

Federal reserve system assignment

[History](#)



When exploring the different Central Banks websites many of announcements and press releases are published to keep the public informed on the current state of that bank. Various reports, banknotes, etc... Are published to also keep the public informed. I personally believe that these websites provide a well-formed basis for what should be present to the public. Although I believe the websites are very well developed and kept up, I find some information hard to understand due to complexity of the information present.

Therefore, I believe more educational resources should be resented to help the public that are not as informed to have a better understanding. There are five separate parts that make up the Federal Reserve System, Federal Reserve Banks, Board of Governors, Federal Open Market Committee, Member banks and Advisory Committees. First, the Federal Reserve Banks are composed of 12 regional Federal Reserve Banks; within those 12 regional banks they have 25 branches.

The Board of Governors oversees the actions taken by the Federal Reserve Banks. The Board of Governors is a seven-member committee that acts the main governing body of the Federal Reserve System. The President of the United States appoints these members for 14-year terms, which are staggered so a president will not be able to appoint the entire committee. Each member holds a seat on the Federal Open Market Committee; therefore the Board of Governors influences open market guidelines.

As stated earlier the Federal Open Market Committee (FOMC) includes the seven members of the Board of Governors and then five additional

representatives that are selected from the regional Federal Reserve Banks. Their duty is to oversee open market operations. Along with directing open market operations the FOMCL consults the discount rates and reserve requirements. The member banks are private banks that hold stock in one of the twelve regional Federal Reserve Banks.

Around 16% of banks are members because banks have thought membership was costly; since the Feds did not pay interest on required reserves that could have been invested elsewhere. Lastly, many Deterrent valor's committees are used to hold various responsibilities. The Federal Advisory Council, Thrift Institutions Advisory council and the Consumer Advisory Council, which are all different advisory committees, directly advise the Board of Governors. Along with the Federal Reserve System to serve as America's central bank, its main function is to control inflation.

Regulating credit, such as raising interest rates that makes credit more expensive, controls inflation. By raising interest rates, to considerably high rates, it will make borrowing quite expensive. Thus, will force slow growth and prices should remain the same, which will reduce the money supply and help decline the inflation. Since inflation will cancel any benefits that come along with benefits of growth I believe the Fed Chief will take the actions stated above to manage inflation.