

3/3/84 To Bank Staff at #1 Calculation

metal coins → paper → electronics

monetary policy only formally in 1935 (evolved in 1970s)

currently challenged on all 3 fronts

can't have 1 without the other

strategic plan

S.P.

Environment for financial services

more competitors entering payments business, including non-banks

continued consolidation of banks

increased payment system efficiency
from 2% to 10% of GNP

increased payment system risk

accelerated computing and telecommunication technology

FRAS Fed Res Automation Services } increases costs
Fednet }
New Building disruptions }

must use the 3 frontiers ^{monetary policy, payments, Sup & Reg} to support each other

need strategy, structure, culture

Conf of Pres } leading the system
Conf of 1st VP }
get away from Board exclusively is way the