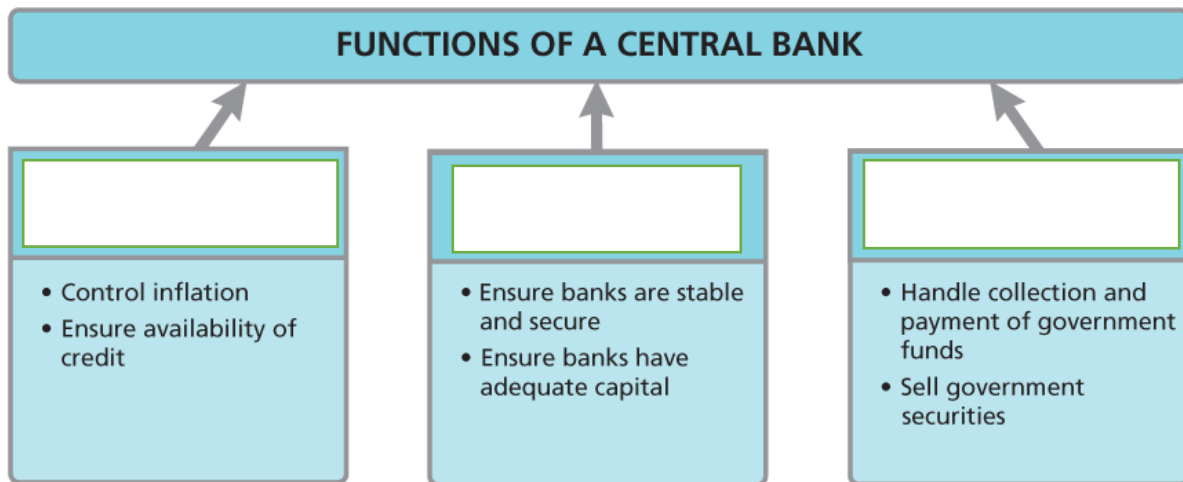


Name: \_\_\_\_\_

## *The Federal Reserve*



### *Stages of Financial Panic*

- 1)
- 2)
- 3)
- 4)
- 5)

One reason why the United States established a central banking system was to avoid \_\_\_\_\_ and \_\_\_\_\_

Attempting to prevent problems such as the Panic of 1907, Congress passed the Federal Reserve Act in 1913.

The resulting Federal Reserve System, now often referred to simply as “\_\_\_\_\_,” consisted of a group of \_\_\_\_\_. These banks could lend to other banks in times of need.

After almost a year of debate, Congress passed the \_\_\_\_\_ in December 1913, and President Woodrow Wilson signed it into law.

The Federal Reserve System is \_\_\_\_\_ by the member banks themselves, but it is publicly controlled by the federal government.

Like so many American institutions, the structure of the Federal Reserve System represents compromises between centralized power and regional powers.

### **The Structure of the Federal Reserve System**

- 1) 7 Members of Board of Governors
- 2)
- 3)

The \_\_\_\_\_ District Banks are different sizes as measured by their assets. The New York Reserve Bank has a small geographic area but the \_\_\_\_\_ number of assets.

### The Fed's Roles: Serving the Government

Mobile banking has become increasingly popular in recent years. One of the Fed role's is to process \_\_\_\_\_.

The Federal Reserve also provides services to banks throughout the nation. It \_\_\_\_\_, safeguards bank resources, and lends funds to help banks that need to borrow in order to maintain their legally required reserves.

It also coordinates the activities of a number of state and federal regulatory authorities.

- \_\_\_\_\_
- Supervising Banking Practices
- \_\_\_\_\_
- The Fed's Expanded Role
- Monitoring Reserves
- \_\_\_\_\_

The Federal Reserve is best known for its role in regulating the nation's money supply. To do so, it uses several tools: setting the discount rate, setting reserve requirements, setting the federal funds rate target, and using open market operations to meet that target.

Economists and the Fed watch several indicators of the money supply.

- \_\_\_\_\_ is a measure of the funds that are easily accessible or in circulation.
- \_\_\_\_\_ includes the funds counted in M1 as well as money market accounts and savings instruments.

When interest rates are low, \_\_\_\_\_, and people are more willing to buy luxury goods.

The \_\_\_\_\_ is not set by the Fed but by banks: it is the rate charged by the top 25 commercial banks.

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)