

### 1. State Member Bank

- The Fed maintains the reserves of the state banks. (cash on hand)
- helps control the money supply

### 2. Bank Holding Companies

- corporations that own one or more banks.
- do not accept deposits or make loans.

### 3. International Operations

- Banks from 55 different countries operate in U.S.
- 20% of all banking assets in the U.S.
- Fed also regulates U.S. banks in other countries.

### 4. Member Bank Mergers

- Fed has to approve a merger of 2 of its member banks.

## C. Other Fed Services

1. Clears checks: millions of checks a day.

2. Consumer legislation: Truth in lending act. sellers have to disclose everything to people that are buying on credit.

Regulation Z extend truth in lending

- have to tell you the down payment, interest, monthly payment

### 3. Maintains currency and coin.

- money is printed at the bureau of engraving and printing.

- Bureau of the mint produces metallic coins

## II. Monetary Policy

- expansion or contraction of the money supply in order to influence the cost and availability of credit.

### A. Fractional Bank Reserves

- Banks must keep a portion of their deposits on hand as cash