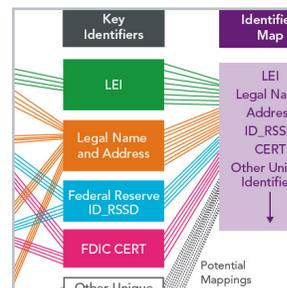
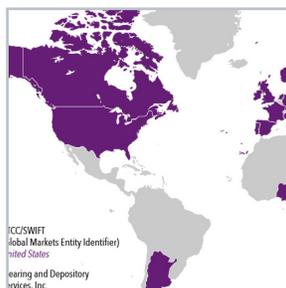




Office of Financial Research Strategic Plan



Sovereign Risk	Orange	Yellow
Inflation Uncertainty	Green	Yellow
External Sector	Orange	Yellow
Volatility	Green	Yellow
Interest Rate Risk	Red	Yellow
Positioning	Yellow	Yellow
Corporate Sector	Green	Yellow
Households	Green	Green
Banking Sector	Yellow	Yellow
Funding Stress	Green	Green

Fiscal Years
2015-2019

Office of Financial Research

Establishment of the Office

The Dodd-Frank Wall Street Reform and Consumer Protection Act established the Office of Financial Research (OFR or Office) within the Department of the Treasury. Section 153(a) of the Dodd-Frank Act charged the OFR with supporting the Financial Stability Oversight Council (Council) and member agencies by:

- Collecting data on behalf of the Council, and providing such data to the Council and member agencies;
- Standardizing the types and formats of data reported and collected;
- Performing applied research and essential long-term research;
- Developing tools for risk measurement and monitoring;
- Performing other related services;
- Making the results of the activities of the Office available to financial regulatory agencies; and
- Assisting Council member agencies in determining the types and formats of data authorized by the Act to be collected by the member agencies.

Organizational Structure and Responsibilities

To carry out its programmatic responsibilities, the Office operates a Data Center, Technology Center, and Research and Analysis Center within the OFR.

The law provides that the Data Center, on behalf of the Council, shall collect, validate, and maintain all data necessary to carry out the duties of the Data Center. The data assembled shall be obtained from Council member agencies, commercial data providers, publicly available data sources, and financial entities under certain statutory authority detailed in the law.

The law provides that the Research and Analysis Center, on behalf of the Council, shall develop and maintain independent analytical capabilities and computing resources to:

- Develop and maintain metrics and reporting systems for risks to the financial stability of the United States;
- Monitor, investigate, and report on changes in systemwide risk levels and patterns to the Council and to Congress;
- Conduct, coordinate, and sponsor research to support and improve regulation of financial entities and markets;
- Evaluate and report on stress tests or other stability-related evaluations of financial entities overseen by Council member agencies;
- Maintain the expertise necessary to support specific requests for advice and assistance from financial regulators;
- Investigate disruptions and failures in the financial markets, report findings, and make recommendations to the Council based on those findings;
- Conduct studies and provide advice on the impact of policies related to systemic risk; and
- Promote best practices for financial risk management.

Table of Contents

From the Director.....	2
Executive Summary	3
Office of Financial Research At a Glance.....	4
Environment in Which We Operate.....	6
Strategic Goals	8
Goal 1: The OFR is an essential source of data and analysis for monitoring threats to financial stability.....	9
Goal 2: Standards that improve the quality and utility of financial data are identified and adopted.	11
Goal 3: Leading edge research improves financial stability monitoring and the scope and quality of financial data, and informs policy and risk management. ...	13
Performance Excellence	15

All of the publications and products mentioned in this plan can be found on FINANCIALRESEARCH.gov.

From the Director

I am pleased to present the Office of Financial Research's (OFR's) Strategic Plan for fiscal years (FYs) 2015-19. This plan builds on and is the natural successor to the Strategic Framework that the Office released in March 2012.¹

This new plan is critically important for two reasons:

- It fulfills our commitment to provide the public with a strategic planning and performance management system that links activities to strategic goals and performance metrics, one that will allow the Office to be transparent in its activities and to be held accountable.
- It provides our leadership with a clear and definitive roadmap for achieving the Office's mission, vision, goals, and objectives; a framework to translate those goals and objectives into specific, prioritized activities and projects; and a basis for consistently linking the Office's goals and objectives with the performance plans and reviews of all of our employees.

Transparency and accountability to the public and clear direction for the Office are essential. Both are embodied in this strategic plan.

The statutory mandates in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 were the foundation of the Strategic Framework. That framework spelled out the structure of the OFR and set out a blueprint for accountability the Office used to define and pursue its mission, goals, and objectives.

This strategic plan reflects — at a more mature state of the organization's development — evolution in our institution building; refinement in our aspirations and work to contribute to and help promote a stronger, safer financial system; and metrics for evaluating our performance in working toward that vision.

To accomplish this, we have identified key trends we believe will shape the financial landscape in the years ahead; established three strategic goals we believe will endure; and developed mission and management strategies that are flexible for a wide range of outcomes. For each goal, we have assessed where we are, envisioned

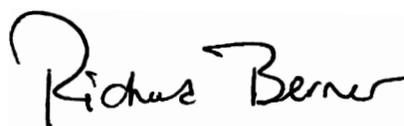
what success looks like, determined how we will get there, identified who are and will be our strategic partners in these efforts, and established the framework and metrics to assess and report on our progress.

Identifying our strategic partners is especially important, because the tasks we must complete to support financial stability are global in nature, broad in scope, and constantly evolving. Our Financial Research Advisory Committee advises us on direction and on evaluating our progress. We also are establishing a virtual research-and-data community to provide resources and reach beyond our own footprint.

I believe that this strategic plan establishes the foundation and coherent framework for us to build on existing efforts and to launch essential new ones. Our accomplishments since our inception are consequential, but they represent only the beginning.

I am certain that timely and measurable progress toward these goals and their related objectives will enable us to fulfill our statutory mandates, identify a comprehensive set of future research and data priorities, and move us toward our vision of a transparent, efficient, and stable financial system. We have already begun to fulfill our value proposition by the work we have accomplished to date and will continue to seek ways to produce and demonstrate ever-increasing value for our stakeholders.

With the contributions and engagement of our highly qualified and dedicated employees, we are committed and excited to continue to build on these efforts, to advance our knowledge about financial stability, and to produce innovative, cutting-edge data-related and analytical work now and in the years ahead.



Richard Berner
Director

¹ Strategic Framework, FY 2012-14, March 2012. URL: <http://www.treasury.gov/initiatives/wsr/ofr/Documents/OFRStrategicFramework.pdf>

Executive Summary

This strategic plan is a blueprint for the work the Office of Financial Research will undertake during the next five years. The plan is based on the requirements for the Office in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The strategic goals, objectives and strategies to achieve the requirements are consistent with those statutory requirements. This plan will ground the decisions we make about resources needed to implement those strategies — such as information technology and workforce — in a strong and flexible framework that keeps us on course, but allows for corrections. The plan will help us continually monitor our performance and identify successes and areas for improvement.

This plan is also the principal vehicle we use to inform our stakeholders about the overarching framework for our plans for data and analysis, data standardization, research, and how we will realize success. It forms the basis for the OFR to be held accountable and be transparent. It complements our annual reports, our reports on human capital planning, the results of our initiatives published on our website and in professional journals, and our presentations.

This plan is flexible to accommodate financial innovation, evolving financial business models, changing circumstances, and the need to look across the financial environment for the data needed to spot these changing trends. The plan also accommodates our mandate to reach out to members of the Financial Stability Oversight Council (FSOC), industry practitioners, and international regulatory agencies to collaborate on projects and initiatives to help advance the study and the measurement of potential risks to financial stability.

This plan consists of the following components:

- **The Office of Financial Research At a Glance**
A quick view of why the OFR was established, what we do, and why it matters.
- **Our Mission**
Promote financial stability by delivering high-quality financial data, standards and analysis for the FSOC and the public.

- **Our Vision**
A transparent, efficient, and stable financial system.
- **The Environment in Which We Operate**
These are characteristics of the external environment, including factors outside of our control, that must be taken into consideration as we strive to accomplish our mission.
- **Our Strategic Goals**
 1. The OFR is an essential source of data and analysis for monitoring threats to financial stability.
 2. Standards that improve the quality and utility of financial data are identified and adopted.
 3. Leading edge research improves financial stability monitoring and the scope and quality of financial data, and informs policy and risk management.

For each goal, we have:

 - set forth objectives,
 - envisioned what success looks like and identified some strategies to get there,
 - assessed where we are,
 - identified our strategic partners, and
 - established the framework and metrics to assess and report on our progress.
- **Our Core Values**
These are the fundamental beliefs of our organization and are the guiding principles that dictate our behavior and actions. We pursue excellence, demonstrate integrity, value others, make a difference, help each other, and act on the belief that together we're better.
- **Our Approach to Planning, Execution, and Achieving Performance Excellence**
We base our planning and execution efforts on a clear and concise mission and vision grounded in statutory requirements and stakeholder needs. Our goals and objectives are stated as the results we aim to deliver, rather than the activities required to achieve them. Those activities are embodied in our strategies. We continuously and rigorously assess our strategies and priorities, align resources to accomplish them, dynamically monitor our performance and benchmark ourselves against “best-in-class” institutions. We use proven models of excellence to guide our efforts.

The Office of Financial Research At a Glance

Who We Are

Created by the Dodd-Frank Act in 2010, the Office of Financial Research (OFR) was established to identify, monitor, and assess threats to financial stability by collecting, cleansing, analyzing, and disseminating essential financial data gathered from across the public and private sectors and engaging in, sponsoring, and collaborating on cutting-edge research on financial stability. It was designed to provide critical support to the Financial Stability Oversight Council (FSOC) and FSOC's member agencies, and to make available to the public nonconfidential data and accessible summaries of its research.

However, unlike the other federal financial agencies in FSOC, the OFR has no supervisory responsibilities. We are focused purely on research, data, and analysis. Although the OFR was created within the U.S. Department of the Treasury, the work of the OFR is independent from FSOC and the Treasury by statute.

OUR MISSION

- Promote financial stability by delivering high-quality financial data, standards, and analysis for FSOC and the public.

OUR VISION

- A transparent, efficient, and stable financial system.

This independence is important for two reasons: 1) it helps us fill gaps in information and analytics, particularly in financial activities that take place in less-regulated markets and across national boundaries, and 2) it provides us an objective position to evaluate macroprudential policies, advocate for needed data initiatives, help the regulatory community enhance its peripheral vision, and produce work that was previously beyond, and remains outside of, the reach of individual regulatory agencies.

OFR Strategic Framework



What We Do

In keeping with our mandate and mission, we work to:

- Develop and help promote the use of data standards, standardize data and establish reference databases to promote common understanding and consistency for all users of the data.
- Develop and implement techniques to aggregate, cleanse, and make data available for use in analysis and research.
- Combine financial data with leading edge research to generate new levels of understanding about the factors that drive instability in the financial system.
- Look across the financial environment for vulnerabilities that may create threats to financial stability and monitor their development.
- Engage in work to develop new risk management tools, metrics, and methodologies.

- Collaborate with stakeholders in industry, academia, and the global regulatory community in these initiatives, and in conjunction with stakeholders, sponsor workshops, colloquiums, symposiums, and conferences to discuss and debate how better to execute these agendas.

Why It Matters

Our work contributes to making informed and comprehensive policies and taking actions that will strengthen the financial system. We assess a full spectrum of risks in the financial system — macroeconomic, market, credit, funding/liquidity, and contagion — complementing the assessment of risks associated with particular markets or institutions. We monitor the financial environment for the emergence of new vulnerabilities and migration of activity among parts of the financial system that could threaten financial stability.



The Environment in Which We Operate

The environment in which the OFR operates over the next five years will affect our work and the way we will pursue it. In planning the Office's strategic direction for the next five years, we considered the potential challenges of factors outside of our control and how these factors might affect our ability to accomplish our mission. Among them are:

- **Globalization and Interconnectedness of Financial Markets and Institutions**

We expect that global financial markets will continue to shrink and interconnectedness will continue to increase across borders with the acceleration of 24/7 information flow and instantaneous transactions. Recent financial shocks that have triggered contagion underscore that what happens in one market or locale can nearly instantaneously affect markets regionally and globally.

- **Ongoing Financial Innovation and Changing Technology**

Financial innovation likely will continue. Market participants also will likely continue to develop new products, services, and activities to serve the changing needs of clients; to adapt to new financial and economic developments, including globalization; to take advantage of new technology; to pursue new ways to generate revenues and profits; and to price, transfer, and manage risk. Algorithmic and high-frequency trading will likely continue to spread across markets. Although financial innovation has many benefits, including making the financial system more effective and efficient, providing value to customers, and promoting economic growth, it can also create, transmit, or amplify risks.

- **Ongoing Migration of Financial Activity**

Financial innovation, technology, changing cost structures, and other factors probably will continue to promote actions that attempt to secure a more favorable regulatory treatment. These actions can include the movement of financial activities from one industry or market segment to another. We expect that such migration in the future will not respect regulatory perimeters.

POTENTIAL CHALLENGES

- Globalization and interconnectedness
 - Financial innovation
 - Migration of financial activity
 - New business models
 - Implementation of regulatory reform
 - Developing macroprudential tools
 - Changing structural vulnerabilities
 - Continuing challenges to risk monitoring
- **Changes In and Emergence of New Financial Segments and Institutions**

The financial services industry likely will continue to evolve, with some segments and entities growing larger, others shrinking and becoming narrower in scope, and new ones emerging. Factors fueling these changes include rising living standards in and commercial importance of developing economies, the movement of industries and businesses globally, the changing needs of clients, and evolving business models. New players will emerge, and consolidations and mergers will take place alongside downsizing and streamlining of some of the traditional market participants. A notable example of this is growth in central counterparties, which have gained importance in the financial markets due to their expanded role in the clearing of standardized over-the-counter derivatives contracts.
 - **Implementation and Evolution of Regulatory Reform**

U.S. and other regulatory authorities probably will complete rulemaking mandated by the Dodd-Frank Act and by analogous regulatory changes in other jurisdictions. New rules likely will be developed and implemented to mitigate new sources of idiosyncratic or financial stability risks. The effects of the new rules, including unintended consequences, will become more apparent during implementation.

Strategic Goals

Introduction

We have established three goals that reflect the OFR's primary functions in data and analysis, data standardization, and research. These goals will move us ahead to the fulfillment of our mission and closer to the achievement of our vision. These three goals complement and reinforce each other, providing insight into how data and analysis and data standardization establish the foundation for high-quality research and how the needs of research and analysis prompt improvements in data quality, comprehensiveness, and consistency.

We have deliberately expressed our goals and objectives as outcome statements that describe the intended results of executing this plan over the 2015-19 planning horizon.

Establishing these three goals within a strong strategic planning framework will accomplish some key operational objectives:

- First, it will direct our focus and enable us to align our efforts and use our resources effectively. Achieving these goals will enhance the way we operate and require active collaboration across our entire organization. This collaborative effort will ensure that our employees are able to focus on our essential work to collect data and perform research for financial stability.
- It will also provide the specific framework for conducting our activities transparently and accountably. This will fulfill our commitment to develop a strategic planning and performance management system based on leading practices such as linking our activities to our strategic goals and performance measurement systems and by doing so, improving our transparency and accountability.

OFR'S STRATEGIC GOALS

- The OFR is an essential source of data and analysis for monitoring threats to financial stability.
- Standards that improve the quality and utility of financial data are identified and adopted.
- Leading edge research improves financial stability monitoring and the scope and quality of financial data, and informs policy and risk management.
- Finally, these three goals align squarely with the Dodd-Frank-established statutory mandates on the duties and responsibilities of the OFR's Data, Technology, and Research and Analysis Centers, as previously noted. The objectives associated with each goal, the strategies identified for achieving these objectives, and the results we have targeted for data and analysis, data standardization, and research within this plan period are also designed to ensure and provide evidence of our progress in fulfilling the Dodd-Frank mandates in these areas.

GOAL 1: The OFR is an essential source of data and analysis for monitoring threats to financial stability.

GOAL 1 OBJECTIVES

- OFR's monitoring tools and analyses are widely used and critical to assessing financial stability.
- Data used to monitor financial stability are comprehensive, reliable, and accessible to policy makers and the public through the OFR.
- Data providers and the public trust, acknowledge, and recognize that OFR data are protected and secure.

The financial crisis of 2007-09 revealed significant deficiencies in the data available to measure financial activity and monitor the financial system. Financial data were too aggregated, too limited in scope, too out of date, or otherwise incomplete. The crisis also made clear that understanding of the financial system was deficient in many respects. Market participants and regulators broadly misperceived the extent of leverage and maturity transformation and did not see, or at least failed to appreciate, the migration of such activities to unregulated or lightly regulated financial companies and markets. Regulators and market participants lacked the tools to analyze even the imperfect data that existed. And they collectively underestimated how disruptions could spread horizontally across interconnected companies and markets and impair the functioning of the financial system, with severe consequences for the U.S. economy.

Goal 1 establishes the OFR's role of providing essential, high-quality data, analysis, and analytical tools to monitor and assess threats to financial stability.

As the value of our monitoring tools and analysis is increasingly understood and appreciated, they will become more widely cited and used by our stakeholders for financial stability assessment. Policy makers and the public will come to rely on the OFR for comprehensive, reliable, and accessible data for financial

stability monitoring, and data providers and the public will grow in confidence that sensitive data are being properly handled and maintained in the OFR's secure environment.

WHAT DOES SUCCESS LOOK LIKE?

Following are examples of the types of work that we plan to undertake or continue to develop and enhance over our plan horizon to achieve success in Goal 1.

Monitoring Tools and Analysis:

- Produce a suite of monitors that cover various financial activities, such as money market funds, credit default swaps, and hedge funds.
- Adjust and refine our Financial Stability Monitor to be forward-looking and dynamic.
- Enhance our analytical and monitoring tools, such as data visualization, to more readily spot potentially destabilizing trends and vulnerabilities in the financial system.

Data Scope and Security:

- Fill key data gaps, for example, in repo and securities lending activities; captive reinsurers, mortgage markets, and asset management; and historical datasets.
- Produce and maintain reference databases for instruments and entities and a catalog of all data collected by the Office.
- Maintain and enhance a high-quality information security program to safeguard data through transmission, storage and access control, dissemination, and publication.
- Establish a data hub for FSOC and its member agencies.

HOW DO WE GET THERE?

Among the strategies we have identified to help achieve success in our objectives for Monitoring Tools and Analysis are:

- Continue and enhance our work to produce monitors and dashboards by using risk criteria tailored to individual market sectors and activities.
- Expand the scope and sensitivity of our analytical tools, such as data visualization techniques, to

facilitate the identification and understanding of data trends.

Among the strategies we have identified to help achieve success in our goal and objectives for Data Scope and Security are:

- Collaborate with stakeholders to understand, anticipate, and prioritize data needs.
- Increase our efficiency in acquiring data and making data available.
- Develop facilities, agreements, and procedures to share data appropriately and securely.
- Add infrastructure and security controls to handle the increasing volume and complexity of data.

WHERE ARE WE NOW?

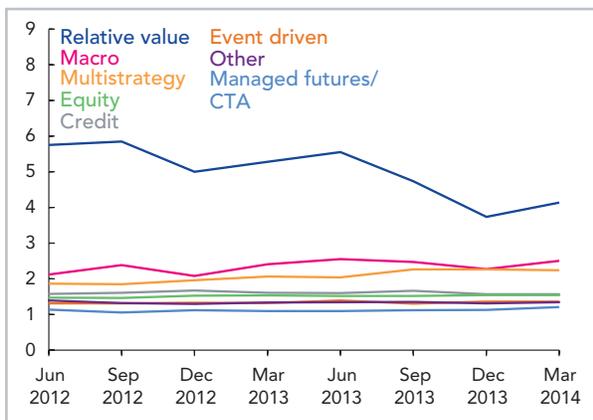
Under Goal 1, the OFR has accomplished the following:

Monitoring Tools and Analysis:

- Produced the first generation of the Financial Stability Monitor, the Financial Markets Monitor, the Financial Stress Index, and several internal analytical tools.
- Developed the first generation of data visualization models and techniques.
- Provided analysis to FSOC for use in its designations work and in regulatory policy and rulemaking.

Data Scope and Security:

- Provided data to FSOC for use in its work.
- Signed Memorandums of Understanding with FSOC member agencies and other regulators for data sharing.



Example of chart showing “Qualified Hedge Funds Gross/Net Ratios” from OFR analysis of SEC Form PF data.

- Worked with the Financial Stability Board and other international financial institutions on data initiatives.
- Created and published the first Interagency Data Inventory, which catalogs the data FSOC member agencies buy from vendors, collect from industry, or derive from other data.
- Created a robust analytic environment and network infrastructure for the secure storage, retention, and handling of confidential data.

WHO ARE OUR STRATEGIC PARTNERS?

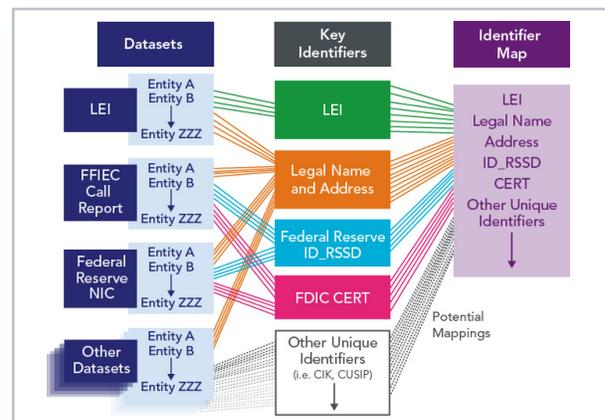
- FSOC and the Council member agencies
- The Financial Stability Board (FSB) and other international financial regulatory agencies
- Financial industry organizations and representative bodies, domestic and global
- Data vendors
- Academics and other data professionals

HOW WILL WE MEASURE PROGRESS?

A key indicator of the OFR’s success is whether intended stakeholders find our products and services useful and use them widely and frequently. We will measure our stakeholders’ satisfaction with our products and services through regular dialogue and monitoring usage.

We will closely measure our performance on timeliness, reliability, security, and quality.

We will continuously review our progress in closing gaps in the data and analysis needed to monitor threats to financial stability.



Graphic showing the complexities of creating an identifier map.

GOAL 2: Standards that improve the quality and utility of financial data are identified and adopted.

GOAL 2 OBJECTIVES

- Recognition of the need for standards by policy makers and industry.
- The OFR is the source of expert knowledge needed to develop and implement types and formats of data reported and collected.
- Financial data standards that create efficiencies and facilitate analysis are widely used.

During the financial crisis, the lack of consistent standards for identifying financial entities and defining financial instruments hindered institutions from assessing and measuring risks building within and across business lines. Financial regulators and supervisors also struggled to assess risks comprehensively between and across firms or segments in the financial system. A widely cited example of this problem was the Lehman Brothers bankruptcy in September 2008 — it was virtually impossible for firms or their regulators to tally up counterparty exposures because of difficulties in name recognition for the different Lehman entities.

Goal 2 addresses the importance of developing and propagating standards that can contribute to the quality and utility of data necessary to assess financial stability threats and vulnerabilities.

As policy makers and the financial industry come to realize the need for data standards that define the format, content, and syntax of data, they will turn increasingly to the OFR — already a leader in the promotion of the Legal Entity Identifier (LEI) — as the source of expert knowledge in data standardization. Data standards that contribute most to operational and reporting efficiencies and meaningful analysis of entities, hierarchies, instruments, and products and their relationships will be among those that will enjoy the widest use by policy makers, the financial industry, and other stakeholder groups. By providing a common language for precise identification, data standards ultimately hold great

promise for an improved understanding of the potential risks in the financial system.

WHAT DOES SUCCESS LOOK LIKE?

Following are examples of the types of work that we plan to undertake or continue to develop and enhance over our plan horizon to achieve success in Goal 2.

- Create and enhance identifiers to answer:
 1. “Who is who?” (or “Who is the entity engaged in an activity?”)
 2. “Who owns whom?” (requires identifiers for hierarchies or corporate structures)
 3. “Who owns what?” (instruments)
 4. “What is owned?”(products)
- Make substantial progress in the effort to have FSOC member agencies and regulators in the international arena require the LEI in all new data collections.
- Examine ways to add corporate hierarchy information to the global LEI database through the LEI Regulatory Oversight Committee, in which the OFR has played a vital part.
- Create an “identifier map” to enable research and analysis across datasets that use different identifiers.
- Help the Commodities Futures Trading Commission and other regulators improve financial reporting standards for swap data repositories and develop shared taxonomies for categorizing derivatives products.
- Make substantial progress in creating a reference database for all financial instruments with the greatest benefit and lowest cost to the public and private sectors by inviting the financial industry to suggest open-source or free-to-use components in the build-out of this database.
- Create a basket of integrated instrument reference database tools that provide transparency into the markets.

HOW DO WE GET THERE?

Among the strategies we have identified to help achieve success for Goal 2 are:

- Collaborate on initiatives for identifiers, derivatives standards, and reference databases with the financial regulatory and financial industry communities, as well as with international agencies and standards-setting organizations.
- Seek opportunities to lead interagency collaborative efforts to leverage and enhance existing data standards.
- Participate with industry-focused standards-setting organizations to promote the identification, development, and adoption of voluntary consensus standards.
- Actively engage in bilateral and multilateral industry initiatives to promote the identification, development, and adoption of international data standards.

WHERE ARE WE NOW?

To date, the OFR has accomplished the following under Goal 2:

- Developed a framework to decide whether and how data should be standardized.
- Led the creation and implementation of the global LEI system to help map connections in the financial system and cut industry costs for cleaning, aggregating, and reporting data. By the end of FY 2014, more than 300,000 LEIs had been issued to requesting institutions in 186 countries, and momentum continues to build.
- Supported data standards for mortgage data by working with housing regulators to ensure that mortgage originators' and servicers' LEIs are captured in mortgage reporting.
- Worked on three swaps data initiatives — in product identifiers, transaction identifiers, and data harmonization and reporting standards — through forums and initiatives, such as the FSB's Aggregation Feasibility Study.
- Engaged with private standard-setting bodies, as well as international standard-setting organizations,

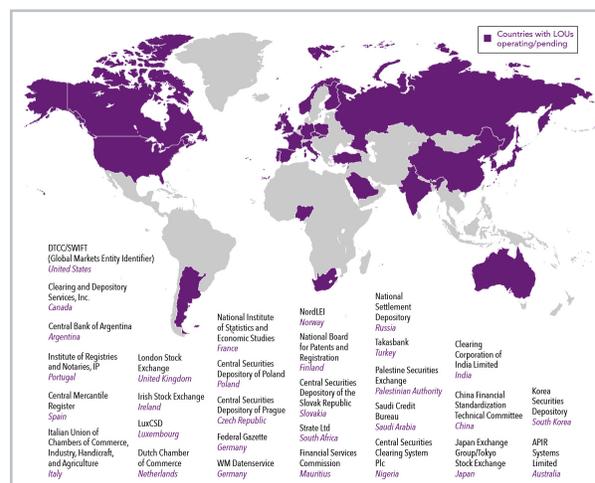
such as the FSB, the International Organization of Securities Commissions (IOSCO), and the International Organization for Standardization (ISO), and continued to provide thought leadership through our active participation in global working groups focused on data standards.

WHO ARE OUR STRATEGIC PARTNERS?

- FSOC and its member agencies
- The FSB and other international financial regulatory agencies
- Domestic and global financial industry organizations and representative bodies

HOW WILL WE MEASURE PROGRESS?

Initially, we will monitor progress in this area by applying metrics that assess our engagement with stakeholders and other key parties on standards-related initiatives. As these efforts mature, we will measure the effect of engagement activities by using surveys or other tools. In addition, we will continue to monitor progress in the adoption of standards by quantifying the use of these identifiers by financial institutions and regulatory authorities.



Example of map indicating countries that issue Legal Entity Identifiers (LEIs).

GOAL 3: Leading edge research improves financial stability monitoring and the scope and quality of financial data, and informs policy and risk management.

GOAL 3 OBJECTIVES

- OFR is the recognized center for objective, innovative research on financial stability.
- OFR research is widely cited and used to improve policy making, risk management, financial stability, and the scope and quality of financial data.

The financial crisis forced us to look at risks across the financial horizon to spot how vulnerabilities may surface and spread. Leading edge research will improve the monitoring of threats to financial stability and also spur improvements in data. This research will be the basis for making more informed policy decisions and developing new tools for risk management.

Goal 3 recognizes the importance of the groundbreaking research under way at the OFR and increasingly among regulators and researchers on systemic risk, macroprudential policy, and financial stability.

The Dodd-Frank Act mandated our independence to enable us to pursue objective, innovative research and analysis. We aspire to become the recognized center for such work and to have our research become widely cited and used to improve policy making and risk management for regulators and the financial industry, as well as to improve the scope and quality of the financial data needed to implement financial stability analysis.

WHAT DOES SUCCESS LOOK LIKE?

Following is a summary of the types of work that we plan to undertake or continue to develop and enhance over our plan horizon to achieve success in Goal 3.

- Make important contributions to the analysis and implementation of the macroprudential policy toolkit and conduct research on the effectiveness and potential unintended consequences of macroprudential policies to improve financial stability.

- Conduct research on industry and regulatory stress-testing programs and become a valuable resource for regulators on stress-testing approaches.
- Enhance our capacity to analyze and assess insurance, asset management, and other major nonbank financial sectors and potentially systemically important activities.
- Disseminate the results of our policy analysis research among FSOC, its member agencies, Congress, and the public to inform policy making and public discussion.
- Make significant advances in modeling financial networks, such as counterparty networks and banking networks; data visualization for revealing key patterns and connections in complex financial data; and agent-based models for understanding the dynamics of risk transmission arising from wholesale funding, run risks, and fire sales during crises.
- Become recognized contributors and thought leaders on financial stability among domestic and international regulators and academics, as indicated by the increasing number of invitations received to serve as keynote speakers at major conferences; increased levels of collaboration with top researchers on major research initiatives; and the increasing number of citations of our research papers by members of the financial stability community.
- Broaden our research network and extend our influence in the research community by expanding our grants and fellowship programs for financial stability research.

HOW DO WE GET THERE?

Among the strategies we have identified to help achieve success for Goal 3 are:

- Refine our existing monitors and expand our array of monitoring tools through innovative research to cover a variety of asset and risk classes.
- Expand our work in market-based finance (shadow banking) and in nonbank financial companies.
- Increase our research work to include briefs, white papers, and other products that will improve our ability to identify, monitor, and evaluate threats to

financial stability and increase the accessibility and distribution of our research by providing a more diverse array of publications on our website.

- Identify lessons learned through forensic analysis of historical market events and previous financial disruptions.
- Promote best practices in financial risk management.
- Promote independent research by collaborating with the academic community and publishing research in leading journals and sponsoring financial stability research through grants.
- Foster international research cooperation through greater involvement and engagement with multilateral forums, research centers, and macroprudential authorities abroad.
- Promote and sponsor conferences where research on financial stability can be presented, discussed, and debated to advance knowledge and understanding in the field for all involved in this critical effort.

WHERE ARE WE NOW?

To date, the OFR has accomplished the following under Goal 3:

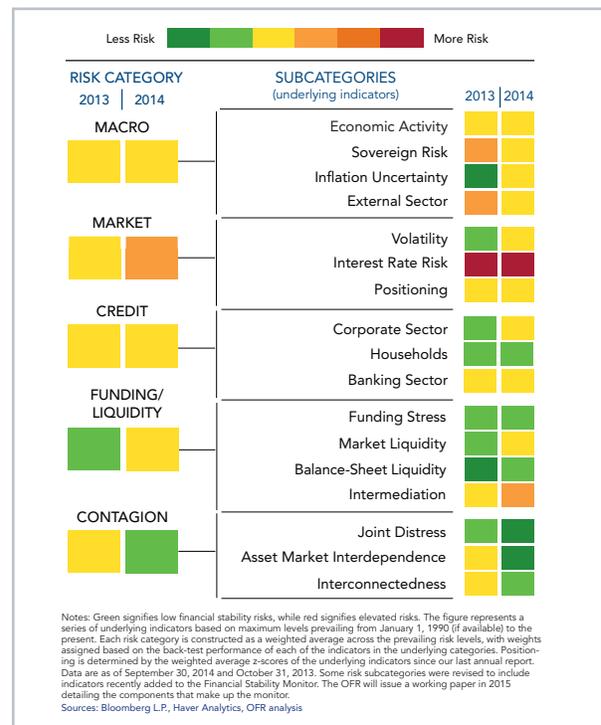
- Supported FSOC in its annual reports, in data for its designation activities, and in studies at its request.
- Produced and published annual reports as required by Congress.
- Produced and published numerous working papers either alone or in close collaboration with external researchers.
- Co-led or actively participated in several conferences, including conferences with the Federal Reserve Banks (New York, Cleveland) and a top academic institution (Massachusetts Institute of Technology).
- Constituted and convened the Financial Research Advisory Committee, held twice yearly public meetings, and worked actively with its subcommittees on Data and Technology, Research, and Financial Services and Risk Management throughout the year.
- Awarded the first series of grants to external researchers.

WHO ARE OUR STRATEGIC PARTNERS?

- FSOC and the Council member agencies
- The FSB, the International Monetary Fund, and other international financial regulatory agencies
- Domestic and global financial industry organizations and representative bodies
- Academics involved in finance, economics, and financial stability research
- The National Science Foundation, which provides grants to researchers on our behalf to further the study of financial stability

HOW WILL WE MEASURE PROGRESS?

As we expand our research and analysis, we will be in a better position to assess the usefulness of OFR research by how frequently it is cited, by whom, and in what context. Through proven communication vehicles such as surveys, ongoing conversations, and other professional outreach opportunities, we will measure our stakeholders' satisfaction with various products and services, including their perspectives on the utility of OFR research, as another indicator of progress.



This graphic is an example of a version of the OFR's Financial Stability Monitor.

Performance Excellence

Though not a goal itself, performance excellence results in several key outcomes:

- Delivery of ever-increasing value to stakeholders,
- Improvement of overall organizational effectiveness and capabilities, and
- Organizational and personal growth and learning.

Performance excellence is typically the product of sound strategy coupled with operational excellence. Operational excellence is measured by timeliness, error-free delivery, and customer satisfaction. It is accomplished through an integrated approach to performance management.

Performance excellence also requires a culture of model leadership that allows effective problem-solving, teamwork, communication, innovation, and learning to flourish. Such a culture inspires team members to contribute their best and fosters ongoing improvement of the organization.

WHAT DOES SUCCESS LOOK LIKE?

Performance excellence is multidimensional. It begins with strong leadership, responsible governance, and exemplary legal and ethical behavior. It requires a culture that nurtures strong leadership and professional development for all to ensure the continuity of operations and sustained commitment to an organization's vision, mission, goals, objectives, strategies, and core values.

Another dimension of success requires effective translation and communication of goals and objectives into priorities, plans, and projects that will foster ownership and empowerment to deliver results and provide value for an organization's stakeholders. It also includes the identification of key measures and metrics that will indicate levels of stakeholder engagement and satisfaction, progress on goals and objectives, and strategy effectiveness. Product and service offerings are and will continue to be based on the current and future needs of stakeholders.

The successful organization effectively:

- Maintains a supportive and secure work environment that fosters diverse cultures and ideas and is

OFR CORE VALUES

Demonstrate Integrity

- Be honest and fair
- Act in accordance with our values and beliefs
- Keep your word

Value Others

- Show respect
- Listen actively
- Consider other points of view

Pursue Excellence

- Aim high
- Do your best
- Deliver results
- Improve continuously

Make a Difference

- Understand how your work benefits the public

Help Each Other

- Think first "how can I help you?"
- Make time for each other
- Collaborate for better outcomes
- Be responsible for the team's success

characterized by open communication and high-performance work.

- Manages its workforce capabilities and capacity.
- Engages with its workforce and offers opportunities for career advancement.
- Manages its succession planning.
- Learns and manages and grows its knowledge assets.
- Manages its information technology.
- Measures, analyzes, reviews, and improves organizational performance and operational effectiveness.
- Identifies and implements applicable best practices and uses comparative and stakeholder data to support decision making.
- Designs, manages, and improves its key work processes to produce maximum customer value.

The organization's continual improvement in the key areas of products and services, stakeholder satisfaction, and organizational effectiveness lead to achieving performance excellence.

Here are some of the projects and activities currently underway:

- Grow our knowledge assets across the organization.
- Enhance and expand our world-class website for internal and external use.
- Refine our workforce planning capacity to ensure the most effective use of our human resources.
- Expand our communication vehicles.
- Significantly enhance and expand our products and services.
- Develop and implement an effective stakeholder outreach plan for each stakeholder group.
- Complete a series of leadership workshops for our leadership teams and provide management and development training for our managers.
- Link this strategic plan to individual performance plans to ensure alignment of organizational and individual goals.

HOW DO WE GET THERE?

Strategies to achieve success in performance excellence include:

- Adhering to core values in all of our interactions.
- Using and adapting proven models of leadership and organizational excellence.
- Continuously monitoring strategy effectiveness and assessing the need for change.
- Continuously solicit stakeholder feedback through a variety of channels and vehicles tailored to each stakeholder group.
- Identifying and implementing ways to increase the depth, breadth, and scope of our internal and external communication.
- Expanding ways to connect our people, processes, and technology to maximize our institutional knowledge.
- Hiring well and engaging, empowering, and enabling our workforce through communication, appropriate leadership, training, and other means.
- Developing the workforce through knowledge and skill enhancement.
- Continuously improving our operations and work processes.

WHERE ARE WE NOW?

The OFR has made the transition from a start-up to a more mature institution capable of effectively fulfilling its mission and addressing a wide range of stakeholder needs. We have:

- Made solid progress in hiring key data, research and information technology staff.
- Conducted a leadership assessment and training program for our senior leaders to enhance their leadership skills and held regular senior management team off-site meetings to explore ways to improve our organizational effectiveness.
- Implemented recommendations from an enterprise-wide employee engagement project.
- Awarded our first generation of grants to external researchers on financial stability-related topics.
- Improved selected key OFR processes.
- Rolled-out the OFR analytic environment and built-out an alternate computing center.

- Expanded our internal and external communication programs and strategies.
- Completed a comprehensive review of our policies, procedures, and internal controls to ensure their continued applicability and appropriateness to the needs of a growing organization.

WHO ARE OUR STRATEGIC PARTNERS?

The OFR Financial Research Advisory Committee and three active subcommittees have made recommendations related to:

- Data, standards, and research, and
- How best to reach out to the academic community and how we can improve our employee hiring and retention activities.

Other strategic partners may be identified in the performance excellence arena as we execute this plan over the course of the next five years.

HOW WILL WE MEASURE PROGRESS?

- We will collect information on efficiency, quality, satisfaction with our products and services, and wherever possible, outcomes related to understanding the risks in the financial system.
- We will systematically review various dimensions of strategy and performance through an integrated management system to ensure we are making progress against goals as planned and can make mid-course corrections as needed.

Our performance measures will be aligned to our organizational objectives, encompassing the quality of the results associated with our products and services, stakeholders, and internal operations, and the effectiveness of our enterprise-wide processes, activities, and efforts. To measure our progress on performance excellence, we will periodically examine how well we are performing against one or more highly regarded performance excellence models that we select for this purpose.





OFFICE OF FINANCIAL RESEARCH

FINANCIALRESEARCH.gov