Unlike the central banks of most countries, which are single institutions, the Federal Reserve System consists of the Board of Governors, the Federal Open Market Committee, and a network of 12 District Banks. In addition, several statutory and working committees meet with and advise the Board throughout the year on banking and consumer issues and economic matters, to help the Board deal with its varied responsibilities.

The chart on the inside shows the relationships and general responsibilities of these various units of the Federal Reserve System.

Advisory Committees

The Consumer Advisory Council is a statutory body, established by Congress in 1976 at the suggestion of the Board, including both consumer and creditor representatives, the Council meets four times a year to advise the Board on its implementation of consumer regulations and other consumer-related matters.

The Federal Reserve Act prescribes a Federal Advisory Council, consisting of one member from each Federal Reserve District—usually a banker—elected annually by the Board of Directors of each of the 12 Federal Reserve Banks. They meet with the Federal Reserve Board at least four times a year to discuss business and financial conditions and make advisory recommendations.

Following passage of the Depository Institutions Deregulation and Monetary Control Act of 1980, the Board of Governors established the Thrift Institutions Advisory Council whose purpose is to provide information and views on the special needs and problems of thrifts. The group is comprised of representatives of mutual savings banks, savings and loan associations, and credit unions. Such institutions are now subject to System reserve requirements and have access to the discount window and to other System services.

Initiated by the Board in the 1960's, meetings of the Academic Consultants provide a forum for the exchange of views between the Board and members of the academic community in economics and banking. Meetings are held 3-4 times a year in Washington.
Organization Chart of the Fed

Board of Governors (7 appointed members)
- Involved in setting monetary policy by determining reserve requirements and approving changes in discount rates
- Supervisory and regulatory responsibilities over member banks and bank holding companies
- Oversight of Federal Reserve Banks

Federal Reserve Banks
- Handle reserve balances for depository institutions
- Furnish currency
- Collect, clear, and transfer funds
- Handle U.S. government debt and cash balances

Federal Open Market Committee (Board of Governors and 5 Reserve Bank presidents)
- Formulates monetary policy through open market operations (buying and selling of government securities), which are the primary method for controlling growth in money and bank credit

Reserve Requirements
Discount Rates
Open Market Operations

Establishes Discount Rate
Exercises General Supervision
Reviews and Approves

The Consumer Advisory Council
The Federal Advisory Council
The Thrift Institutions Advisory Council
The Academic Consultants

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