

## **What is the Fed?**

### **Chairman Ben S. Bernanke**

Hi. I'm Ben Bernanke, Chairman of the Federal Reserve System.

"The Fed," as it's often called, is the central bank of the United States. Congress created the Fed in 1913 to help promote a safe and sound financial system for our nation.

Today, the Fed plays a number of important roles, all with the ultimate goal of promoting a healthy U.S. economy.

The Fed includes the Board of Governors in Washington, D.C. and twelve Federal Reserve Banks located in cities throughout the country.

The Board of Governors consists of seven members, including the chairman. Each of us is appointed by the President and confirmed by the Senate.

The 12 regional Federal Reserve Banks serve as the central bank's operating arms. They also help gather economic information from all over the country, to help the Federal Reserve monitor economic developments and to get the input needed for policy decisions.

One of the Fed's most important responsibilities is conducting monetary policy, which involves influencing interest rates and the availability of money and credit in our economy.

The Congress has instructed the Fed to manage monetary policy so as to promote maximum employment and stable prices.

High levels of employment provide more people economic opportunity, while stable prices promote growth by making it easier for households and businesses to plan for the future.

Monetary policy decisions are made by the Federal Open Market Committee (FOMC), which is made up of members of the Board of Governors and the presidents of the Reserve Banks.

This committee meets regularly to assess the state of the economy and the economic outlook.

In making its monetary policy decisions, the committee aims to provide the conditions necessary for a healthy, growing U.S. economy.

The Federal Reserve also helps to supervise and regulate the nation's banks and works to promote a stable financial system.

As we learned during the financial crisis, financial instability can pose a severe threat to the broader economy.

We also act as a bank to other banks--by clearing checks, making electronic payments, and providing the currency that people need and use every day.

Our country has faced, and is still facing, difficult economic challenges. The Federal Reserve is working every day to address those challenges.

To help our economy return to prosperity, we remain strongly committed to promoting both employment opportunities and stable prices for all Americans.

Thank you for your time, and I hope you will continue to find out more about us through the Federal Reserve Board's website and the wide range of resources it offers.