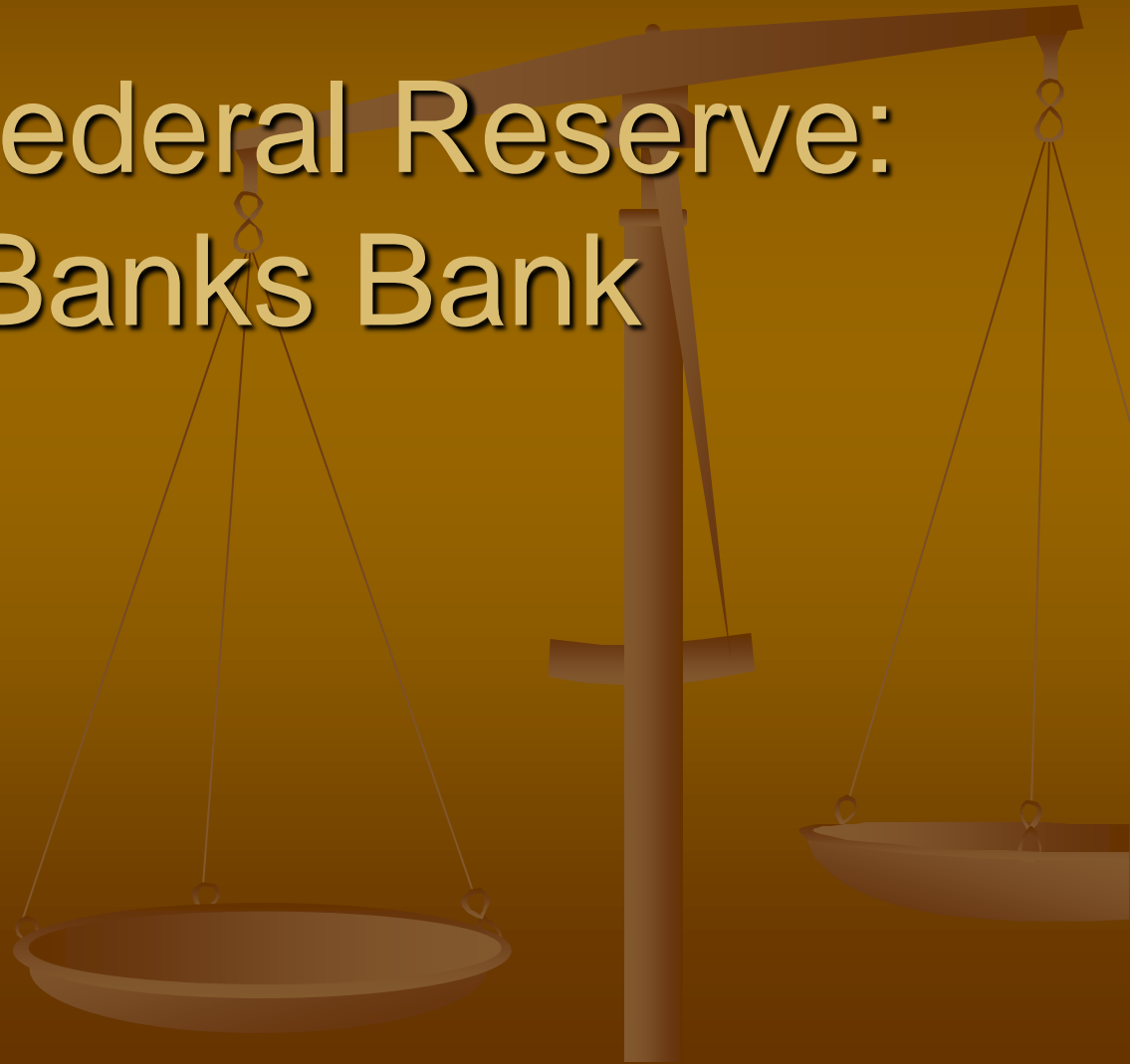
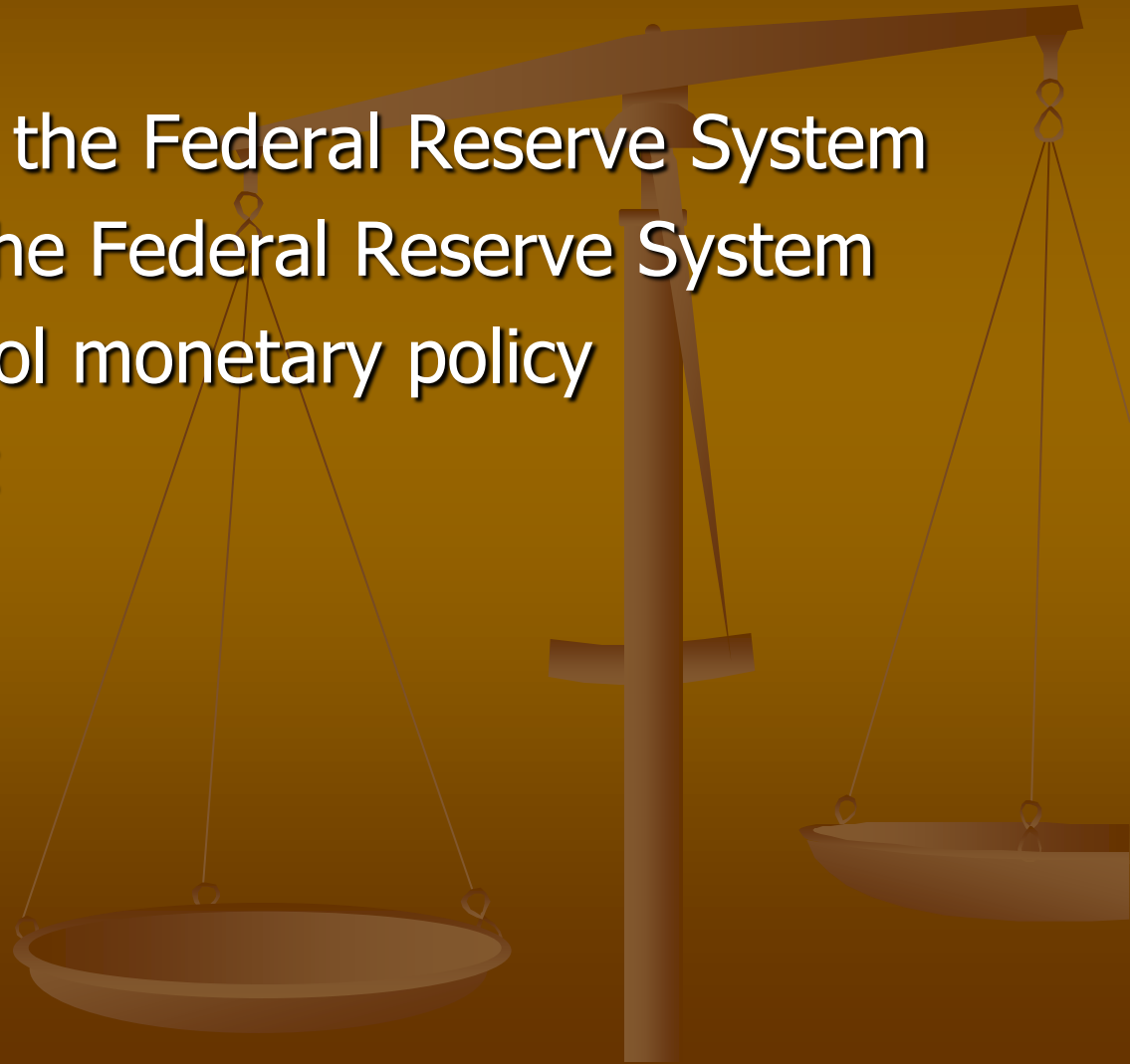


3.3 The Federal Reserve: The Banks Bank



Goals

- Learn about:
 - Organization of the Federal Reserve System
 - 4 functions of the Federal Reserve System
 - How they control monetary policy
 - Multiplier effect









Functions of the Federal Reserve System

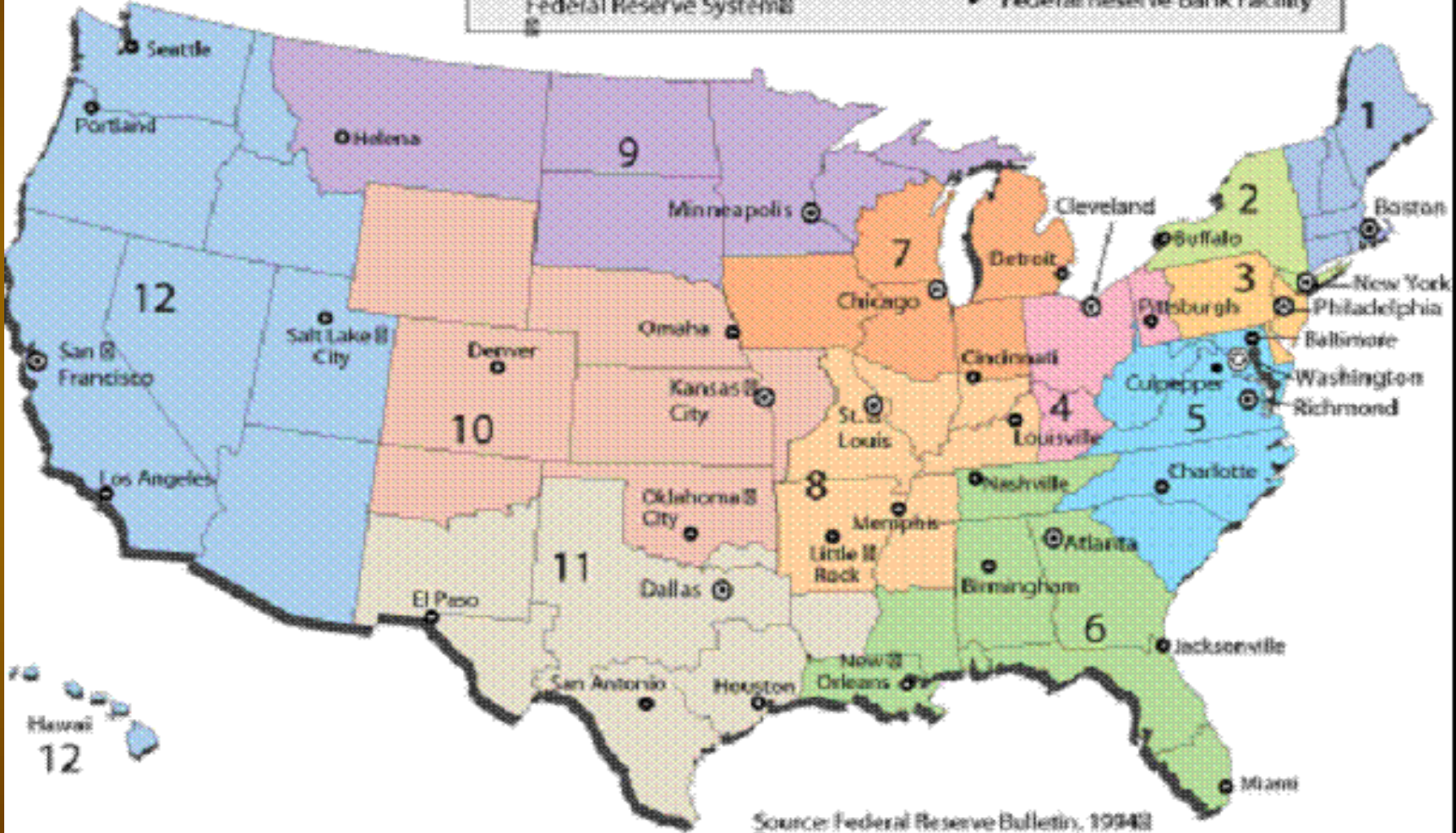
- It consists of:
 - 12 Federal Reserve banks
 - 25 branch banks
 - A board of governors
 - Federal Open market Committee



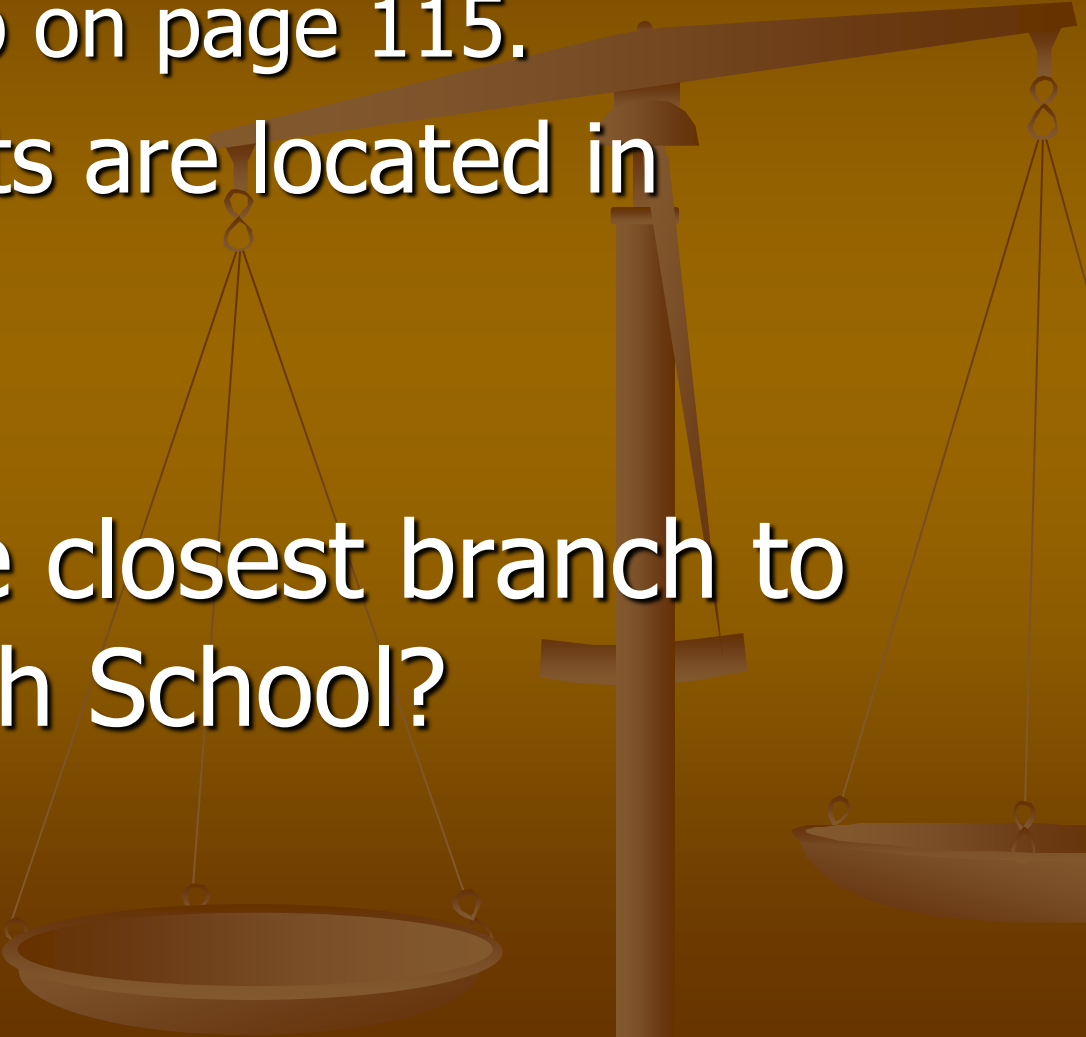


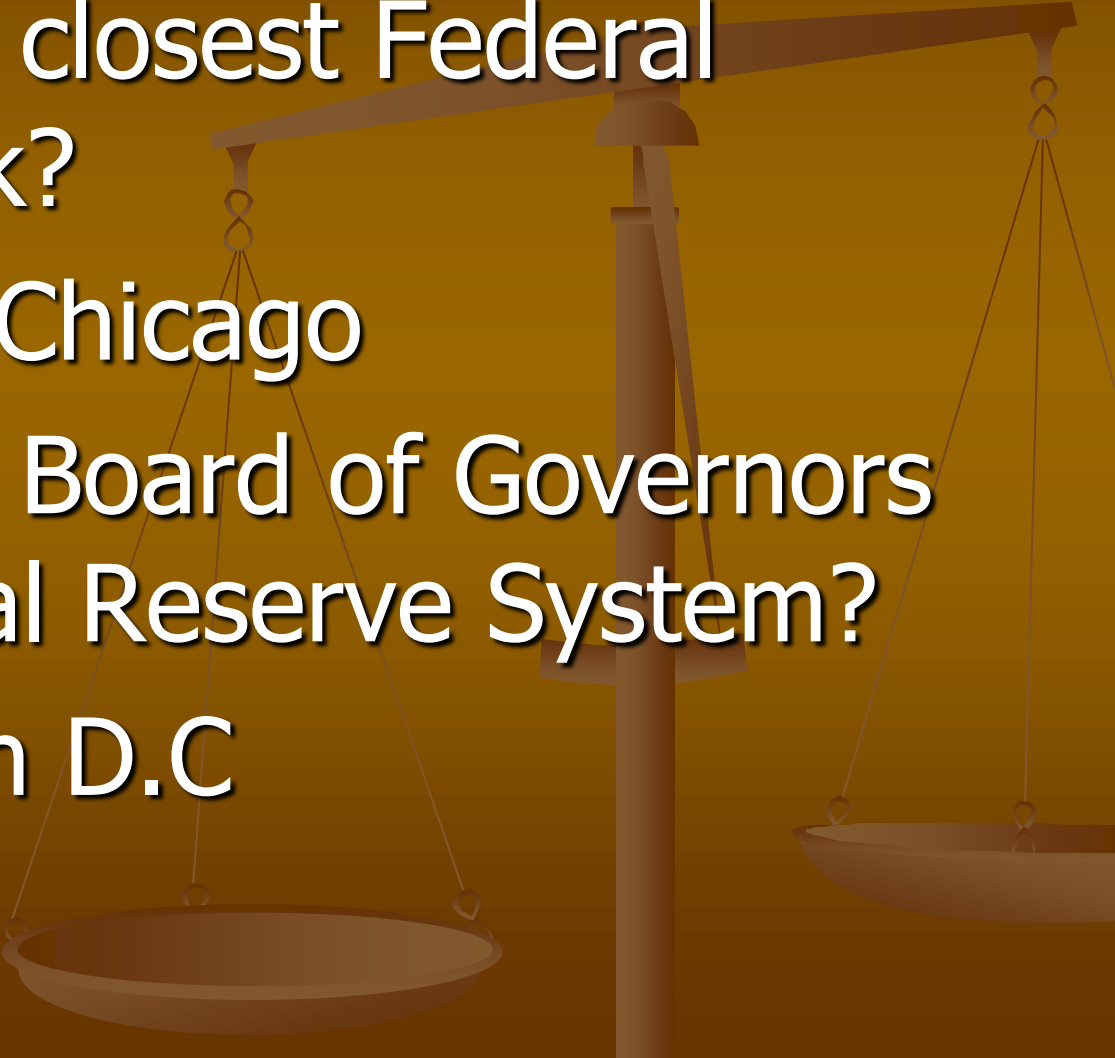
The Federal Reserve System consists of 12 districts. Each district has a Federal Reserve Bank, and most also have Branch Banks.

 Areas of Federal Reserve Districts	 Federal Reserve Bank Cities
 Board of Governors of the Federal Reserve System	 Federal Reserve Branch Cities
 Federal Reserve System	 Federal Reserve Bank Facility

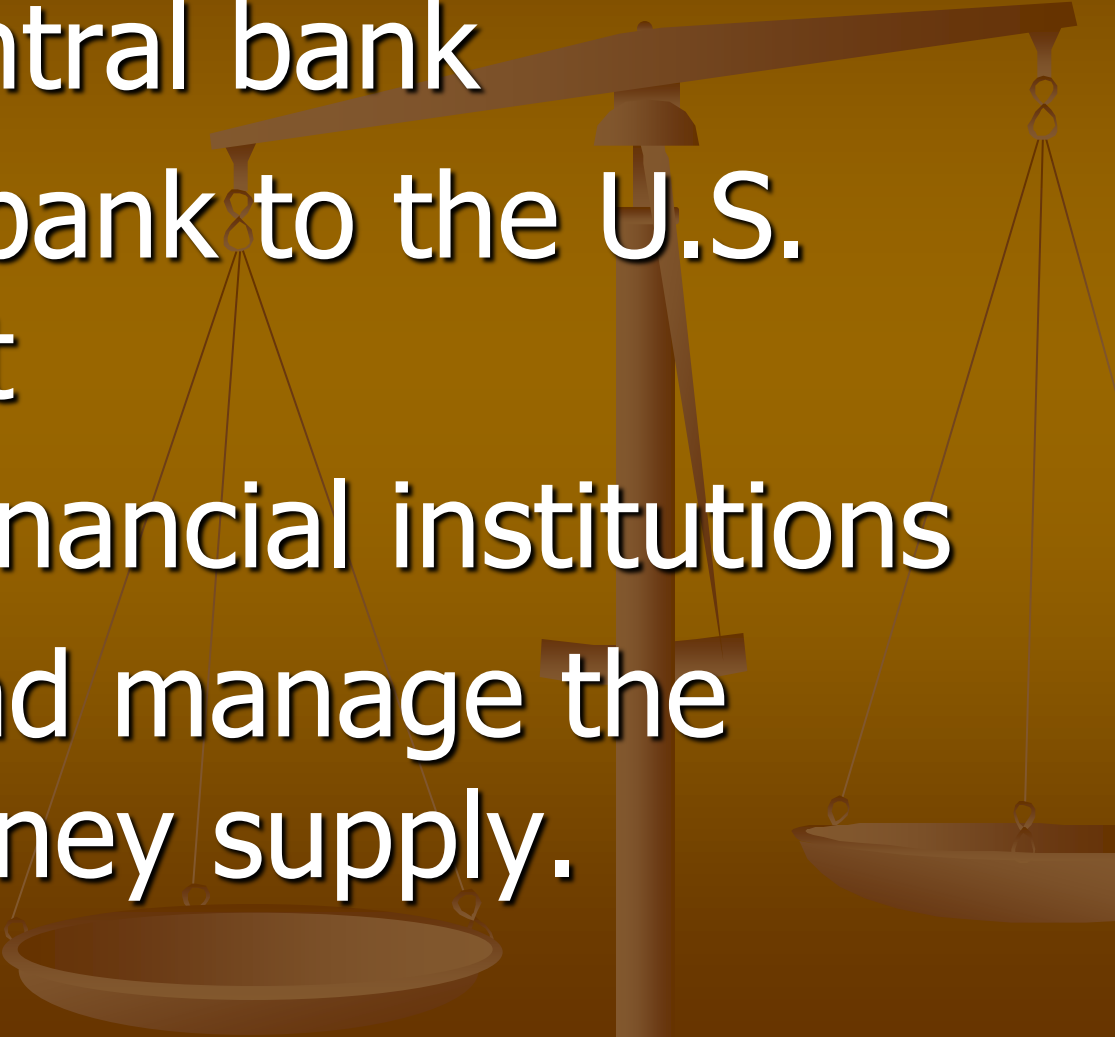


Source: Federal Reserve Bulletin, 1994

- 
- Look at the map on page 115.
 - What districts are located in Michigan?
 - 7 and 9
 - What is the closest branch to Dakota High School?
 - Detroit

- 
- Where is the closest Federal Reserve bank?
 - Cleveland, Chicago
 - Where is the Board of Governors of the Federal Reserve System?
 - Washington D.C

Functions of the Federal Reserve System

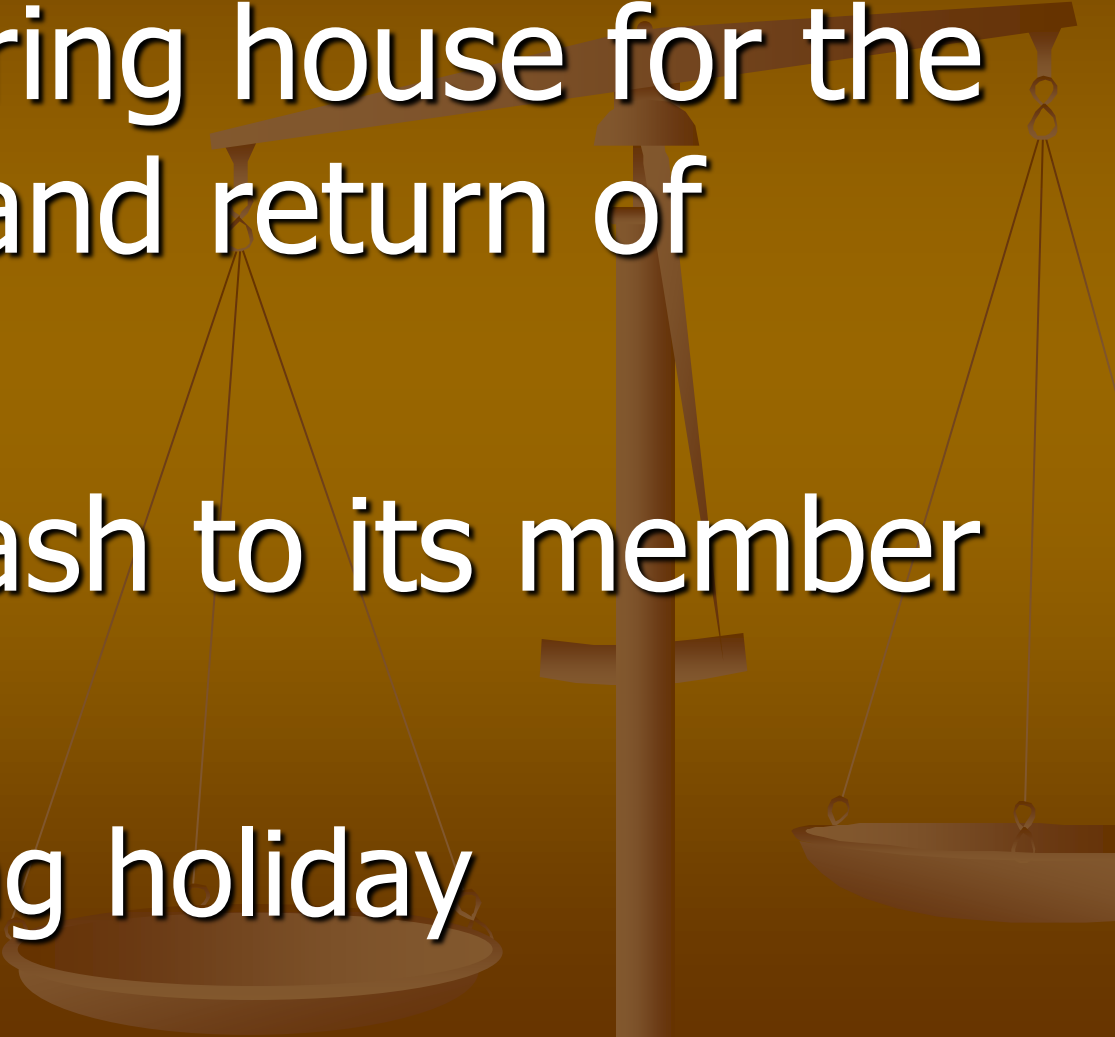
- Act as a central bank
 - Serve as a bank to the U.S. government
 - Supervise financial institutions
 - Regulate and manage the nation's money supply.
- 

The Nation's Central Bank

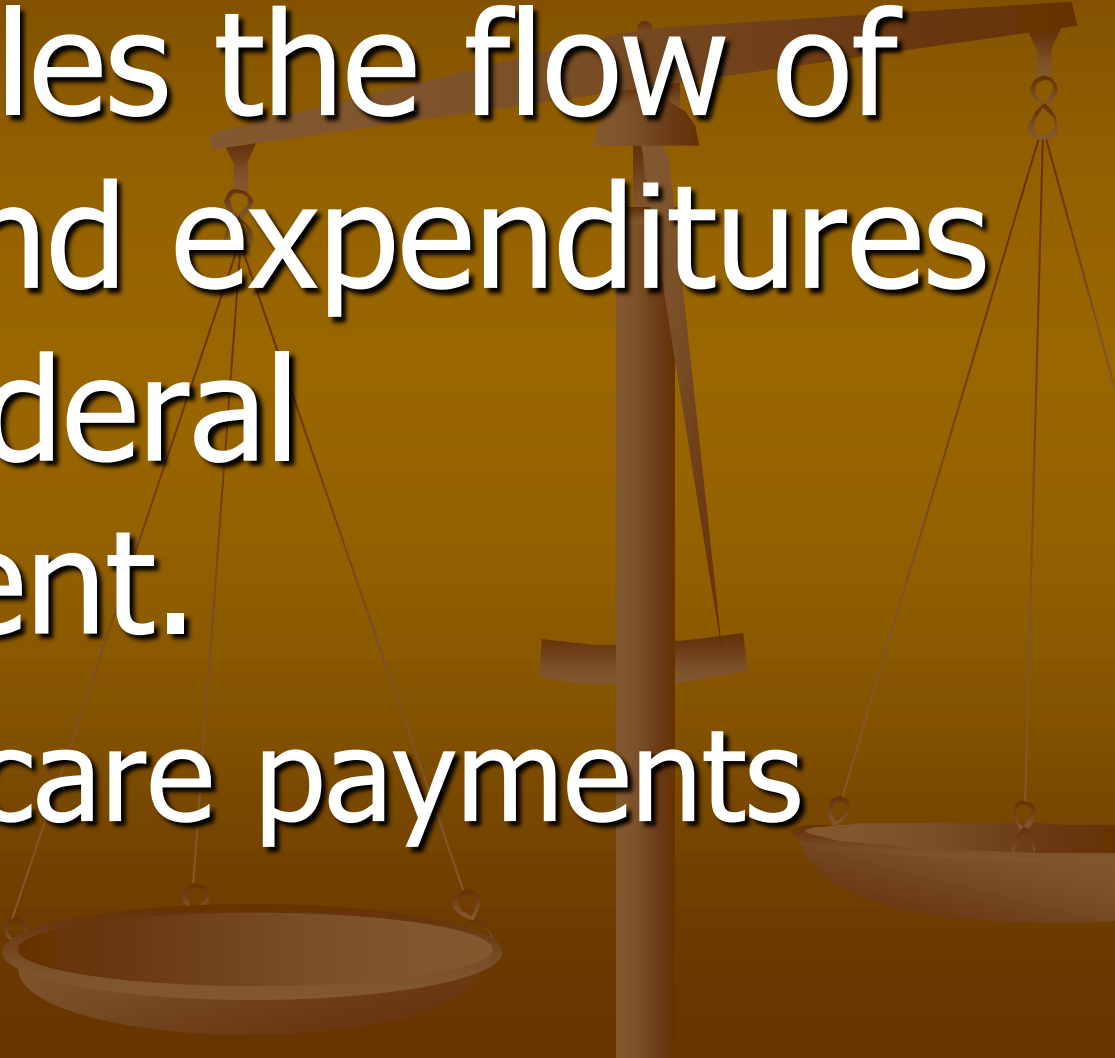
- FRS issues the country's main type of currency, the Federal Reserve note.
- Such notes are legal tender = money that by law must be accepted for payments of debts and taxes
 - Printed by the Bureau of Printing and Engraving.



The Nation's Central Bank

- Major clearing house for the collection and return of checks
 - Supplies cash to its member banks
 - EX : During holiday
- 

The Government's Bank

- FSR handles the flow of income and expenditures for the federal government.
 - EX: Medicare payments
- 

Supervision of Financial Institutions

- FRS examines records of member banks to determine if they are following standards.

