



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## FDIC CHAIRMAN PRAISES 1993 LAW REQUIRING STRATEGIC PLANNING

FOR IMMEDIATE RELEASE

FDIC Chairman Andrew C. Hove, Jr. voiced strong support today for a 1993 law requiring federal agencies to set long-term strategic goals and measure performance, telling Congress the law applies sound business principles to government.

"I came to government from the private sector, where, as a manager for more than 30 years, I witnessed these principles in action," said Chairman Hove in testimony before the House Committee on Banking and Financial Services. "They make organizations more effective and efficient."

Chairman Hove told the panel that the FDIC's efforts to measure performance against established goals go back to the mid-1980s. However, following the banking crisis of the 1980s and early 1990s, he said, the FDIC undertook a comprehensive review of its mission and objectives. A strategic plan was developed in 1995 as a result of that effort.

The strategic plan emphasized the FDIC's increasing emphasis on identifying, monitoring and addressing risk to the banking system. For example, a new Division of Insurance was created with the specific goal of translating economic and market data into information that can be used by examiners working in the field.

The strategic plan has also led to significant cost savings, Chairman Hove told the House committee. Two corporate buyout programs, which helped ease the trauma of the agency's downsizing effort, are projected to result in net savings of \$133.1 million.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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In 1996, the FDIC established its first business plan - now known as the Corporation's Annual Performance Plan - to set out steps needed to achieve the goals and objectives of the strategic plan.

The FDIC Chairman told the panel that the agency has recently modified the format of its planning and performance measurement initiatives to meet the requirements of the 1993 Government Performance and Results Act.

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