March 19, 2020

Federal Reserve Board encouraged by increase in discount window borrowing to support the flow of credit to households and businesses

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The Federal Reserve Board is encouraged by the notable increase in discount window borrowing this week with banks demonstrating a willingness to use the discount window as a source of funding to support the flow of credit to households and businesses.

This uptick follows the recent changes to the discount window announced by the Federal Reserve and the federal banking regulators’ recent statement encouraging financial institutions to use the discount window. In that statement, the Federal Reserve and other federal regulatory agencies underscored the role of the discount window.

By providing ready access to funding, the discount window helps depository institutions manage their liquidity risks efficiently and avoid actions that have negative consequences for their customers, such as withdrawing credit during times of market stress. The Federal Reserve welcomes continued use of the discount window by banks to help them channel credit to households and businesses.

The Federal Reserve Board publishes aggregate borrowing information on a weekly basis in its Factors Affecting Reserve Balances (H.4.1) statistical release.

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