What is the Federal Reserve?

Q+A WITH A FED AMBASSADOR

FED IN YOUR CLASSROOM


FEDERAL RESERVE BANK OF CHICAGO
Jackson Blvd
La Salle St
FEDERAL RESERVE BANK OF CHICAGO
FEDERAL RESERVE BANK OF CHICAGO
5092

What is the Federal Reserve?

- Central Bank of the United States
- “Banker’s Bank”


HOTEL
OTMOSES & CO

Q: Which actions would you most like to do at a bank?

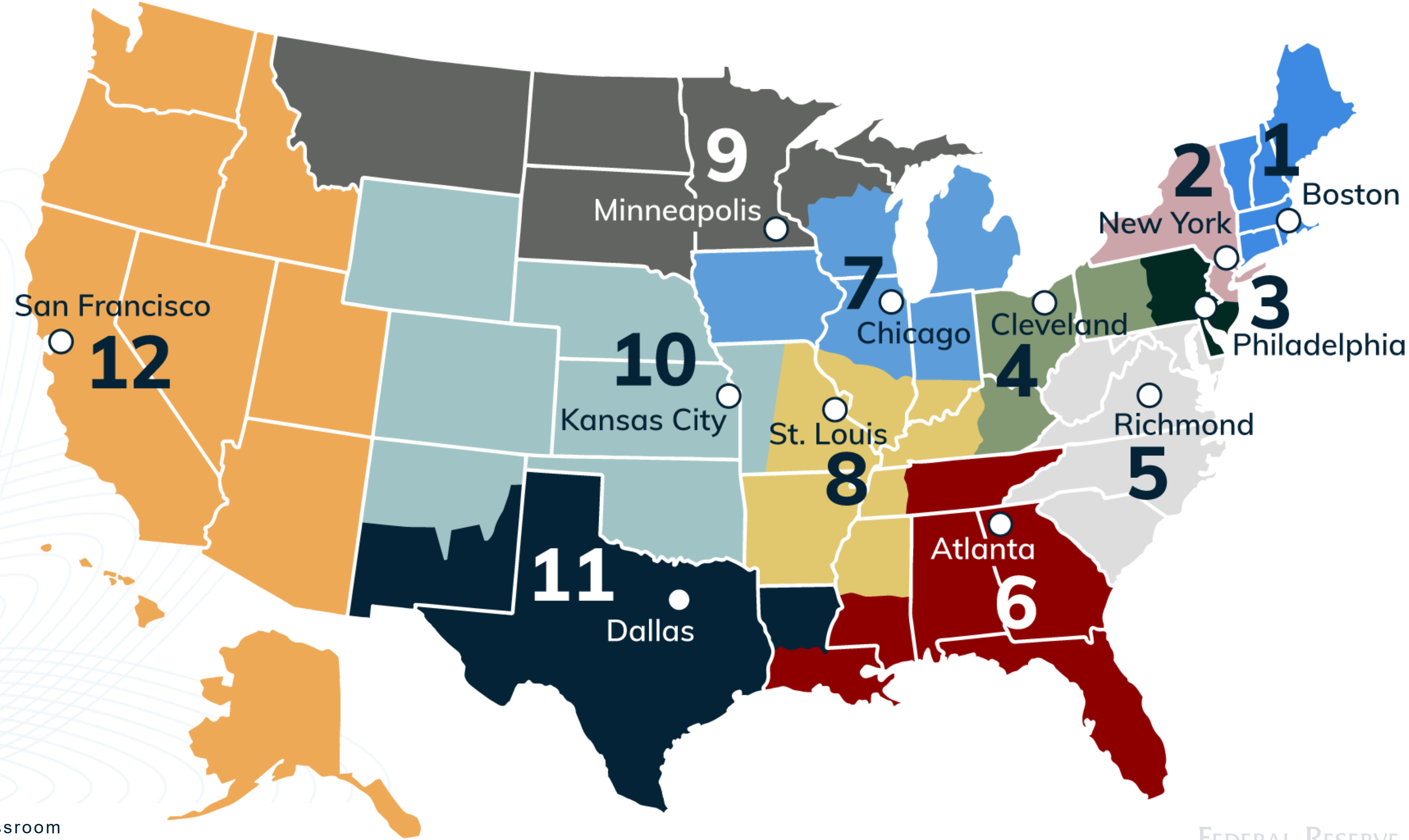
Please respond A, B or C

A. Withdraw cash

B. Save money and earn interest

C. Get a loan

Q: What do you notice about the locations?



Structure of the Federal Reserve

THE FEDERAL RESERVE ACT

creates the **Federal Reserve System** and specifies how Board members and Reserve Bank presidents are chosen.

1. **U.S. President nominates members of the Board of Governors**, the chief governing body of the Federal Reserve System, and nominates one Board member to be Chair and one to be Vice Chair.
2. **Senate: confirms Board members** appointed by the President to staggered 14-year terms, and confirms the nominations of Board members to be either Chair or Vice Chair.

BOARD OF GOVERNORS

Seven Board members guide all aspects of the operation of the Federal Reserve System and its five key functions.

1. **Reserve Bank Board of Directors, Class B and C directors** (those directors who are not affiliated with a supervised entity), nominate Regional Bank Presidents. *Class A directors represent member banks*
2. **Board of Governors than approve Bank Presidents.**

FEDERAL RESERVE BANKS

12 Reserve Banks examine and supervise financial institutions, act as lenders of last resort, and provide U.S. payment system services, among other things.

By law, the FOMC determines its own internal organization and, by tradition, the FOMC elects the Chair of the Board of Governors as its chair and the president of the Federal Reserve Bank of New York as its vice chair. FOMC meetings are typically held eight times each year in Washington, D.C., and at other times as needed

FEDERAL OPEN MARKET COMMITTEE

Seven Board members and **five Reserve Bank presidents*** direct open market operations that sets U.S. monetary policy to promote maximum employment, stable prices, and moderate long-term interest rates in the U.S. economy.

Roles of the Fed

Advancing a Strong Economy

Protecting the Payments System (banker's bank)

Conducting Bank Oversight

Monetary Policy

What are some of examples of how the Fed carries out these key tasks?

Fed Independence within Government

Independent

- No Congressional appropriations
- Governors appointed to long terms (14 years)
- Bank Presidents appointed by regional board
- 5-year lag before individual participants identified in FOMC transcripts

Accountable

- Reports regularly to Congress on policy actions and finances
- Governors nominated by the U.S. President and confirmed by the Senate
- Public comments on proposals (Rulemaking, Information Collection, System of Record Notices, etc.)
- Subject to Government Accountability Office (GOA) audits

How is the Federal Reserve System Funded?

Interest Earned

on securities owned by Fed

Interest Payments

on loans to financial institutions

Fees

charged for financial services

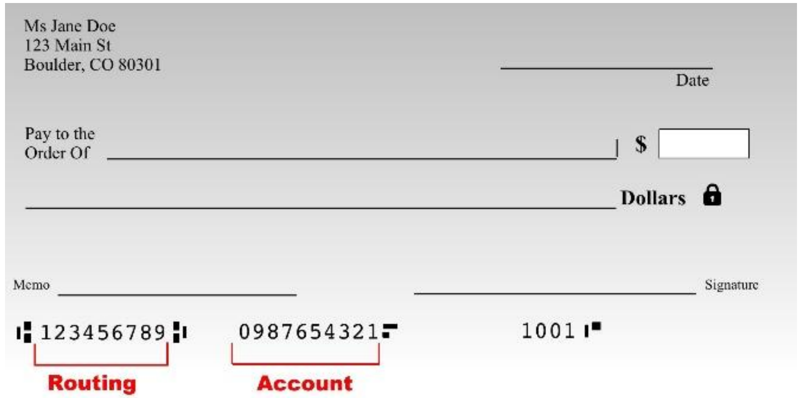
Payment Services

Bank for Banks

Q: Which of these are you most likely to use?

A

B



C

D


100
$10,000
Hundreds


Automated

Q: What makes a bill “unfit” for circulation?

Type your answer in the chat box

A. Worn out, old

B. Torn

C. Written on

D. All of the above

Q: How much money is stored in the Chicago Fed's vault?

A. Millions

B. Billions

C. Trillions

Q: How much money is stored in the Chicago Fed's vault?

B. Billions!


MC4144D
PHILA SER 13
MC4089D
MC4105D
MC4120D
MC4082D
MK3149A
DALLAS SER 13
CHICAGO
MK3133A
DALLAS SER 13
FEDERAL RESERVE BANK
CHICAGO
MK3185A
MK3215A
DALLAS SER 13
FEDERAL RESERVE BANK
CHICAGO
MK3211A
DALLAS SER 13
MK3201A
DALLAS SER 13
MK3197A

Q: What details do you think help determine if this is real?


100
FEDERAL RESERVE NOTE
JB 00000000 T
B2
ONE HUNDRED DOLLARS
THE UNITED STATES OF AMERICA
THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE
SPECIMEN
FRANKLIN
SERIES 2009
JB 00000000 T
Secretary of the Treasury.
Treasurer of the United States.
Watermark
color-changing ink

1928 - 1990

1998 - 2023

2003 - Present

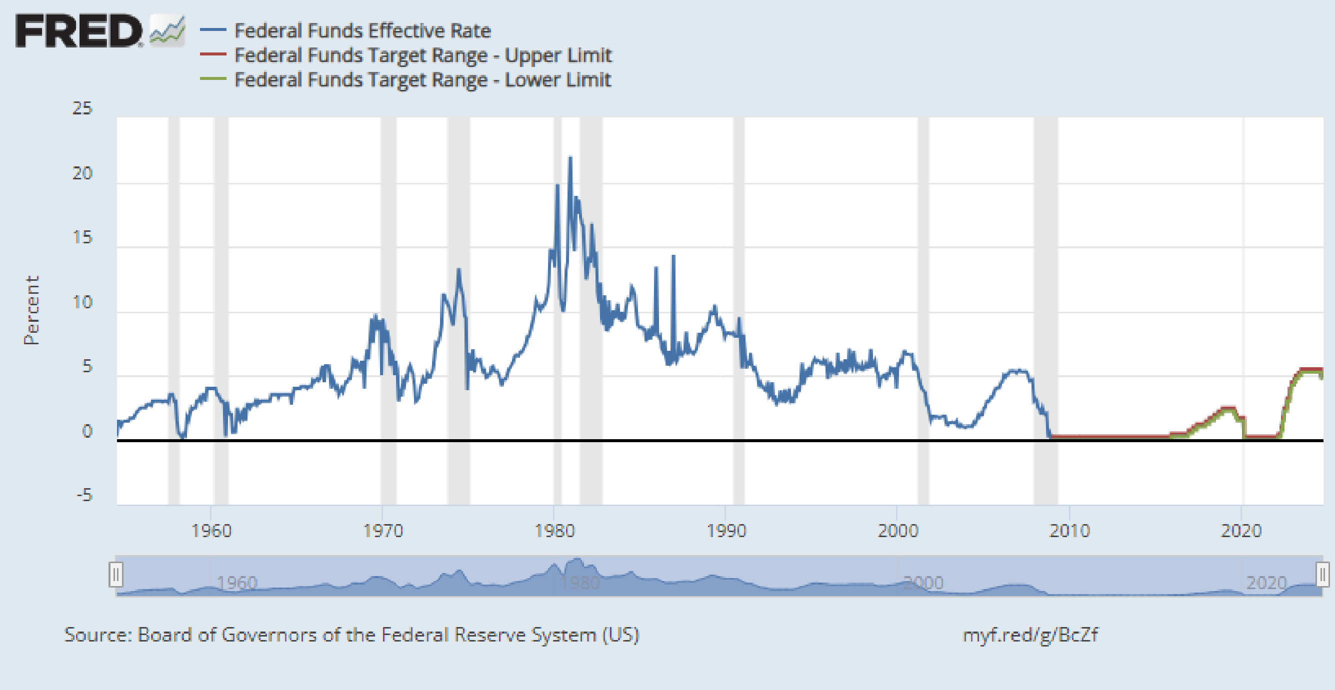
1914 - 1928

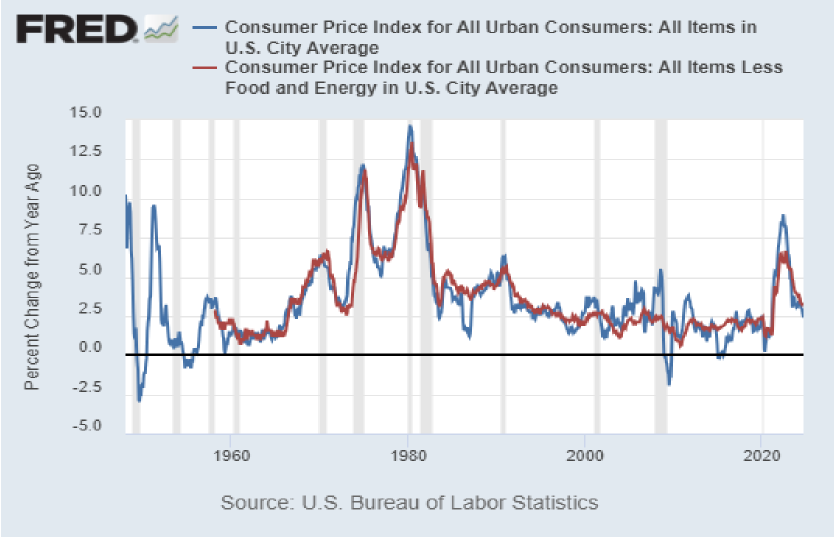
1990 - 1998

Supervision + Regulation

The Federal Reserve is like a referee, making sure banks are following the rules.

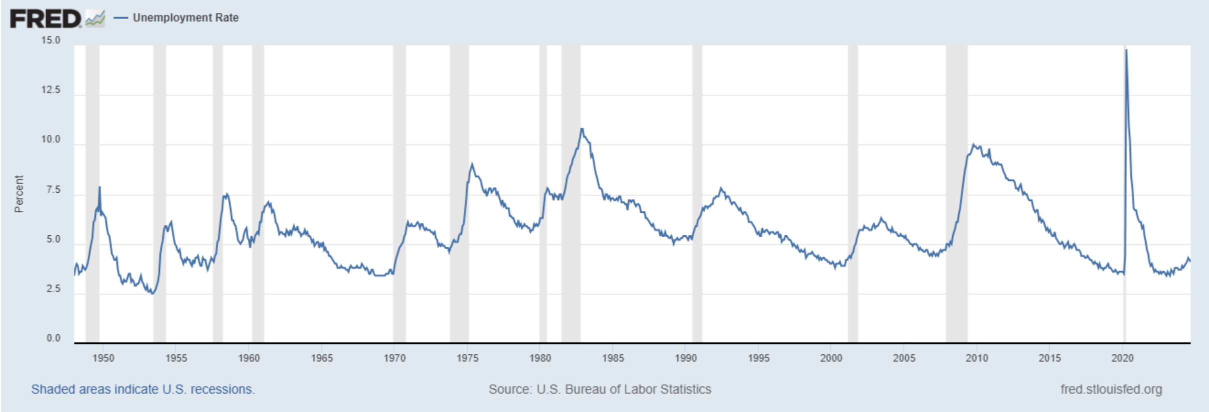
Monetary Policy - Influencing the Growth of the Economy



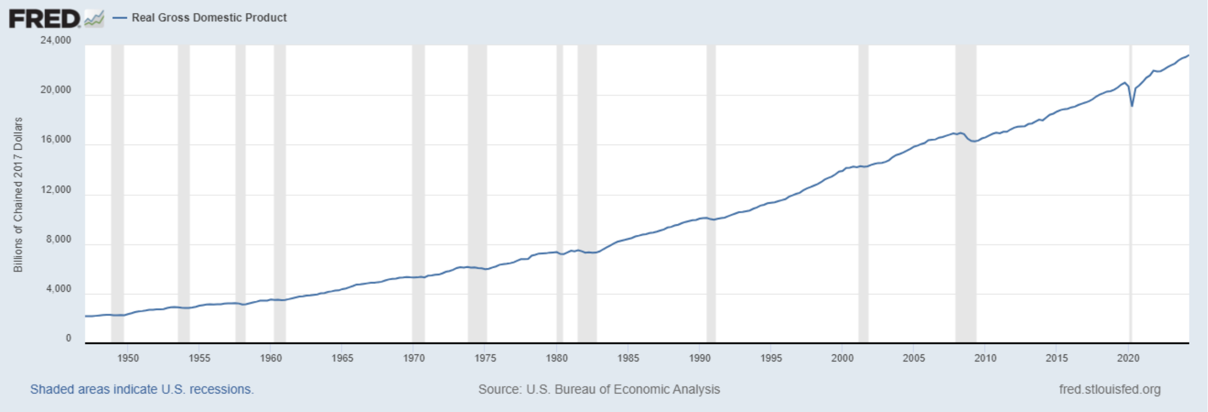


Goal: Stable Prices

Goal: Maximum Employment



Promoting a Strong Economy - GDP



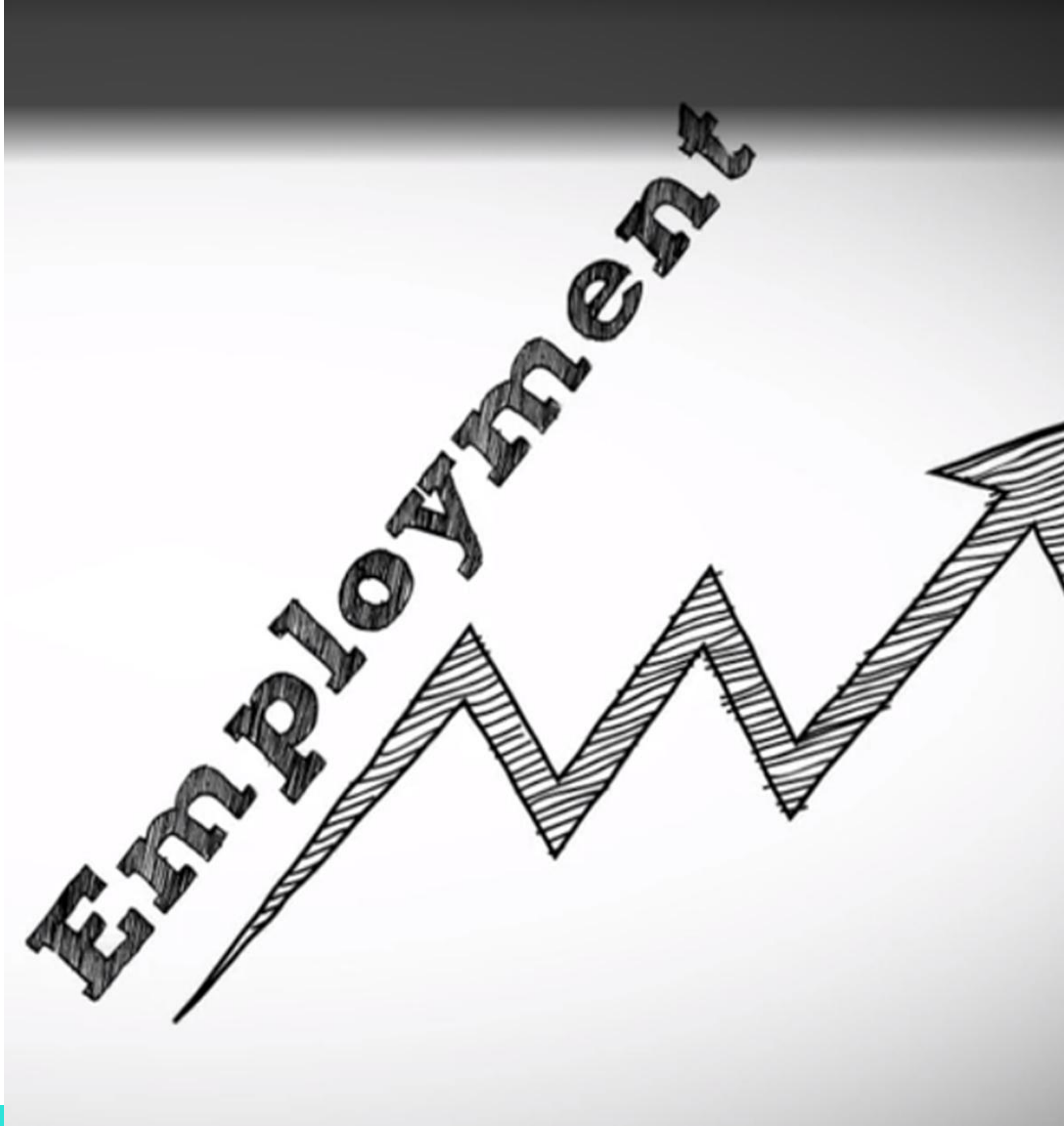
Dual Mandate from Congress

Stable Prices

What you pay today, will be similar how much you pay tomorrow

Full Employment

Anyone who wants a job, can find a job




Influencing Interest Rates

Raise Interest Rates

= Slow Down Economy

Lower Interest Rates

= Speed Up Economy

Additional Fed Resources

Chicago Federal Reserve

- Events
- Research
- chicagofed.org/

FRED

- Economic Data
- fred.stlouisfed.org/

Federal Reserve Education

- Resources K-4, 6 -8, 9-12, College, Adults
- federalreserveeducation.org/

FRASER

- Economic History
- fraser.stlouisfed.org/

U.S. Currency Ed Program

- Resources K-4, 6 -8, 9-12, College, Adults
- www.uscurrency.gov/

Federal Reserve History

- federalreservehistory.org/

Careers at the Federal Reserve

Chicagofed.org/careers

What we look for in interns

- Leadership and Teamwork
- Strong Communication Skills
- Knowledge of Microsoft Office
- The ability to work 40 hours per week

Research Assistant Opportunities

The RA Program is a two-year commitment designed for recent college grads with backgrounds in economics, mathematics, statistics, finance, computer science, or related fields.

Typically, research assistants are interested in pursuing advanced graduate studies (PhDs) in economics and related fields.

Qualifications:

- Bachelor's degree (at minimum) with an emphasis on economics, mathematics, or statistics (or related fields)
- Evidence of aptitude for quantitative and analytical skills; research experience in a formal or class setting
- Familiarity with programming languages and statistical software packages such as Stata, R, MATLAB, Python, and/or ArcGIS to perform advanced statistical and econometric analyses
- Ability to communicate clearly and work independently

Application Info:

- Applications open at the end of August each year
- Positions are filled on a rolling basis - apply early!

Visit www.fedeconjobs.org

for system-wide opportunities for RAs

Questions?