What does the Fed Do?

- The Fed regularly audits banks, approves bank mergers, etc.
- Don’t confuse with other regulators
  - Controller of the Currency
  - Federal Deposit Insurance Company (FDIC)
  - Securities and Exchange Commission (SEC)
Clearing Checks

Key Bank | Huntington Bank
---|---
**Deposit at Fed:** $50,000 | **Deposit at Fed:** $30,000
$49,900 | $30,100

Fred’s Checking Account: $500 | Sam’s Checking Account: $400
$400

Traditionally, the check had to be sent physically from Huntington to Key. No longer.

Factoid:
While many checks clear through the Fed, there are private clearing arrangements that clear a large number of checks.

End

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