

# Choose a topic

[Finance](#)



US Financial System US Financial System Answer1: US Financial market impacts the economy through the contribution in the employment sector and GDP. For instance, in United States there were 6.19 million individuals that were working in the finance sector with private payroll of about 5.4 percent but by 2010 there were 5.76 million people employed so payroll employment was down as well making the financial sector a major player impacting economy (Baily & Elliott, 2013).

U. S. Financial market impacts the business as availability of credit is crucial for businesses to finance operations and long-term capital investments. As many companies require credit and loans from banks to sustain the business practice so if the payments are not made then the businesses tend to fail (Baily & Elliott, 2013).

An individual gets affected of US Financial market crashes. It affects an individual as companies suffer losses, and they reduce benefits like health care and insurance. Moreover, due to low-income people will not be able save as they need to meet daily expenses (Baily & Elliott, 2013).

Answer 2: Primary role of Federal Reserve System is to provide the citizens of United States with a safer, flexible, as well as stable flow of monetary benefits. In the current economic condition, they have effectively participated reducing unemployment by introducing large-scale intervention that created money for them. The role of Federal Reserve Chairman is to protect the economy of United States against inflation and determine businesses in order to boost the economy, testifying twice a year and steering the FED to solve financial matter through consensus. In order to protect economic environment, the chairman of Federal Reserve can make monetary policy, supporting the economy by checking inflation. The role of <https://assignbuster.com/choose-a-topic/>

Federal Reserve Board has the main role to devise U. S monetary policy and making key decisions at Federal Open Market Committee (FOMC). With respect to current economic condition, the board supervises the banking performances that affects the economy and most importantly as President of United States need to take approval from the board relating to financial, agricultural or industrial interests so they require to carry out effective decisions (Alessi & Sergie, 2013).

Answer 3: The interest rates have an affect the United States when the prices in the Federal Reserve Board are fluctuated. Interest rate is basically the charges the lender take for lending money if there is lower interest rate people will have more money spend creating a ripple effect through which they are able to make large purchases. However, if there is high-interest rate then the consumer has to cut on his or her spending. There will be fewer loans that would slow down the productivity and purchase. These purchases of goods and services have an impact in inflation management and economy. Thus, in this way U. S. financial market can be affected by changes in interest rates (Federal Reserve Bank of San Francisco, 2014).

Interest rates have an effect on a global economy. If the interest rates are reduced then it would encourage investment leading higher aggregate demand, cheaper borrowing costs and reduces mortgage payments that give rise in accumulation of wealth at a global level. On the contrary, increase in interest rates can lead to global financial crises (Geithner, 2006).

#### Reference List

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