

 ANNUAL REPORT

2023 Annual Report

03 May '24

In our 2023 Annual Report, Philadelphia Fed President Patrick T. Harker and First Vice President Jeanne R. Rentezelas share their insights on the Bank's 2023 accomplishments and what lies ahead. On this page, you can also learn more about some of our key initiatives and programs in 2023.



Letter from President Patrick T. Harker

Relationships are at the core of our work to support a strong and stable economy. That means listening and learning from the communities we serve to help guide our approach to our mission.



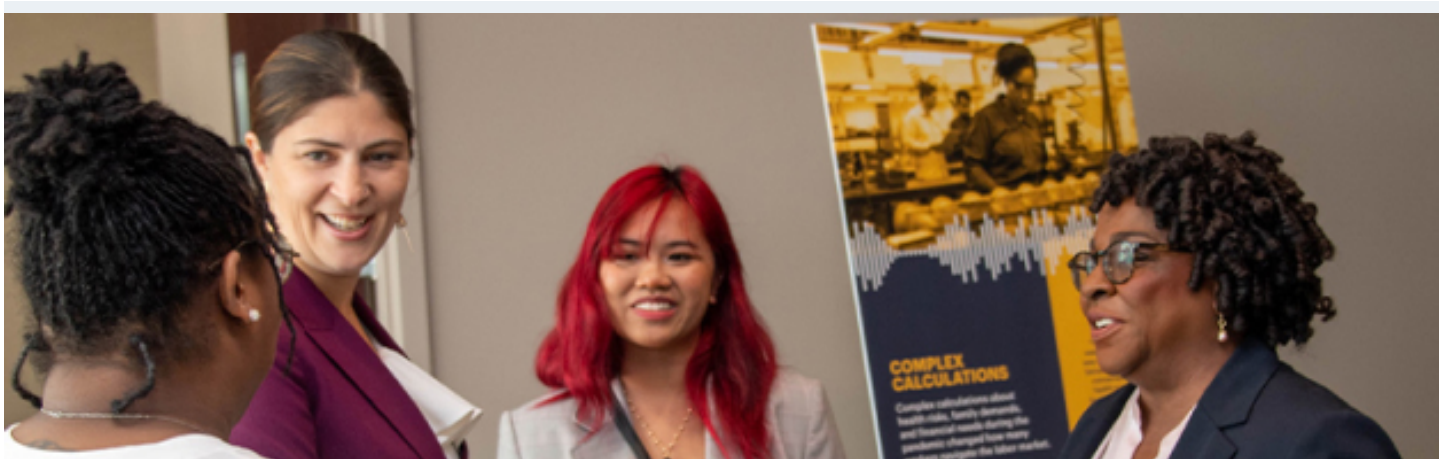
Letter from First Vice President Jeanne R. Rentezelas

In this role, Jeanne Rentezelas is committed to ensuring that our Bank remains a critical community partner across our District and a leader in excellence within the Federal Reserve System.



Chair Powell and President Harker Tour York, Pennsylvania

A visit to York, PA, with Federal Reserve Board Chair Jerome Powell offered an opportunity to see firsthand how partnerships are strengthening local workforce development efforts and helping local businesses thrive. *Published October 6, 2023.*



"We're Looking for a Place Where We Belong": What We Learned from Talking to Workers

Whether on the job or on their own time, workers want to gain skills that provide stability and upward mobility. Our qualitative research gave us key insights into how workers' expectations are evolving. *Published October 17, 2023.*



Beyond Facts and Figures: An Economist Talks About Inflation and Learning from the Field

Economist Ryo Tashiro explains why his outreach work — listening to people's day-to-day experiences — is essential for understanding the hard data and emerging trends, particularly on topics like inflation. *Published March 9, 2023.*



Q&A: Julapa Jagtiani on Fintech

Over the years, our annual Fintech Conference has grown into an industry-leading event. Julapa Jagtiani, senior economic advisor and economist, leads this effort and shared details on the evolution of the conference and what may be next. *Published November 13, 2023.*

Meet Our Leadership, Board, and Councils

We rely on the talents and abilities of our employees and senior leaders as well as the expertise of our board of directors and advisory councils, whose insight and guidance help us carry out our mission of service to the Third District and the nation.

- [Board of Directors](#) 
- [Community Depository Institutions Advisory Council](#) 
- [Economic and Community Advisory Council](#) 
- [Management Committee](#) 
- [Additional Bank Officers](#) 

Financial Statements

Read the audited annual financial statements of the Federal Reserve Bank of Philadelphia as of and for the years ended December 31, 2023, and December 31, 2022, as well as the Board of Governors' Statement of Auditor Independence [here](#).

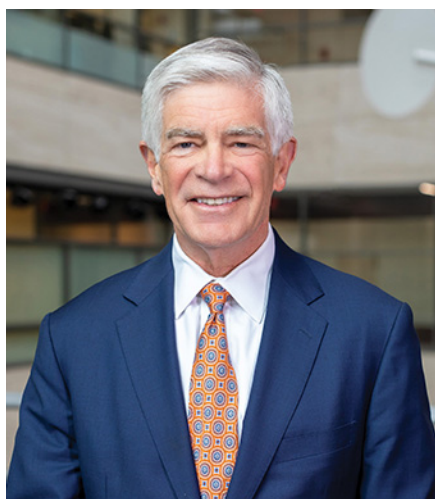
 ANNUAL REPORT

President's Letter: 2023 Annual Report

by **Patrick T. Harker** President and Chief Executive Officer

03 May '24

Relationships are at the core of our work to support a strong and stable economy. That means listening and learning from the communities we serve to help guide our approach to our mission.



Patrick T. Harker, President and
Chief Executive Officer

As our nation's economy continued to navigate a path full of uncertainties in 2023, one thing remained certain — the Federal Reserve Bank of Philadelphia's resolve to support a strong and stable economy in which everyone has opportunities to prosper and thrive.

As 2023 unfolded, we knew that tackling inflation was one of our nation's most important priorities. I heard this very clearly in my conversations with local leaders, small business owners, workers, and residents throughout our Third District communities. To me, the Federal Reserve's dual mandate of achieving price stability and maximum employment for the American people is not abstract. The real-time experiences of people helped guide my decisions as a voting member of the Federal Open Market Committee in 2023, often right alongside the hard data we regularly received. As the year closed, we had seen significant progress in the fight against inflation, and it is a fight I carry into 2024.

A highlight of 2023 was joining Federal Reserve Chairman Jerome Powell on a [visit to York, PA](#), to learn more about the community's collaborative work as part of the [Philadelphia Fed's Reinventing Our Communities \(ROC\) Cohort program](#). We heard about the economic revitalization taking place there through local partnerships and programs that are broadening opportunities and strengthening the region's economy. From a roundtable discussion of community partners to a walking tour of York's downtown, we listened closely to the aspirations, ideas, and concerns of everyone we met.

Throughout the year, our Bank continued to provide thought leadership on key topics. Our [Seventh Annual Fintech Conference](#) showcased our growth into an international leader in this ever-evolving space. A groundbreaking exploration by the Consumer Finance Institute of the student-loan crisis sparked a new understanding of its [impacts on individuals and families](#). And our ongoing work as co-leader of the [Worker Voices Project](#) along with expanded research in the [Anchor Economy Initiative](#) added important insights to changes in the workforce and in regional economies. These are just some examples of how our research and expertise helped shape critical conversations on timely issues. You can read more about some of those highlights in the articles featured below.

In 2023, we also bid farewell to former First Vice President James Narron, who retired after a long career in the Federal Reserve System. We were pleased to promote [Jeanne Rentzelas](#), our longtime general counsel, into this role. Jeanne is highly respected here in the Bank and throughout the System, and we're excited to see her vision for our Bank come to life. You can learn more in her inaugural message.

Overall, we closed 2023 as we began it — as a strong voice for equitable and inclusive economic growth both here in the Third District and around the nation. We continue this mission in 2024. As I have said many times throughout the year to audiences large and small, it is strong relationships with partners and stakeholders across the District which amplify the impact of our research and programs. This impact is a testament to the hard work and dedication of every employee at the Federal Reserve Bank of Philadelphia.

Sincerely,

Patrick T. Harker

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 ANNUAL REPORT

First Vice President's Letter: 2023 Annual Report

by **Jeanne R. Rentzelas** First Vice President and Chief Operating Officer

03 May '24

In this role, Jeanne R. Rentzelas is committed to ensuring that our Bank remains a critical community partner across our District and a leader in excellence within the Federal Reserve System.



Jeanne R. Rentzelas, First Vice President and Chief Operating Officer

It is a distinct honor to write this first letter as first vice president of the Federal Reserve Bank of Philadelphia. Although I assumed this role late in 2023, my roots within our Bank run deep. I previously served more than 13 years as senior vice president and general counsel. But while my

title and responsibilities may have changed, one thing remains constant: my commitment to ensuring that our Bank remains a critical partner to the people and communities of the Third District and a leader within the Federal Reserve System.

Our greatest tools for remaining both are found in our Bank's High Priority Initiatives. These initiatives, updated annually, renew our promise to always look forward. Whether they seek to enhance systemwide standards or to elevate individuals within our Bank, our High Priority Initiatives are the guiding principles for the year ahead.

Throughout 2023, we looked to these priorities as our North Star. Our commitment to a robust and sound financial system through enabling technology was underscored by our Bank's leadership in implementing the Bank Term Funding Program over the course of a single weekend. Under a tight time frame, the Philadelphia Fed's IT team ensured this critical program was operational through discount windows nationwide at start of business that Monday. And they continued to make enhancements throughout the ensuing months to create complete operations reporting and allow for easier online applications by financial institutions.

That dedication to service is found across the Bank, and we worked hard to be more transparent in all that we do. For example, a fuller embrace of data visualization capabilities and technologies helped bring the Philadelphia Fed's groundbreaking research to more audiences. And a complete redesign of the Bank's intranet made it easier for employees to navigate their way to the critical information they need on a day-to-day basis, whether it be Bank-related news and events or information on benefits.

Over the past year, we continued to make strides in elevating leaders at all levels across our Bank. We unveiled a new framework and tools to support our employees in meeting their career goals and aspirations, and we worked alongside our employee resource groups and Diversity, Equity, and Inclusion Council to ensure our Bank is an inclusive, responsive, and welcoming work environment. Across the District, we sought out opportunities to engage with our next generation of leaders and workers who one day may join the Bank for a rewarding career.

Every day, every employee at the Philadelphia Fed strives to bring to life our mission of securing a sound financial system to foster a strong and growing economy that benefits every community across the Third District and the nation. In the year ahead, we will continue our mission — undertaking critical research that educates policy, enabling technology in support of a more responsive and secure banking system, building core relationships that both enhance our reputation and expand our impact, and providing a great place to work.

Sincerely,

Jeanne Rentezelas

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VIDEO

Chair Powell and President Harker Tour York, Pennsylvania

06 Oct '23

A visit to York, Pennsylvania, offered Federal Reserve Board Chair Jerome Powell and Philadelphia Fed President Patrick Harker important insights about how local workers, small business owners, employers, and others are experiencing the region's economy.



Federal Reserve Board Chair Jerome Powell joined Philadelphia Fed President **Patrick Harker** in York, Pennsylvania, on October 2 to hear directly from small business owners, workers, anchor institutions, and community leaders about the local economy. Powell and Harker listened as community partners shared their experiences working together to strengthen local workforce development efforts and help their small business sector grow. The York County Economic Alliance, in partnership with organizations across the county, has participated in the Philadelphia Fed's **Reinventing Our Communities (ROC) Cohort** program, focusing on collaborative ways to build a more inclusive economy.





PERSPECTIVE

“We’re Looking for a Place Where We Belong”: What We Learned from Talking to Workers

by **Patrick T. Harker** President and Chief Executive Officer

17 Oct '23

As we think of ways to build the strong economy of tomorrow, we cannot afford to leave workers without a four-year degree, and their enormous potential, on the sidelines.



Perspective brings you thoughts and insights from Bank experts, focusing on the latest research, trends, and issues facing the economy of the Third District and beyond.

“I know that I can bring a lot to the table. Are you going to uphold your end of the half as an employer?” – Worker Voices participant

The workforce landscape, and the nature of work, is changing. To be sure, this is nothing new. The concept of what it means to work, and what work means, has continuously evolved through technological advances and societal and cultural change — not to mention our basic human desire to just try to make society work better.

Today, as in days past, our labor market needs talent equipped with the skills and knowledge to meet the challenges of the moment. But if this moment feels different, it is because it is different.

As I travel across the Philadelphia Fed’s District, I routinely hear from some employers facing the twin challenges of a lack of new applicants and increased turnover among current employees. Moreover, the classic tools they had used to attract and retain workers — higher wages and better benefits, among them — aren’t working as they once did. Employers in our region broadly echoed these concerns in a [recent study](#).

But we cannot think that things will fall back to normal if employers simply double down upon previously established business practices. This moment in time begs us to look below the surface to see what is actually happening in the undercurrents of the labor market.

Workers are looking for ways to move up the economic ladder and thrive. This is especially true at the lower end of the wage scale and among workers without college degrees. And as we think of ways to build the strong labor force of tomorrow, we cannot afford to leave these workers and their enormous potential, in particular, on the sidelines.

The [Worker Voices Project](#) brought together researchers from the Federal Reserve Bank of Philadelphia, the Federal Reserve Bank of Atlanta, and partner Reserve Banks from across the country to bring these workers to the middle of the playing field. Understanding the labor market is one of the most important things we do at the Fed. It reflects part of our [dual mandate of price stability and maximum employment](#). Worker sentiment is one piece of this larger puzzle.



In May 2023, President Harker met with several workers who participated in the Worker Voices study to learn more about their experiences with the current work environment. At left, Ashley Putnam is one of the lead researchers on the Worker Voices Project.

Over the years, numerous surveys have been conducted with employers and workers to understand the labor market. Those surveys have tried to gain insights by asking participants to select one prepared response or another that best fits their beliefs and their situations. These surveys have helped guide public opinion and influence both employer actions and broader policy decisions. The Fed also regularly conducts studies of consumers, small business owners, and others.

Hard data are essential to our understanding of the economy. But soft data offer an opportunity to further connect the dots when it comes to explaining how workers in low-wage positions, specifically, make decisions around work.

Jobs are not one size fits all, and neither are workers. The Worker Voices Project listened to workers without a four-year degree through a nationwide series of open-ended, focus-group conversations. No set and preselected answers. And no need to choose one response over another when the actual answer could be both — or just as likely one that a survey author never even thought up.

For a year, we listened. And what we heard was that the factors going into the decisions of where to work, or whether to take an entirely different approach, were increasingly complex. And these complexities are now forcing us to rethink much of what we thought we knew about labor markets.

And what we are increasingly realizing is that workers want something that classic theories of labor markets don't take into account and something for which we do not have a way to represent on a graph: They want to be treated with respect and dignity.

So first, yes, workers want to be paid wages and provided benefits equal to what they are worth and bring to the table. And workers relayed their own concerns about being able to cope as inflation impacted what they saw in their paychecks. But importantly, **it's not all about compensation.**



Ashley Putnam, second from left, talks with workers who participated in the Worker Voices Project, led in collaboration with the Atlanta Fed, to better understand how workers are experiencing employment and reshaping the workforce. At far right is Sheila Ireland, president and CEO of Philadelphia OIC.

Workers also told us they want managers who view them as people and not as tools for their business. This goes far beyond having a manager who greets them with a hearty “good morning” or who is willing to make chitchat. They want a manager who understands that their employees are people with lives and families outside of work and that sometimes those lives require added measures of flexibility and empathy. And if their current workplace does not provide this ability, they’ll look for it elsewhere, even if it means leaving the workforce altogether.

Whether it’s on the job or on their own time, workers want the ability to gain new skills that provide upward mobility and long-term stability. They don’t want a job that just gets them through the day, but one that has the opportunity to grow into a satisfying and high-quality career. An entry-level job shouldn’t be viewed as a dead-end job. Workers in low-wage positions do not want to be pigeonholed as

low-wage workers.

During the spring, I had the opportunity to meet several of the workers who participated in the Worker Voices Project to hear firsthand from them. As one worker said to me, “We’re looking for a place where we belong.” But even more impactful were the words of another: “Work is not the end-all, be-all.”

This week, the Philadelphia Fed will bring workers like these to the table with HR managers, employers, and other stakeholders to collaborate on solutions to improve the workforce system in our region. As an engineer by training, I know that getting the right people in a room together can spark new ideas that transform deep-rooted structures.

I am proud that our research is being put into action toward innovations that can meet the needs of our workforce while forging the strong economy of tomorrow. And this research is not just going to benefit us as economists but, ultimately, more so as a society.

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💬 PERSPECTIVE

Beyond Facts and Figures: An Economist Talks About Inflation and Learning from the Field

by **Ryotaro Tashiro** Outreach Economist and Advisor

09 Mar '23

Senior outreach economist Ryotaro Tashiro discusses his work in the Third District and the value of balancing insights from monetary policy experts with feedback and conversations with individuals and families around the region.



If you picked up a newspaper, browsed news online, or tuned into the evening news in the past year, you probably noticed how inflation has dominated the headlines. It's top of mind for nearly all Americans, and for understandable reasons, as people see their purchasing power decrease and, at times, struggle to pay for essentials.

The increased attention on inflation comes with an extensive array of facts and figures. Yet, despite this abundance of information, hard data convey only so much.

You might be surprised to see me write that. After all, I'm an economist. I examine numbers and data and explore what they tell us. But those aren't my only sources of information. The other — an equally important aspect of my work — is getting out into the community and hearing what people are experiencing day to day. I bring data and experiences together to paint a fuller picture of what's going on in our region.



Ryo discusses his outreach work in the region with the Bank's Abby Douglas.

That outreach is critical to the work of the Philadelphia Fed. It gives us insights into what's going on in the Third District, which we apply to our understanding of the economy and monetary policy recommendations. It helps us balance what we as economists and monetary policy experts see in the hard data with more immediate feedback from the public. That insight is particularly important with issues like inflation, which we know affects everyone, but is especially felt by lower-income households.

It's not just the "real person" viewpoint that is important: The information we gather from our local and regional outreach provides a snapshot of what our communities are experiencing in the moment, whereas data can be lagging since they're not in real time. And because data represent an average rather than specific instances or experiences, they can mask the nuance of what individual communities and regions are experiencing.

We saw that come into play in late 2021. At that time, many policymakers and economists still projected that inflation was transitory and would be addressed quickly — and that was supported by the hard data. Conversely, though, our conversations with local business owners, chambers of commerce, and others told us something different: price pressures that weren't exclusively a result of supply chain concerns but also from unexpected operational costs, such as rising wages, fuel costs, and more. That disconnect between the hard data and what was happening in real time, in the context of the many challenges of the pandemic, should have been a warning sign that we had to test our assumptions and adjust our monetary policy approaches.

Local Insights on National Issues

Equally as important to our work is the decentralized nature of our outreach. Although the Federal Reserve System serves the entire U.S., the independence of each Reserve Bank means regional and local trends and experiences aren't overshadowed by national data.

We're seeing that play out now in the Third District with the labor market. Recent headlines have highlighted significant layoffs in the tech sector, leading to questions about the labor market overall and what these layoffs signal. But the situation in the Third District is substantially different because the tech sector does not drive our regional economy in the same way it might in other regions of the country.

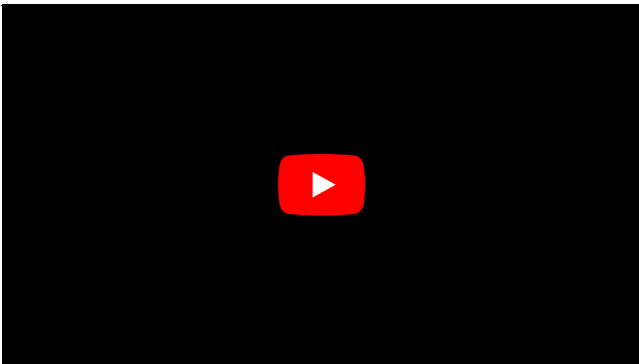
We also face other challenges, such as an aging workforce. Pennsylvania has a considerable aging population, which impacts the available applicant pool. Couple that with how critical manufacturing is to the economy in the Third District, and it creates the perfect storm of not being able to hire enough workers.

As more workers approach retirement age, manufacturers report that it's impossible to replace the decades of experience — sometimes topping 40 years — of recent or upcoming retirees with candidates who just graduated from college or finished trade school. It's an obstacle that is more unique to the Third District than regions where manufacturing might not be as important to the economy — and this insight only comes to light through these connections and conversations we have in our communities.

Finding workers isn't only an issue in Pennsylvania or just in the manufacturing industry. Our other large sector — service and hospitality — also has experienced labor shortages. Restaurants, hotels, and small businesses, particularly in our Jersey Shore communities, have reported cutting their seasons short, reducing hours and offerings, and making do with less because they simply don't have enough workers.

Hospitals and higher education institutions — often referred to as eds and meds — are another significant driver of our region's economy. Hospitals in particular are not immune to staffing issues. In both conversations across the District and feedback from our Board and various councils, we hear how challenging it is for these sectors to recruit, with nurses being one key example of the type of workers that workplaces in our region are struggling to find and retain.

Beyond Businesses: Pulling in Individual Perspectives



Ryo speaks about what he learned talking to people in the community.

Our outreach tells us more than what business leaders think or how individual sectors are impacted by rising inflation. We also learn how individuals and families are faring — and what we're hearing is that they are stretched.

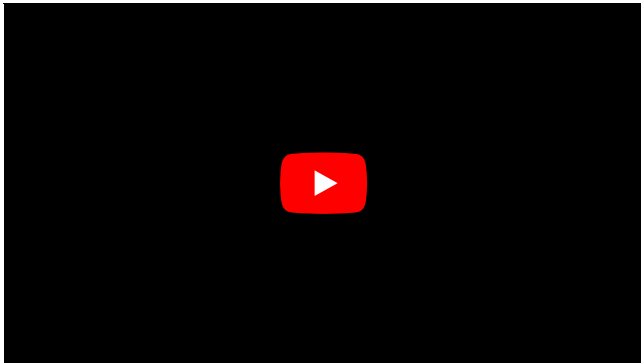
Recent conversations with lenders and other professional services shed light on the increase in consumer credit card debt and home equity loans, indicating that many households are borrowing to supplement their income because their paychecks aren't enough to cover their needs. And with household savings lower now than prepandemic, we're seeing the savings many households put away during the pandemic start to dwindle, if not disappear.

Everyone is feeling the impact of high inflation and weighing the difficult decisions that come along with it. Yet it's no surprise that the people hit hardest by inflation are those least able to afford the higher prices of essentials like food, housing, and transportation.

For some, adapting is as simple as switching out a preferred, name-brand product for something cheaper, such as a store-brand cereal. But the decision-making isn't as straight forward for everyone. Even before inflation skyrocketed, the most vulnerable weren't purchasing name-brand cereal. They've already cut those corners. And spending habits have changed outside the grocery store as well. I've heard from several gas station

owners that fewer people are filling their tanks when they stop in to refuel. Instead, they are putting in \$15 or \$20 and reserving the extra cash for other costs.

What's more, our conversations with health and human services organizations show an ongoing high demand for services and support as families seek help navigating these difficult times. I've witnessed these increased requests for help firsthand, particularly in a local, community-focused social media group I participate in, where requests for donations of food, gently used children's clothing, and other essentials are becoming more frequent.



Ryo explores the impact of opportunity costs.

Making ends meet in the short term is only part of the story: These tough decisions have long-term effects on financial and economic health. When someone is living paycheck to paycheck, that holds them back economically. For individuals with lower incomes, money going to basic needs is money that isn't saved for the future or going toward a new home, continuing education, or a family trip to the Jersey Shore. That's called *opportunity cost*, and it has a real economic impact.

We continue to prioritize reversing inflation and achieving price stability as part of our dual mandate, along with pursuing maximum employment. Our outreach is vital to that: The firsthand, real-time accounts of what people and businesses in our community are experiencing are critically important to our inflation fight and making sure local perspectives are brought to national issues.

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ARTICLE

Q&A: Julapa Jagtiani on Fintech

by Barbara Brynko Senior Communications Specialist

13 Nov '23

Our Seventh Annual Fintech Conference in September brought more than 1,500 leaders and experts together to discuss the latest issues and trends related to fintech. At the lead of this effort is Julapa Jagtiani, senior economic advisor and economist. Here, Jagtiani shares details on how the conference started and what lies ahead.



Fintech: At the Intersection of Technology and Financial Services



Senior Economic Advisor and Economist
Julapa Jagtiani leads the annual fintech
conference at the Philadelphia Fed.

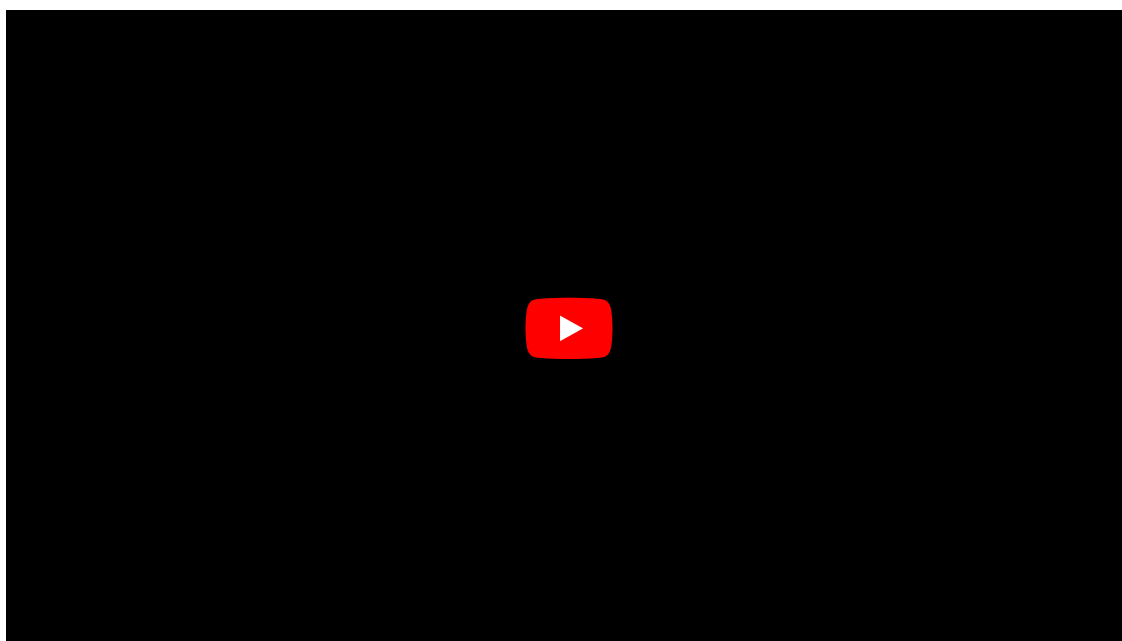
The Federal Reserve Bank of Philadelphia has become a trailblazer in understanding the evolving world of fintech. Leading the effort is **Julapa Jagtiani**, senior economic advisor and economist in the Supervision, Regulation, and Credit Department, who guides the team that brings fintech experts together for our annual fintech conference. The Bank's Seventh Annual Fintech Conference in September opened the doors to 157

in-person attendees and more than 1,400 online participants to discuss fintech issues and the latest trends. Here, Jagtiani shares some history of the conference and what lies ahead.

Q: How and why did you first decide to launch a conference on fintech in 2016?

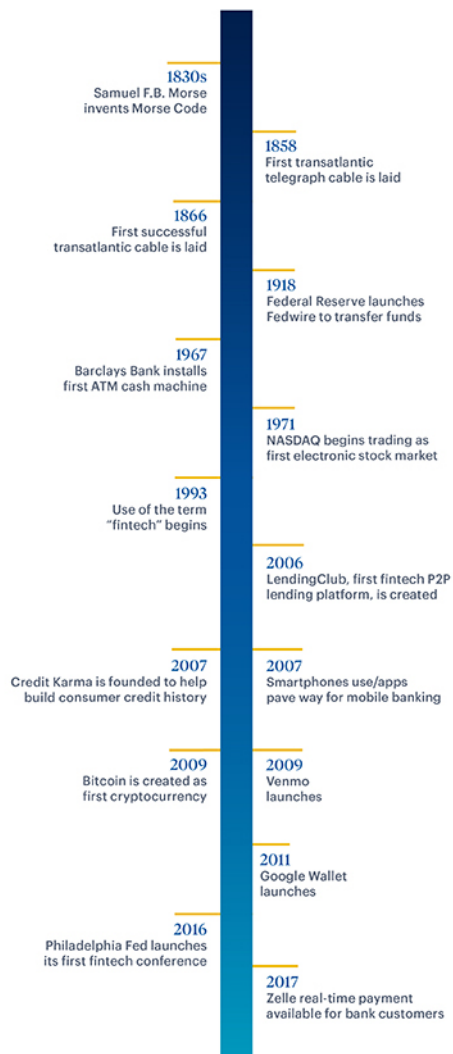
JJ: It all started when I was writing and reviewing sources for a journal article on credit access to small businesses in 2015. I noticed that banks had been making fewer loans to small businesses. This was especially true for small community banks, which serve as a primary source of credit for local small businesses through relationship lending. I saw that larger banks were taking market share away from smaller banks. And the overall banking industry had been losing market share to nonbank small business lenders, including fintech lenders.

The more I explored the data, the more I realized that through technology it was no longer necessary for lenders and borrowers to be in proximity or to have an established lending relationship to do business. In a digital economy, information is collected about all of us all the time, and a fintech lender from far away could have a holistic view of our financial situation as well as a small bank in our own hometown. I realized that crowdfunding and peer-to-peer (P2P) lending, which leverage alternative, or nontraditional, data sources, have the potential to disrupt traditional lenders.



Julapa Jagtiani, senior economic advisor and economist in the Supervision, Regulation, and Credit Department, kicked off this year's conference, noting the importance of fintech and its potential impact on our lives, the financial system, and the economy overall. Here, she introduces Philadelphia Fed President and CEO Patrick T. Harker before his opening remarks about what's next for fintech. Special presenters in this year's conference included Vice Chair Michael S. Barr, Supervision, and Governor Michelle W. Bowman, both from the Board of Governors of the Federal Reserve System, and Rohit Chopra, director of the Consumer Financial Protection Bureau. [Watch more sessions from this event.](#)

Q: How did the financial services industry respond to the Bank's first fintech conference?



A timeline of major events in the history of fintech. Source¹

JJ: Our first fintech conference in 2016 was well received. Most of the sessions were presentations of research papers on various fintech-related issues, such as fintech lending, the use of alternative data and artificial intelligence/machine learning (AI/ML) in credit decisions, and data aggregation. We partnered with an academic finance/economics journal to publish selected papers that were presented at the conference. All of the papers went through the referee process, but these papers were published in a special journal issue where I was a guest coeditor, along with our organizing partners from the Wharton School of the University of Pennsylvania. For three consecutive years, we had special issues on fintech through our partnerships with the *Journal of Economics and Business* and the *Journal of Financial Services Research*. The selected papers published in these special issues have been widely cited.

The agendas for the conferences continued to evolve, following trends we observed as well as the new types of products and services offered by fintech platforms. We kept adding more policy sessions and industry practitioner sessions. That way, we could connect all the relevant stakeholders at the same event: academic researchers, fintech industry practitioners, bankers, lawyers, bank supervisors, policymakers, and

others.

Currently, world-renowned researchers still participate in our annual fintech conference, but instead of presenting a specific paper, they apply their knowledge and expertise — to discuss policy questions and to debate with other qualified experts who may hold opposite viewpoints, based on their research or industry experience.

Q: Is it easier to get fintech companies to participate in the Bank's fintech conference today than in the early days?

JJ: It has never been easier to get fintech companies to participate in our fintech conferences, for a few good reasons. The quality of the speakers has become better over time, and we keep raising our own bar.

Our agendas have expanded to include experts who (understand fintech but) are fintech skeptics. Over the years, fintech experts have learned that our fintech conference is a “safe place” where they can speak up and share their thoughts. We are all trying to learn from each other, working together to come up with potential solutions that would make things better for everyone. Speakers talk about their ideologies and beliefs, rather than being on stage to promote their products or services.

Q: What needs are fintech firms fulfilling in today's financial services landscape?

JJ: Fintech is definitely fulfilling more than a few needs in today's financial services landscape. For instance, a 2021 FDIC report confirmed that 4.5 percent (5.9 million) of American households are unbanked, meaning no one in the household has an account at a bank or credit union. These unbanked consumers may need to rely on nonbanking alternatives such as check cashing services, payday lenders, or others, which can be more expensive for the consumer. In addition, this reliance on cash can limit the ability to send money or pay bills online; some consumers cannot easily send money to their loved ones who may live far away because they rely on cash as a means of payment. In those cases, fintech can help. Some fintech firms offer banking services to their customers directly or through partnership with a bank. Plus, some fintechs do not charge overdrafts or other fees, and some give customers faster access to their paychecks.

In terms of credit access, the Consumer Financial Protection Bureau² estimated that about 26 million Americans are credit invisible, meaning that they don't have a credit file with any of the three major credit bureaus. Another 19 million are credit unscorable, which means they may have a credit file, but they have a credit history that is too thin or out-of-date to be assigned a credit score, leaving them unable to access credit. Fintech firms can also help these consumers by assigning a score based on their alternative data. Fintechs can identify the invisible prime borrowers and grant them credit at a fair price, often much lower than what they could get from traditional lenders.

Q: Where do you think fintech is likely to venture next?

JJ: The term fintech is very broad now. It's not just about P2P lending anymore. Fintech now includes blockchain; cloud computing; fintech partnerships; cryptocurrencies; real-time payments; buy now, pay later (BNPL); central bank digital currency (CBDC); decentralized finance (DeFi); quantum computing; and much more.

Many fintech firms have become banks through mergers and acquisitions. On Deck, SoFi, Kabbage, and LendingClub are examples of that. Banks

have also become more technologically focused over the years, and many small banks are getting access to today's technology through partnerships with fintech firms. Some large banks are building their own technology platform internally, while others simply acquire existing fintech firms.

But it's not only banks. Financial services firms have also been acquiring fintech firms. Intuit acquired Credit Karma, Mastercard acquired Finicity, Square acquired Afterpay, and the list goes on.

The dividing line between fintech and traditional financial firms has become blurred over the years, and this is likely to continue. Traditional firms need to access technology to compete effectively, while fintech firms need to access a larger customer base and to garner consumer trust, which they could more easily do if they are part of a traditional firm. That is why we are seeing a lot of mergers and acquisitions. The entire financial system is adapting and evolving. It's a long journey that involves both unbundling and bundling of financial products and services.

The views expressed here are those of Julapa Jagtiani and do not necessarily reflect those of anyone else at the Federal Reserve Bank of Philadelphia or the Federal Reserve System. Some portions of this interview have been edited for space.

¹ Timeline comprises data from "The Evolution of Fintech: A New Post-Crisis Paradigm," by R. Buckley, D. W. Arner, and J. N. Barberis (January 2016); "Fintech: The History and Future of Financial Technology," The Payments Association (October 2020), and additional research by Philadelphia Fed staff.

² "CFPB Explores Impact on Alternative Data on Credit Access for Consumers Who Are Credit Invisible," Consumer Financial Protection Bureau, February 16, 2017.

Board of Directors

As provided by the Federal Reserve Act, each of the 12 Reserve Banks is supervised by a nine-member board of directors. The directors oversee the Bank's direction and performance, and they participate in the formulation of the Fed's monetary policy through their reports on economic and financial conditions and their decisions on the Bank's discount rate.

CHAIR



Anthony Ibarra (a, d)

CEO
Quench USA, Inc.
King of Prussia, PA



William Lo (a, b)

President and Founder
Crystal Steel Fabricators, Inc.
Delmar, DE

DEPUTY CHAIR



Sharmain Matlock-Turner (a, c, d)

CEO
Urban Affairs Coalition
Philadelphia, PA



Christopher D. Maher (a, c, d)

Chairman, President, and CEO
OceanFirst Financial Corp.
Toms River, NJ

BOARD MEMBERS



Randall E. Black (a, b)

President and CEO
Citizens Financial Services
Mansfield, PA



Bret Perkins (a, b)

Senior Vice President, External and
Government Affairs
Comcast Corporation
Philadelphia, PA



John Fry (a, c, d)

President
Drexel University
Philadelphia, PA



Timothy Snyder (a, b)

President and CEO
Fleetwood Bank
Fleetwood, PA



Julia H. Klein (a, c)

Chairwoman and CEO
C.H. Briggs Company, Inc.
Reading, PA

(a) Member of the Bank's Executive Committee; (b) Member of the Bank's Audit Committee; (c) Member of the Bank's Management and Budget Committee; (d) Member of the Bank's Nominating and Governance Committee

Community Depository Institutions Advisory Council

The Community Depository Institutions Advisory Council (CDIAC), established in 2010 and active since 2011, includes representatives from commercial banks, thrift institutions, and credit unions.

The council provides information, advice, and recommendations to the Federal Reserve Bank of Philadelphia ("Bank") from the perspective of community depository institutions.



Jeane M. Vidoni

Third District Chair
President and CEO
Penn Community Bank
Doylestown, PA



Dave Hanrahan

President and CEO
Century Savings Bank
Vineland, NJ



Elizabeth D. Albano

President and CEO
Artisans' Bank
Wilmington, DE



Brian W. Jones

President/CEO and Director
The First National Bank of Elmer
Elmer, NJ



Janak M. Amin

President and CEO
Presence Bank
Coatesville, PA



Donna LoStocco

President and CEO
First Commonwealth Federal
Credit Union
Bethlehem, PA



Christopher J. Annas

Chairman, President, and CEO
Meridian Corporation
Malvern, PA



Lori A. Maley

Vice Chairman, President, and CEO
Bank of Bird-in-Hand
Bird-in-Hand, PA



Jon P. Conklin

President and CEO
Woodlands Bank
Williamsport, PA



Larry C. Schmidt

President and CEO
1st Bank of Sea Isle City
Sea Isle City, NJ



Traci Donahue

President and CEO
Cross Valley Federal Credit Union
Wilkes-Barre, PA



Jeffrey A. Stopko

President and CEO
AmeriServ Financial, Inc.
Johnstown, PA



Eugene J. Draganosky

Chair of the Board and CEO
Traditions Bank
York, PA

Economic and Community Advisory Council

The Economic and Community Advisory Council (ECAC) was originally created in 2008 and was later enhanced in 2016. The council informs the Bank's senior leadership team about emerging trends, issues, and market conditions in the Third Federal Reserve District and nationwide.



Rochelle L. Cameron

ECAC Chair
President and CEO, Chamber of
Commerce for Greater Philadelphia
Philadelphia, PA



David Gould

Chief Diversity and Impact Officer
Harris Blitzer Sports and Entertainment
Camden, NJ



Dennis W. Pullin

ECAC Vice Chair
President and CEO
Virtua Health
Marlton, NJ



John E. Harmon Sr.

Founder, President, and CEO
African American Chamber of Commerce
of New Jersey
Trenton, NJ



Tony Allen

President
Delaware State University
Dover, DE



Loree D. Jones Brown

Chief Executive Officer
Philabundance
Philadelphia, PA



Rhona Bradshaw

Senior Vice President, Digital Experience
and Platforms
Xfinity
Philadelphia, PA



Mike Renna

President and CEO
South Jersey Industries
Folsom, NJ



Martin P. Connor

Chief Financial Officer
Toll Brothers, Inc.
Horsham, PA



Steve Voskuil

Chief Financial Officer
The Hershey Company
Hershey, PA



Lynne P. Fox

International President
Workers United
Philadelphia, PA



Robin L. Wiessmann

Executive Director and CEO
Pennsylvania Housing Finance Agency
Harrisburg, PA



Jose Garces

Chef and Chief Culinary Officer
The Garces Group
Philadelphia, PA



Rich Wuerthele

President and CEO
Crayola
Easton, PA

Management Committee

The Management Committee is composed of the Bank's president and CEO, the first vice president and COO, the chief of staff, the executive vice president, and select senior vice presidents. Members advise the president and first vice president on matters of Bank policy and strategy.



Patrick T. Harker

President and Chief Executive Officer



James D. Narron

First Vice President and
Chief Operating Officer*



Jeanne R. Rentezelas

First Vice President and Chief
Operating Officer**
Senior Vice President and General
Counsel, Legal and Law Enforcement



Roc Armenter

Executive Vice President, Economist, and
Director of Research, and Director of the
Consumer Finance Institute



Kori Connelly

Interim Senior Vice President and
General Counsel, Legal and Law
Enforcement***



Terry E. Harris

Senior Vice President and Chief
Information Officer, Groupware
Leadership Center, Information
Technology Services



Deborah L. Hayes

Senior Vice President,
Corporate Affairs



Kelly Scott Jones

Senior Vice President, Human Resources,
and Director, the Office of Minority and
Women Inclusion



Elizabeth Reilly

Senior Vice President and
Chief Financial Officer, Enterprise Risk
Management and Financial
Management Services



Paul Smith

Senior Vice President, Facilities and
Cash Services



William G. Spaniel

Senior Vice President and Lending
Officer, Supervision, Regulation,
and Credit



Patricia Wilson

Senior Vice President, Chief of Staff, and
Corporate Secretary

LIAISON TO THE COMMITTEE



Michelle McClarren

Senior Vice President and General
Auditor, Audit

*retired 7/31/2023

** effective 11/16/2023

***effective 11/27/2023

Additional Bank Officers

SENIOR VICE PRESIDENTS

Larry Cordell

Senior Vice President
Supervision, Regulation, and Credit

Robert Hunt

Senior Vice President and Associate
Director
Consumer Finance Institute

Keith Sill

Senior Vice President, Associate
Director of Research, and Director of the
Real-Time Data Research Center
Research

Theresa Y. Singleton

Senior Vice President and Community
Affairs Officer
Community Development and Regional
Outreach

VICE PRESIDENTS

Xudong An

Vice President
Supervision, Regulation, and Credit

Mitchell S. Berlin

Vice President and Economist
Research

Satyajit Chatterjee

Vice President and Economist
Research

Julia Cheney

Vice President and Assistant Director
Consumer Finance Institute

Frank J. Doto

Vice President
Human Resources

Dusty Downs

Vice President
Cash Services

Gregory Fanelli

Vice President
Information Technology Services

Christopher C. Henderson

Vice President
Supervision, Regulation, and Credit

Jill Hettinger

Vice President
Supervision, Regulation, and Credit

Nancy R. Hunter

Vice President and Information Security
Officer
Information Technology Services

Charles Kirkland Jr.

Vice President
Financial Statistics

Jeffrey Lin

Vice President and Economist
Research

Robin P. Myers

Vice President
Supervision, Regulation, and Credit

Makoto Nakajima

Vice President and Economist
Research

Michael P. O'Brien

Vice President
Law Enforcement

Rebecca C. Robinson

Vice President
Office of Diversity, Equity, and Inclusion

Robert T. Ross Jr.

Vice President
Strategy, Risk, and Financial Management

Perry Santacecilia

Vice President
Supervision, Regulation, and Credit

Marion W. Sindoni

Vice President
Strategic Communications & Digital
Engagement

Steven Spowls

Vice President
Strategy, Risk, and Financial Management

Kimberly J. Taylor

Vice President
Human Resources

Patrick F. Turner

Vice President
End User Services

William T. Wisser

Vice President
Supervision, Regulation, and Credit

Additional Bank Officers

ASSISTANT VICE PRESIDENTS

Jonathan Brown

Assistant Vice President
Supervision, Regulation, and Credit

Brian W. Calderwood

Assistant Vice President
End User Services

Greg Carpenter

Assistant Vice President
End User Services

Kimberly Caruso

Assistant Vice President
Supervision, Regulation, and Credit

Kenneth Chin

Assistant Vice President
Cash Services

Brie Coellner

Assistant Vice President
Research

James W. Corkery Jr.

Assistant Vice President
Supervision, Regulation, and Credit

Michael T. Costello

Assistant Vice President
Supervision, Regulation, and Credit

Daniel W. Crouthamel

Assistant Vice President
Research

Heather C. Derbyshire

Assistant Vice President
Financial Statistics

Matthew R. Frame

Assistant Vice President
Supervision, Regulation, and Credit

Jeffrey Fries

Assistant Vice President
End User Services

Donna Gallo

Assistant Vice President and Assistant
General Auditor
Audit

Andrew Hill

Assistant Vice President
Economic Education

Douglas J. Hovern

Assistant Vice President
Facilities

Yilin Huang

Assistant Vice President
Supervision, Regulation, and Credit

Anjanette Kichline

Assistant Vice President
Supervision, Regulation, and Credit

Andrew A. Kish

Assistant Vice President
Supervision, Regulation, and Credit

Daniel R. Kutschera

Assistant Vice President
Supervision, Regulation, and Credit

James K. Lofton

Assistant Vice President
Cash Services

Lorraine A. Lopez

Assistant Vice President
Supervision, Regulation, and Credit

Meredith Mann

Assistant Vice President
Information Technology Services

Erin K. Mierzwa

Assistant Vice President
Community Development and
Regional Outreach

Chellappan Ramasamy

Assistant Vice President
Supervision, Regulation, and Credit

Kerry Rowe

Assistant Vice President
Research

Vidya Shenoy

Assistant Vice President
Supervision, Regulation, and Credit

Joshua N. Silverstein

Assistant Vice President and Contracts
Counsel
Legal

Eric A. Sonnheim

Assistant Vice President
Supervision, Regulation, and Credit

Thomas Stark

Assistant Vice President
Research

Jack Terruso

Assistant Vice President
Legal

James Terry IV

Assistant Vice President
Strategic Communications & Digital
Engagement

OFFICERS

Daniel Adamczyk

Officer
Executive Area

Andrea Anastasio

Officer
Supervision, Regulation, and Credit

Jill Bulkin-Nuddle

Officer
Information Technology Services

Lei Ding

Officer
Community Development and Regional
Outreach

Jason Keegan

Officer
Supervision, Regulation, and Credit

Sean McHose

Officer
Information Technology Services

Financial Statements: 2023 Annual Report



The audited annual financial statements of the Federal Reserve Bank of Philadelphia as of and for the years ended December 31, 2023, and December 31, 2022, are incorporated here by reference. They are available at the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/aboutthefed/files/philadelphiafinstmt2023.pdf>. That public disclosure also provides: Notes to Financial Statements, Management's Report on Internal Control over Financial Reporting, and the Independent Auditors' Report.

The Board of Governors' Statement of Auditor Independence is provided below.

Statement of Auditor Independence

The Federal Reserve Board engaged KPMG to audit the 2023 combined and individual financial statements of the Reserve Banks and the financial statements of the three limited liability companies (LLCs) that are associated with the Board of Governors' actions to address the coronavirus pandemic, of which two LLCs are consolidated in the statements of the Federal Reserve Bank of New York and one LLC is consolidated in the statements of the Federal Reserve Bank of Boston.¹

In 2023, KPMG also conducted audits of internal controls over financial reporting for each of the Reserve Banks. Fees for KPMG services totaled \$9.2 million, of which approximately \$0.7 million were for the audits of the LLCs.² To ensure auditor independence, the Board of Governors requires that KPMG be independent in all matters relating to the audits. Specifically, KPMG may not perform services for the Reserve Banks or affiliated entities that would place it in a position of auditing its own work, making management decisions on behalf of the Reserve Banks, or in any other way impairing its audit independence. In 2023, the Bank did not engage KPMG for any non-audit services.

¹ In addition, KPMG audited the Retirement Plan for Employees of the Federal Reserve System (System Plan) and the Thrift Plan for Employees of the Federal Reserve System (Thrift Plan). The System Plan and the Thrift Plan provide retirement benefits to employees of the Board, the Federal Reserve Banks, and the Consumer Financial Protection Bureau.

² Each LLC will reimburse the Board of Governors for the fees related to the audit of its financial statements from the entity's available assets.