DIFFICULTIES, THOUGH, IN THAT IT MEANS THAT A COUNTRY MUST TAKE MORE CAREFULLY INTO ACCOUNT OTHER COUNTRIES' POLICIES. CONSEQUENTLY, GOVERNMENTS AND POLICYMAKERS THROUGHOUT THE WORLD FACE DOMESTIC POLITICAL AND ECONOMIC CONSTRAINTS AT THE SAME TIME THAT THEY ARE DEALING WITH GLOBAL ECONOMIC CONSTRAINTS. THESE TWO PROBLEMS SOMETIMES MEET HEAD ON AND CAN BE DIFFICULT TO RESOLVE. RECALL, FOR EXAMPLE, THE RISE AND FALL OF THE U.S. DOLLAR DURING THE 1980S, WHEN THE HIGH VALUE OF THE DOLLAR BECAME A POLICY ISSUE BECAUSE IT AFFECTED THE DOMESTIC ECONOMY BY HURTING EXPORTS, AND MEXICO'S PESO CRISIS IN LATE 1994, WHICH HAD A NEGATIVE EFFECT ON STOCK MARKETS ALL OVER LATIN AMERICA. THE EFFECT OF GLOBALIZATION CAN ALSO BE SEEN WHEN COUNTRIES DO NOT TAKE OTHER COUNTRIES' POLICIES INTO ACCOUNT. FOR INSTANCE, DURING THE GERMAN REUNIFICATION, BRITAIN AND SEVERAL OTHER EUROPEAN COMMUNITY COUNTRIES FOUND THEY HAD TO WITHDRAW FROM THE EUROPEAN MONETARY UNION IN THE WAKE OF GERMAN INTEREST RATE INCREASES IN THE EARLY 1990S.



ONE POINT LEARNED WELL IN THE PAST FEW DECADES IS THAT MONETARY COORDINATION WITHOUT AT LEAST DE FACTO FISCAL COORDINATION MAY NOT BE FEASIBLE. IF WE THINK OF THE UNITED STATES AS A SET OF REGIONS THAT COORDINATE THEIR MONETARY AND FISCAL POLICY, WE SEE THAT, DURING THE OIL PRICE SHOCKS OF THE 1970S AND THE 1980S, FISCAL POLICY HELPED TO CUSHION THESE UNEXPECTED EXTERNAL EVENTS WITHOUT EACH REGION'S NEEDING ITS OWN MONETARY POLICY. EVEN IN THE "BENIGN" PERIOD OF OIL PRICE DECLINES, AREAS WITHIN THE UNITED STATES, SUCH AS LOUISIANA, WERE SORELY HURT WHILE THE REST OF THE NATION BENEFITED. BUT AUTOMATIC STABILIZERS AT THE NATIONAL LEVEL SUCH AS SOCIAL SECURITY WERE AVAILABLE FOR THOSE ABLE TO RETIRE AND CUSHIONED THE BLOW FOR THOSE WHO EXPERIENCED LOWER INCOMES.

UNDER THE EUROPEAN MONETARY UNION CRITERIA, CONFORMITY TO CERTAIN FISCAL CRITERIA, SUCH AS THE SIZE OF THE DEFICIT RELATIVE TO GROSS DOMESTIC PRODUCT, IS CRITICAL. HOWEVER, TO DATE FEW EUROPEAN COUNTRIES HAVE ACHIEVED THIS DEGREE OF COORDINATION. MOREOVER, AT THIS POINT EUROPEAN COUNTRIES HAVE ONLY A LIMITED CROSS-BORDER FISCAL AUTHORITY, FOR INSTANCE. THUS, ECONOMIC WEAKNESS IN ONE COUNTRY CANNOT BE AMELIORATED SIGNIFICANTLY BY ANOTHER, THE WAY OTHER U.S. REGIONS COULD ABSORB AND HELP RELIEVE LOUISIANA'S DIFFICULTIES DURING THE OIL PRICE DECLINES.

GIVEN THIS RELATIONSHIP BETWEEN THE TWO TYPES OF ECONOMIC POLICY, THERE ARE LIMITS TO THE AMOUNT OF WORLDWIDE MONETARY POLICY COORDINATION WE SHOULD EXPECT UNTIL COUNTRIES ARE READY TO COORDINATE MORE FULLY THEIR FISCAL POLICIES. FOR EXAMPLE, I DO NOT SEE A GLOBAL CENTRAL BANK ON THE HORIZON. EVEN IF COUNTRIES ARE NOT SEEKING THE FULL BENEFITS OF POLICY COORDINATION, HOWEVER, THEY MAY, NO MATTER HOW LARGE, AT TIMES FACE CONSTRAINTS ON POLICY DECISIONS, INCLUDING WHETHER THEIR INFLATION RATE CAN DIFFER SIGNIFICANTLY FROM THOSE OF THEIR MAJOR TRADING PARTNERS AND, IF SO, FOR HOW LONG.

## FINANCIAL MARKETS



THE POLICY CHALLENGE IN FINANCIAL MARKETS RESTS WITH THE NEED TO HARMONIZE REGULATORY APPROACHES BUT TO DO SO IN A WAY THAT DOES NOT STIFLE THE BENEFICIAL MARKET INNOVATIONS ARISING SO RAPIDLY. IN A CLASSIC CHICKEN-OR-EGG ARGUMENT, IT IS DIFFICULT TO SAY WHICH CAME FIRST: FINANCIAL MARKETS' USE OF TECHNOLOGY TO BECOME MORE GLOBAL OR THE INFLUENCE OF GLOBALIZATION NECESSITATING THAT MARKETS USE TECHNOLOGY TO KEEP UP. WHICHEVER IS TRUE, THE EFFECT HAS BEEN A COLOSSAL INCREASE IN THE SPEED WITH WHICH MONEY CAN MOVE AROUND THE WORLD AND AN INCREASED AWARENESS OF THE RISKS ASSOCIATED WITH

THESE SPEEDIER TRANSACTIONS. FOR INSTANCE, WIDELY PUBLICIZED LOSSES IN DERIVATIVES BY BOTH PUBLIC- AND PRIVATE-SECTOR ORGANIZATIONS HAVE RAISED NEW CONCERNS ABOUT THE PUBLIC POLICY IMPLICATIONS OF WHAT IS GOING ON IN OUR FINANCIAL MARKETS. MOST OF THE TIME EVERYTHING WORKS WELL, AND TECHNOLOGY HELPS TO MAKE POSSIBLE INCREDIBLY SWIFT AND SOPHISTICATED TRANSACTIONS OF ALL TYPES, INCLUDING FINANCIAL TRANSACTIONS. BUT THERE IS STILL THAT EXTREMELY SMALL PERCENTAGE OF THE TIME WHEN THINGS DO NOT WORK WELL, AND TECHNOLOGY WILL BE JUST AS FAST TO TRANSMIT THE ADVERSE DEVELOPMENT.

THIS CONCERN IS BEING ADDRESSED IN THE AREA OF BANK SUPERVISION AND REGULATION, INTERNATIONALLY BY THE BASLE ACCORD AND DOMESTICALLY BY THE FOREIGN BANK SUPERVISION ENHANCEMENT ACT. THROUGH THESE MAJOR EFFORTS, COUNTRIES ARE MOVING CLOSER TO HARMONIZATION OF THEIR BANKING REGULATIONS AND SUPERVISION.

NEW FEDERAL RESERVE SYSTEM INITIATIVES TO BRING A MORE STRATEGIC FOCUS TO THE PAYMENTS AREA ALSO ACKNOWLEDGE THE CHALLENGE OF GLOBALIZATION. AS WE ADDRESS SUCH ISSUES AS INTEREST RATE RISK AND FOREIGN EXCHANGE RISK, WE ACKNOWLEDGE THAT GLOBALIZATION HAS MADE PAYMENTS SYSTEM RISK A BIGGER CONCERN. THE INCREASED GLOBAL INTEGRATION OF FINANCIAL MARKETS AND NATIONAL ECONOMIES HAVE MADE IT MORE IMPORTANT THAT U.S. DOLLAR PAYMENTS SYSTEMS PROVIDE THE NECESSARY SAFETY AND EFFICIENCY IN A GLOBAL CONTEXT. AS A CENTRAL BANK AND AS A PROVIDER OF PAYMENTS SERVICES, THE FED NEEDS TO REMAIN KNOWLEDGEABLE OF AND RESPONSIVE TO INTERNATIONAL PAYMENTS ISSUES AND REQUIREMENTS.

CLEARLY, THIS AREA HAS FUTURE IMPLICATIONS, AND THE FED HAS MOVED TO ADDRESS THESE ISSUES BY STRENGTHENING ITS EXPERTISE ON VARIOUS REGIONS OF THE WORLD AND ON FINANCIAL INNOVATIONS, INCLUDING THOSE OFF THE BALANCE SHEET. HOWEVER, WE MUST CONTINUE TO WORK TO BUILD AND MAINTAIN OUR INTELLECTUAL CAPITAL IN THE AREA OF FINANCIAL MARKET INNOVATIONS SO THAT WE CAN AVOID STIFLING POSITIVE MARKET DEVELOPMENTS BUT ALSO ANTICIPATE POTENTIAL PROBLEMS THAT WOULD THREATEN THE SAFETY AND SOUNDNESS OF THE FINANCIAL SYSTEM AND PAYMENTS MECHANISM—DOMESTICALLY AND INTERNATIONALLY.

## THE SOUTHEAST



IN THE SOUTHEAST, THE CONSEQUENCES OF GLOBALIZATION HAVE BEEN FAR-REACHING AND GENERALLY POSITIVE. NAFTA HAS STIMULATED TRADE WITH MEXICO AS WITNESSED BY THE GROWTH IN SUCH EXPORTS AS POULTRY PRODUCTS, ENGINEERING SERVICES, AND



TELECOMMUNICATIONS. EVEN BEFORE NAFTA, GLOBAL FORCES HELPED TO PROPEL THE AUTO INDUSTRY INTO THE SOUTHEAST—NOT JUST FROM DETROIT BUT ALSO FROM GERMANY AND JAPAN. ONE BASIC REASON IS THAT FOREIGN AUTOMAKERS SEE ALL OF NORTH AMERICA AS A MARKET FOR THEIR PRODUCTS NOW, NOT JUST THE UNITED STATES, AND THE SOUTHEASTERN REGION HAS PROVEN TO BE AN ADVANTAGEOUS LOCATION TO REACH THIS MARKET, BOTH IN TERMS OF PROXIMITY TO POPULATION CENTERS AND COST OF PRODUCTION. OVERALL, ONE MUST CONCLUDE THAT GLOBALIZATION IS HELPING TO PROPEL SOUTHEASTERN GROWTH AT THE FASTER-THAN-U.S. AVERAGE PACE THAT HAS PREVAILED FOR MORE THAN A DECADE—QUITE A TURNAROUND FROM THE REGION'S TRADITIONAL POSITION VIS-À-VIS THE NATION.



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TO BE SURE, THE FORCES OF GLOBALIZATION HAVE HAD THEIR DARK SIDE. THE APPAREL INDUSTRY HAS BEEN HARDEST HIT BY THE EFFECT OF LOWER-COST PRODUCTION ABROAD, ESPECIALLY IN THE PACIFIC RIM. SOUTHEASTERN APPAREL EMPLOYMENT, FOR EXAMPLE, HAS FALLEN FROM MORE THAN 280,000 IN 1977 TO LESS THAN 223,000 IN THE THIRD QUARTER OF 1995. AS A SHARE OF MANUFACTURING, APPAREL EMPLOYMENT HAS DECLINED FROM 13 PERCENT TO APPROXIMATELY 9 PERCENT IN THAT SAME TIME PERIOD.

THE PROBLEM OF DISPLACED APPAREL WORKERS AND OTHERS IN THE SOUTHEAST WHO CANNOT FIND JOBS IS REAL AND NOT TO BE DISMISSED. HAVING COME SO FAR IN OPENING THE SOUTHEASTERN AND U.S. ECONOMIES, HOWEVER, WE CANNOT GO BACK AS PROTECTIONIST FORCES WOULD HAVE US DO. IMPORTING AND EXPORTING CREATE DEPENDENCIES BOTH WAYS. TRYING TO SAVE JOBS LOST BY IMPORT COMPETITION IN ONE INDUSTRY WILL END UP COSTING JOBS IN OTHER EXPORT-ORIENTED INDUSTRIES. THIS LESSON WAS BROUGHT HOME VIVIDLY AT AN ATLANTA FED CONFERENCE WHEN A COMMUNICATIONS MANUFACTURER REMINDED A TEXTILE LOBBYIST THAT THE IDEA OF PUTTING TARIFFS IN PLACE TO PROTECT SOUTHERN TEXTILES AGAINST CHINESE GOODS COULD DEVASTATE SATELLITE EQUIPMENT SALES, WHICH MOVE IN THE OPPOSITE DIRECTION, TO THE CHINESE.

THE CHALLENGE POLICYMAKERS WITH INFLUENCE IN THE REGION MUST FACE IS TO PREPARE AND RETOOL THE WORK FORCE BECAUSE, IN THE UNITED STATES, THE LEAST SKILLED ARE USUALLY THE LEAST BENEFITED BY GLOBALIZATION. IN ADDITION, BUSINESSES IN THE REGION HAVE NOT TAKEN FULL ADVANTAGE OF EXPORT OPPORTUNITIES ALTHOUGH I SEE ENCOURAGING SIGNS OF PROGRESS. THE SOUTHEAST HAS BEEN GROWING RAPIDLY, BUT INCREASED EMPHASIS ON FOREIGN MARKETS COULD ENABLE THE REGION TO EXPAND FURTHER AND, MORE IMPORTANTLY, DIVERSIFY ITS ECONOMY EVEN MORE. WHILE THERE IS WIDESPREAD AGREEMENT REGARDING BOTH OF THESE APPROACHES TO MEETING THE CHALLENGE OF GLOBALIZATION, THE REGION MUST BE VIGILANT TO SUSTAIN ITS COMMITMENT IN THE FACE OF RECURRING DEMANDS FOR THE EASY BUT MISGUIDED APPROACH OF PROTECTIONISM.

## CONCLUSION



THE UNITED STATES, AND ESPECIALLY THE SOUTHEAST, HAS WITNESSED AND WEATHERED TRULY ENORMOUS ECONOMIC CHANGES OVER THE LAST TWELVE YEARS DURING MY TENURE AS PRESIDENT OF THE FEDERAL RESERVE BANK OF ATLANTA. MANY OF THESE HAVE BEEN PROPELLED BY A DYNAMIC THAT HAS COME TO BE CALLED GLOBALIZATION. GREAT CHALLENGES PRODUCED BY GLOBALIZATION LIE AHEAD, BUT WE SHOULD TAKE HEART IN THE PROGRESS WE HAVE MADE AND THE UNDERSTANDING WE HAVE ACHIEVED OF HOW TO GET TO THE NEXT STAGE. WE CANNOT—WE SHOULD NOT TRY TO—GO BACK. WE MUST CONTINUE TO PREPARE OURSELVES TO TAKE ADVANTAGE OF NEW OPPORTUNITIES OPENED UP BY GLOBALIZATION.

IN A WORLD THAT IS MUCH MORE CLOSELY INTEGRATED ECONOMICALLY AND FINANCIALLY, IT IS ABSOLUTELY NECESSARY FOR ALL AMERICANS TO BE THINKING ABOUT HOW THEY FIT INTO THE WORLD, NOT SIMPLY HOW THEY FIT INTO THE ECONOMY OF THEIR OWN COUNTRY. IT MAY BE DIFFICULT TO UNDERSTAND OTHER CULTURES AND LANGUAGES, BUT THESE HURDLES SHOULD NOT BAR THE HUMAN MIND FROM TRAVELING GREAT DISTANCES IN ORDER TO ACCOMPLISH GREAT THINGS. I CANNOT EMPHASIZE STRONGLY ENOUGH HOW IMPORTANT I BELIEVE IT IS FOR THE UNITED STATES TO BE COMPETITIVE IN THE GLOBAL MARKETPLACE AND FOR EACH AMERICAN TO UNDERSTAND THAT FOR EVERY CHALLENGE IN THAT GLOBAL MARKETPLACE, THERE ARE MANY OPPORTUNITIES.



# SIXTH DISTRICT HIGHLIGHTS

## FINANCIAL SERVICES

The Sixth District's major accomplishments in financial services in 1995 underscore its strong commitment to promoting innovative electronic services products that provide more efficient service to depository institutions and their customers. The success of this strategy was demonstrated by the fact that each of the Sixth District's priced services exceeded its targets for cost recovery.

**Check Collection.** The Sixth District received approval to launch a line of payor bank services that use digitized imaging technology. The check-imaging platform, around which more advanced services are built, was under development in the Birmingham zone during the fourth quarter. Check imaging captures the front and back of a check for digitized storage on the Bank's optical storage system. The Bank provides these digitized check images to depository institutions, which can use them to create customers' monthly statements and file for future reference or retrieval. The complete line of services, to be phased in throughout the District in 1996, is an important step toward reducing the public's dependency on paper checks and encouraging the use of electronic presentment products such as check truncation.

All Sixth District offices implemented an automated check-adjustment system, incorporating the latest in optical disk technology, that provides Fedline interface capabilities, access to accounting information, and an automated cash letter reconstruction feature. In addition, the new system facilitates query and cross-referencing of stored files, allowing Bank staff to resolve discrepancies more efficiently.

Although the District's processed check volume declined by 4.8 percent in 1995 compared with 1994, the District's volume remains the highest in the System at 2.8 billion items for the year. The number of customers receiving files containing magnetic ink character recognition (MICR) data increased by 14 percent, and MICR volume increased by 6.4 percent over 1994 levels. More than 25 percent of all checks processed are converted to an electronic file for presentment to the payor or for payor information/cash management purposes.

**Electronic Payments.** In May the District converted to the new Systemwide funds transfer software system, increasing the efficiency and reducing the costs of electronic processing. Funds transfer volumes for 1995 were 7.7 percent higher than in 1994.

Electronic automated clearinghouse (ACH) volume continued to grow in 1995, ending the year 19.2 percent above 1994's

volume. The Bank continued to support initiatives jointly sponsored by the Federal Reserve and the National Automated Clearinghouse Association to encourage and facilitate electronic transactions.

**Securities/Fiscal.** The District accomplished several goals that improved efficiency in the handling of Treasury/Fiscal Agency transactions. All District offices implemented the Treasury Auction Automated Processing System (TAAPS), which allows depository institutions to submit Treasury auction tenders through their Fedline terminals and facilitates Reserve Banks' automated submission of auction information directly to the Treasury.

In accordance with the Treasury's mandate to consolidate the System's savings bond processing into five regional processing sites, the District's savings bonds operations were transferred to the Richmond Reserve Bank as of October 1, several months ahead of schedule.

District staff provided leadership to the Treasury's Electronic Federal Tax Payment System (EFTPS) initiative. EFTPS aims to provide an electronic system for reporting and paying federal taxes, eventually eliminating paper-based tax payments. Approximately 800 of the largest corporate taxpayers nationwide were required to use EFTPS for reporting tax payments in 1995; by 1999, some six million business taxpayers will be required to use the system.

**Cash Services.** The District implemented new high-speed currency-processing systems in four of its six offices. The systems automate many of the manual tasks involved in the currency verification process that determines which bills will remain in circulation or be declared unfit and destroyed. The remaining offices will be converted to the new equipment early in 1996.

**Financial Services Management.** The Sixth District provided leadership for finan-

cial services operations throughout the System as a result of the First Vice President's role as chairman of the System Financial Services Management Committee (FSMC) and member of the Financial Services Policy Committee. The FSMC chair, supported by a small staff of Sixth District personnel, coordinates the work of the System's financial services product offices. Key efforts this year focused on strategic planning for the nation's payments system, enhanced relationships with the Treasury and banking community, and new approaches to meeting customer needs.

## SUPERVISION AND REGULATION

**Supervision and Regulation.** The Sixth District's domestic banking organizations continued their outstanding financial performance, as banks nationwide reported record earnings for the year. Consolidation of in-market companies increased in response to anticipated nationwide branching. Organizations also acquired specialty non-bank subsidiaries, such as finance and leasing companies, to provide additional sources of income as lower interest rates and stiff competition for quality loans have narrowed net interest margins.

The total number of state member banks increased to 128 in 1995 with the net addition of 14 members with combined assets under supervision of \$15.7 billion.

Application volume continued at a steady pace, with some change in the types of proposals received. Merger activity and nonbank expansion represented the highest volume, while staff also processed a considerable number of membership applications. Shareholders and other interested parties submitted comments and protests on a number of applications, primarily raising concerns about compliance with consumer regulations.



The division continued to support System supervisory policy in a number of ways. Staff members provided substantial leadership and assistance in support of the National Information Center, a System data base containing information on the structure and condition of supervised entities, and participated in System examinations of specialized activities, such as risk management in trust activities and the overseas examinations of two domestic banks. Staff also spearheaded training initiatives, particularly in the capital markets area; coordinated with the National Association of Securities Dealers in examining retail sales of nondeposit products; and joined efforts to develop automated techniques. Senior staff assisted the Office of Federal Housing Enterprise Oversight in the initial examination of the Federal Home Loan Mortgage Corporation.

The Reserve Bank continued the implementation of the System's new international banking supervisory program, which includes a new rating system for foreign banking agencies operating in the United States, assessments of the support provided by parent bank organizations, and increased coordination with other federal and state regulators. As part of the effort to fulfill the District's role as the System's primary authority on Latin America and the Caribbean, staff consulted with bankers and bank supervisors in Argentina, Bolivia, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Panama, Peru, and Uruguay and helped train regulators in Latin America and Jamaica.

Foreign banking agencies in Florida continue to focus on the trade and private banking markets in Latin America and the Caribbean. Foreign banking agencies located in Atlanta concentrate on lending primarily to Fortune 1000 companies and U.S. offices of home-country corporations. Two new representative offices of European banks

were approved to open in 1995, bringing the total number of agency and representative offices of foreign banks operating in the District to 91.

#### **Consumer and Community Affairs.**

Staff developed a software package called "Partners," a learning tool and development aid for banks, community groups, and others throughout the country interested in providing credit to low- and moderate-income people who cannot qualify for conventional loans. More than 30,000 copies have been requested since the software's release on October 19.

In their consumer affairs examinations, staff used a new System model, adopted in 1994, in reviewing banks' fair lending practices.

Industry and consumer education efforts continued with seminars concerning the risks of nondeposit investment products.

**Discount and Credit.** Bank staff continued to assist in developing collateral pricing models for the System and led in the development of a recommended model for pricing securities pledged for TT&L and Reserve Bank collateral accounts.

The discount rate was changed once during 1995, on February 2, from 4.75 percent to 5.25 percent.



#### **RESEARCH**

**Research.** Basic economic and financial research continued to be the cornerstone of the department's policy analysis prepared for both Federal Reserve policymakers and the public. Staff members provided support not only for the Bank's President and directors in their monetary policy roles but also to other Reserve Bank and System groups formulating policies for financial service pricing, payments system risk, supervision of Latin American banks, and risk-based capital regulations. Staff members also continued to innovate in





their analysis of the competitive impacts of bank mergers and acquisitions and to provide advice on currency inventory management.

Informing the public about economic developments in the Southeast and policy-related economic issues was another department focus. Building primarily on basic research, staff members contributed to Bank publications. Staff also contributed expertise on policy issues to help develop programs for Bank conferences and made numerous speeches to lay and professional audiences.

As the foundation for the department's policy and public information roles, staff members' basic research concentrated on issues arising in macroeconomic policy making and in banking and securities markets. Studies of markets for financial derivatives, which gained substantial interest worldwide during the past two years, were an important focus in 1995. Particular projects covered a wide range of issues, from derivation of improved methods for pursuing macroeconomic and financial research to estimation of empirical relationships in goods and financial markets and improving economic models' consistency with observed behavior—for example, monetary policy effects in open economies, arbitrage in equity markets, and settlement practices in payments systems.

**Public Affairs.** Speeches and publications like the *Economic Review* and the *Update* newsletter series remained the core of the department's outreach efforts, but the medium of many of its messages was modified to capitalize on the spread of electronic communications. In addition to making more Atlanta Fed news available through computerized video wire services, the department linked the Bank to cyberspace by establishing a World Wide Web Internet site containing information about the Bank, its publications, working paper abstracts, community affairs programs, conferences, tours, and monetary museum.

Several conferences organized by the department brought together business leaders, policymakers, and academics to enrich discussion about a broad range of policy issues. The Bank's fourth annual financial markets conference in Miami was keynoted by Federal Reserve Chairman Alan Greenspan, who set the stage for deliberation on derivatives and other market innovations. A conference in Atlanta, cosponsored with Georgia State University's Policy Research Center, looked at infrastructure, including telecommunications, utilities, transportation, and financing. A second regional conference explored the impact of sports and entertainment on economic development.

The department coordinated a seminar on "Macroeconomic Stabilization Policies in Latin America" as part of the nineteenth annual Miami conference of the Caribbean Latin American Action. With the Institute for East-West Studies, the Bank also hosted a symposium in Atlanta on deposit insurance systems in emerging market economies.

Augmenting its school program of tours, workshops, and curriculum supplements, the department developed a study guide, "Federalism and the Fed," aimed at social studies, history, and economics instructors.

**Statistical Reports.** Department staff staged the inaugural System Editing Workshop, designed to provide advanced analysts a forum for discussing the application of new techniques and technologies to understanding the financial data they work with. The department officer chaired a group that studied approaches to making the National Information Center, a data base containing structural information on all past and present depository institutions operating in the United States, more easily accessible to users.

Deposit reports staff conducted training on report filing and reserve accounting in Jacksonville and Miami for institutions re-



quired to submit the "Report of Transaction Accounts, Other Deposits, and Vault Cash."

## CORPORATE SERVICES

**Automation Initiatives.** Automation activities focused on three primary strategic areas in 1995: fulfilling application software development responsibilities, completing projects supporting consolidation of Federal Reserve mainframe computer operations, and building an automation infrastructure for a growing base of applications for internal customers.

The Sixth District continues to be a leader in providing the System with shared software development and support solutions. Automation staff completed the deployment of the first major client server application, known as PACS (Planning and Control System), to the five participating Districts. Staff also implemented changes to support the new Peoria, Illinois, check processing facility along with modifications to accommodate interstate banking. Atlanta continues as the development site for the central billing (accounts receivable) application; the Bank is also the development and support site for the cash automation system, used in all Sixth District cash services departments and in two other Districts. Automation staff also continued to have System-level responsibility for Fedline software, the PC-based system used by over 13,000 financial institutions to electronically access Reserve Bank services.

A new client server fixed-assets system was developed for use by the Fifth District, including the Federal Reserve Automation Services organization, and was also deployed within the Sixth District. An integrated accounts payable and purchasing system (IPAPS) is being developed for use by the Sixth and Eleventh Districts. Staff also

began work on the next generation of Fedline software.

In addition, Atlanta staff assumed responsibility as the central site for business and applications development for the System's management of encryption key services for electronic customer connections. Staff developed and began testing a feature to download cryptographic keys and provided technical support for implementing a Systemwide secure facsimile system. The District also led System efforts to evaluate and select a vendor-provided client server system for human resources information.

A number of multiyear projects supporting the consolidation of Federal Reserve automation resources came to a conclusion in 1995. These included the transfer of operational support of District mainframe applications to the Richmond staff, the final migration of approximately 1,200 customer sites to the FEDNET national data communications network, and the conversion to the central business application for wire transfers of funds.

Automation staff continued to realign resources to provide services, support, and training for the rapidly growing internal distributed-processing environment, characterized by more powerful PCs and component software, larger numbers of server-based applications, broadened local area network (LAN) access, increasing bandwidth demands for network services, and a more sophisticated end-user community. Service upgrades increased the efficiency and capacity of current LANs and WANs (wide area networks). Automation staff also installed electronic mail service for more than 650 internal customers.

**Payments System Risk.** In March the Board of Governors approved a smaller increase in the daylight overdraft fee than had been scheduled to take effect in April





1995. Because previous daylight overdraft reductions were sizable, the Board approved a fee increase to 15 basis points rather than the planned 20 basis points. Other changes to the payments system risk program included an increase in the de minimis cap multiple to 40 percent of risk-based capital, a new requirement for institutions to include an assessment of their operating controls and contingency procedures in their self-assessments, and counseling flexibility for institutions that voluntarily place their accounts on the real-time monitor and subsequently incur non-wire-caused overdrafts.

**Financial Management.** The Bank made a number of changes in methods of accounting for and reporting financial transactions as a result of the Board of Governors' decision to comply with generally accepted accounting principles (GAAP) for private-sector-like transactions.

**Management Development.** A core competencies training curriculum for all District personnel with management or significant leadership responsibilities was initiated in 1995. The curriculum, *PeopleWorks*, is targeted at the needs expressed by the participants themselves and provides them with hands-on knowledge and skills in three areas: Bank philosophy and expectations, legal and policy issues, and management and leadership skills. The curriculum will be revised and offered on an ongoing basis.

**Early Retirement Program.** A special voluntary early retirement incentive program was offered to staff members who were at least 50 years old and had a combined age and service of at least 75 years. Staff electing the program received five years of additional credit toward age or service in their retirement benefit.

Of the 290 people eligible for the program, 164 retired in 1995. The resulting downsizing will yield an estimated net pre-

sent value savings for the Bank of more than \$3 million and will allow for organizational restructuring.

**Medical Plan Savings.** Since adopting a point-of-service (POS) managed care medical plan in 1993, the District has experienced savings of approximately \$1 million in medical expenses. These savings enabled the Bank to slightly reduce staff members' premiums in 1995. New accounting rules and lower plan costs also allowed the Bank to reduce its medical plan reserves and pass additional savings on to the staff through a premium holiday during the last six months of the year. In addition, a consultant study of health maintenance organization (HMO) experience helped the District renegotiate substantial HMO premium reductions for most District HMOs for 1996.

**Birmingham Building Project.** In February the Board of Governors approved the construction of a new building for the Birmingham branch. The architectural firm of Spillis Candela & Partners of Coral Gables, Florida, was selected as the project's design consultant. The new building should be ready for occupancy in 1999.

**Atlanta Building Project.** In May 1995 the Board of Governors approved the construction of a new District headquarters building. In October the Bank announced the acquisition of an eleven-acre building site in the midtown business district. It is estimated that the new building could be ready for occupancy by 2000.



A review of the auditing department conducted by the Board of Governors' staff disclosed full compliance with audit standards. The department took steps to comply



with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*, adopted by the Federal Reserve System's internal audit function as of January 1, 1996.

As a part of a long-term contract with the Board of Governors, which includes an examination of all Federal Reserve Banks, and in lieu of the Board's annual examination, the firm Coopers & Lybrand is examining the Atlanta Bank's 1995 financial statements. The general auditor is serving as liaison to Coopers & Lybrand for this examination, which is expected to be completed in March 1996, at which time the firm will issue a final opinion on the 1995 financial statements.

The department continued monitoring controls over the Bank's conversion to the shared data processing environment at the Federal Reserve Automation Services central site in Richmond. Staff also monitored the control environment during the installation of second-generation currency processing systems in several offices. The technical EDP audit staff made significant strides in realigning to auditing in a nonmainframe processing environment and effectively integrating with financial auditors to provide more comprehensive audit coverage.



The 1995 Distinguished Speakers Series included three members of the Board of Governors of the Federal Reserve System—Alan Greenspan, chairman; Alan S. Blinder, vice chairman; and Lawrence B. Lindsey. Other speakers were Hans-Jürgen Krupp, president, Landeszentralbank, Hamburg, Germany; Claire L'Heureaux-Dubé, justice of the Supreme Court of Canada; Richard F. Syron, chairman, American Stock Exchange; David M. Jones, vice chairman, Aubrey G. Lanston & Co., Inc.; Ralph C. Bryant, senior fellow, the Brookings Institution; and Murray Weidenbaum, Mallinckrodt Distinguished University Professor, Washington University, St. Louis.

The Bank also hosted functions honoring Sir Bryan Nicholson, president of the Confederation of British Industry, the chairman of the Georgia Bankers Association, and the Consular Corps.

The Advisory Council on Small Business, Agriculture, and Labor met twice with the Bank President and Atlanta Fed staff. President Forrestal also met with the Financial Institutions Advisory Committee.



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Nashville, Tennessee



DALTON



ARANT



HARRIS



LOVELL



MARCUM



SEWARD



VAUGHN



## NEW ORLEANS BRANCH DIRECTORS

1995  
ANNUAL  
REPORT

JO ANN SLAYDON  
CHAIRMAN  
President  
Slaydon Consultants and Insight  
Productions and Advertising  
Baton Rouge, Louisiana

VICTOR BUSSIE  
President  
Louisiana AFL-CIO  
Baton Rouge, Louisiana

ANGUS R. COOPER II  
Chief Executive Officer  
and Chairman  
Cooper/T. Smith Corporation  
Mobile, Alabama

HOWARD C. GAINES  
Chairman and  
Chief Executive Officer  
First National Bank of Commerce  
New Orleans, Louisiana

KAY L. NELSON  
President  
Nelson Capital Corporation  
New Orleans, Louisiana

LUCIMARIAN T. ROBERTS  
President  
Mississippi Coast  
Coliseum Commission  
Biloxi, Mississippi

THOMAS E. WALKER  
Chairman and  
Chief Executive Officer  
Bank of Forest  
Forest, Mississippi



SLAYDON



BUSSIE



COOPER



GAINES



NELSON



ROBERTS



WALKER

CORPORATE OFFICERS

ROBERT P. FORRESTAL (retired)  
President and  
Chief Executive Officer

JACK GUYNN<sup>\*</sup>  
First Vice President and  
Chief Operating Officer

W. RONNIE CALDWELL<sup>\*</sup>  
Executive Vice President

SENIOR VICE PRESIDENTS

FRANK J. CRAVEN, JR.  
Senior Vice President and  
Director of Human Resources

RICHARD R. OLIVER<sup>\*</sup>  
Senior Vice President

JOHN M. WALLACE (retired)  
Senior Vice President and  
General Auditor

ANNE M. DEBEER  
Senior Vice President

H. TERRY SMITH (retired)  
Senior Vice President

EDMUND WILLINGHAM  
Senior Vice President and  
General Counsel

DONALD E. NELSON  
Senior Vice President

SHEILA L. TSCHINKEL (retired)  
Senior Vice President and  
Director of Research

<sup>\*</sup> Management Committee  
<sup>†</sup> Advisor to Management Committee

MANAGEMENT COMMITTEE MEMBERS



FORRESTAL  
(EX OFFICIO)



GUYNN



CALDWELL



WALLACE  
(ADVISOR)



HAWKINS



HERR



OLIVER



SMITH



TSCHINKEL



## VICE PRESIDENTS

LOIS C. BERTHAUME  
Vice President

ZANE R. KELLEY  
Vice President

JOHN D. PELICK  
Vice President

CHRISTOPHER G. BROWN  
Vice President

JOHN R. KERR  
Vice President

MARY S. ROSENBAUM  
Vice President

WILLIAM B. ESTES III  
Vice President

B. FRANK KING  
Vice President and  
Associate Director of Research

RONALD N. ZIMMERMAN  
Vice President

WILLIAM C. HUNTER  
(transferred to FRB Chicago)  
Vice President

BOBBIE H. MCCRACKIN  
Vice President and  
Public Affairs Officer

## ASSISTANT VICE PRESIDENTS

JOHN H. ATKINSON  
Assistant Vice President

CYNTHIA C. GOODWIN  
Assistant Vice President

WILLIAM T. ROBERDS  
Research Officer

JAMES L. BROWN  
Assistant Vice President

WILLIAM R. HERBERT  
Assistant Vice President

MELINDA J. RUSHING  
Assistant Vice President

DAVID F. CARR  
Assistant Vice President

SUSAN HOY  
Assistant General Counsel

LARRY J. SCHULZ  
Assistant Vice President

THOMAS J. CUNNINGHAM  
Research Officer

ERIC M. LEEPER (resigned)  
Research Officer

ROBERT T. SEXTON  
Assistant Vice President

CHAPELLE D. DAVIS  
Assistant Vice President

ALBERT E. MARTIN III  
Assistant General Counsel

DAVID W. SMITH  
Assistant Vice President

J. COURTNEY DUFRIES  
Assistant Vice President

AMELIA A. MURPHY  
Assistant Vice President

LARRY D. WALL  
Research Officer

J. STEPHEN FOLEY  
Assistant Vice President

ALVIN L. PILKINTON, JR.  
Assistant General Auditor

JESSIE T. WATSON (retired)  
Assistant Vice President

JAYNE FOX  
Assistant Vice President and  
Corporate Secretary

TED G. REDDY III  
Assistant Vice President

ADRIENNE M. WELLS  
Assistant Vice President

MARION P. RIVERS III  
Assistant Vice President

## BRANCH OFFICERS

### ATLANTA

JAMES M. MCKEE  
Vice President and  
Branch Manager

WILLIAM H. SMELT (retired)  
Assistant Vice President and  
Assistant Branch Manager

MARIE C. GOODING  
Assistant Vice President

ROBERT A. LOVE  
Assistant Vice President

ROBERT J. MCKENZIE  
Assistant Vice President

WILLIAM R. POWELL  
Assistant Vice President

### BIRMINGHAM

FREDERICK R. HERR\*  
Senior Vice President and  
Coordinating Branch Manager

ANDRE T. ANDERSON  
Assistant Vice President and  
Assistant Branch Manager

ROBERT G. DOLE (retired)  
Assistant Vice President

FREDERIC L. FULLERTON  
Assistant Vice President

CHARLES W. PRIME  
Assistant Vice President

### JACKSONVILLE

JAMES D. HAWKINS\*  
Senior Vice President and  
Coordinating Branch Manager

ROBERT J. SLACK  
Assistant Vice President and  
Assistant Branch Manager

DANIEL A. MASLANEY  
Assistant Vice President

JEFFREY L. WELTZIEN  
Assistant Vice President

KIMBERLY K. WINSTEL  
Assistant Vice President

\* Management Committee



## MIAMI

JAMES T. CURRY III  
Vice President and  
Branch Manager

JUAN DEL BUSTO  
Assistant Vice President and  
Assistant Branch Manager

VICKI A. ANDERSON  
Assistant Vice President

SUZANNA J. COSTELLO  
Assistant Vice President

FRED D. COX  
Assistant Vice President

ROBERT DE ZAYAS  
Assistant Vice President

RAUL DOMINGUEZ  
Assistant Vice President

## NASHVILLE

MELVYN K. PURCELL  
Vice President and  
Branch Manager

LEE C. JONES  
Assistant Vice President and  
Assistant Branch Manager

MARGARET A. THOMAS  
Assistant Vice President

JOEL E. WARREN  
Assistant Vice President

E. CHANNING WORKMAN, JR. (retired)  
Assistant Vice President

## NEW ORLEANS

ROBERT J. MUSSO  
Vice President and  
Branch Manager

AMY S. GOODMAN  
Assistant Vice President and  
Assistant Branch Manager

W. JEFFREY DEVINE  
Assistant Vice President

EDWARD B. HUGHES  
Assistant Vice President

PATRICIA D. VAN DE GRAAF  
Assistant Vice President

## STATEMENT OF CONDITION

ASSETS	DECEMBER 31, 1994	DECEMBER 31, 1995
Gold Certificate Account	\$ 542,000,000	\$ 556,000,000
Special Drawing Rights Certificate Account	318,000,000	523,000,000
Coin	45,574,803	65,877,257
Loans and Securities	16,483,759,749	17,688,559,642
Items in Process of Collection	752,787,239	688,121,285
Bank Premises	63,546,397	76,964,805
Other Assets	2,495,920,707	2,413,728,938
Interdistrict Settlement Account	1,871,481,484	13,362,159,219
Total Assets	\$ 22,573,070,379	\$ 35,374,411,147
LIABILITIES		
Federal Reserve Notes	\$ 18,053,464,412	\$ 31,185,693,670
Deposits*	3,060,140,470	2,515,140,252
Deferred Credit Items	560,843,139	660,265,516
Other Liabilities	216,588,158	235,387,909
Total Liabilities	\$ 21,891,036,179	\$ 34,596,487,347
CAPITAL ACCOUNTS		
Capital Paid In	\$ 341,017,100	\$ 388,961,900
Surplus	341,017,100	388,961,900
Total Capital Accounts	\$ 682,034,200	\$ 777,923,800
Total Liabilities and Capital Accounts	\$ 22,573,070,379	\$ 35,374,411,147

\*Includes depository institution accounts, collected funds due to other Federal Reserve Banks, U.S. Treasurer-General account, and other miscellaneous deposits.



# STATEMENT OF EARNINGS AND EXPENSES

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EARNINGS AND EXPENSES	DECEMBER 31, 1994	DECEMBER 31, 1995
Current Income	\$ 1,017,405,326	\$ 1,251,574,400
Current Expenses	163,466,743	162,271,547
Cost of Earnings Credits	12,822,589	22,887,466
Current Net Income	\$ 841,115,994	\$ 1,066,415,387
Net Additions (Deductions)*	226,366,495	69,198,180
Assessment for Expenses of Board of Governors	13,789,600	14,966,500
Federal Reserve Currency Cost	16,015,448	17,518,905
Cost of Unreimbursed Treasury Services	3,400,380	3,426,379
Net Income before Payment to U.S. Treasury	\$ 1,034,277,061	\$ 1,099,701,783

## DISTRIBUTION OF NET EARNINGS

Dividends Paid	\$ 19,776,874	\$ 21,940,216
Payments to U.S. Treasury†	993,406,487	1,029,816,767
Transferred to Surplus	21,093,700	47,944,800
Total Income Distributed	\$ 1,034,277,061	\$ 1,099,701,783

## SURPLUS ACCOUNT

Surplus January 1	\$ 319,923,400	\$ 341,017,100
Surplus December 31	\$ 341,017,100	\$ 388,961,900

\*Includes gains/losses on sales of U.S. government securities and foreign exchange transactions

†Interest on Federal Reserve Notes

## SUMMARY OF OPERATIONS

SERVICES TO DEPOSITORY INSTITUTIONS	1994		1995	
	ITEMS (THOUSANDS)	PERCENT CHANGE FROM ONE YEAR AGO	ITEMS (THOUSANDS)	PERCENT CHANGE FROM ONE YEAR AGO
Check Clearing				
U.S. Government Checks Processed	65,783	-1.5	66,067	0.4
Commercial Checks Processed	2,930,096	-2.9	2,788,960	-4.8
Electronic Payments				
ACH Commercial Payments Processed	338,087	20.5	402,937	19.2
ACH Government Payments Processed	80,858	5.2	84,915	5.0
Wire Transfers of Funds	10,728	5.3	11,549	7.7
Cash Services				
Currency Orders Processed	98	0	96	-1.8
Coin Orders Processed	51	0	52	1.1
Loans to Depository Institutions*	968	19.8	636	-34.3
Securities Services				
On-Line Bookentry Transfers	45	-3.3	56	24.6
Noncash Items Processed	237	-34.7	247	4.3
SERVICES TO THE U.S. TREASURY				
U.S. Savings Bonds Issued†	5,743	-0.9	n.a.	n.a.
U.S. Savings Bonds Redeemed†	47	-19.6	n.a.	n.a.
Other Treasury Issues				
Issued	75	99.2	70	-6.7
Redeemed	3	0	2	-12.8
Deposits to Treasury Tax and Loan Accounts	964	18.3	910	-5.7
Food Coupons Destroyed	703,722	1.2	673,657	-4.3

\*Numbers shown are actual, not thousands

†Sixth District data not available because savings bond processing was consolidated to another System site in 1995





## **HEAD OFFICE AND ATLANTA BRANCH**

104 MARIETTA STREET, N.W.  
ATLANTA, GEORGIA 30303-2713

## **BIRMINGHAM BRANCH**

1801 FIFTH AVENUE, NORTH  
BIRMINGHAM, ALABAMA 35203-2104

## **JACKSONVILLE BRANCH**

800 WEST WATER STREET  
JACKSONVILLE, FLORIDA 32204-1616

## **MIAMI BRANCH**

9100 N.W. 36TH STREET  
MIAMI, FLORIDA 33178-2425

## **NASHVILLE BRANCH**

301 EIGHTH AVENUE, NORTH  
NASHVILLE, TENNESSEE 37203-4407

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