

Richmond Fed eBrief

March 2013

How Large Is the Federal Financial Safety Net?

The safety net is intended to reduce systemic risk by protecting financial institutions and their creditors from failure. However, federal guarantees can encourage imprudent risk taking and contribute to financial instability. The Richmond Fed periodically estimates the size of the safety net, most recently in February 2013 using data as of December 31, 2011. You can read this recent estimate — that as much as 57 percent of all financial firm liabilities are covered by the safety net — as well as previous estimates.

Fed Credit Policy During the Great Depression

Responding to the financial crisis of 2007–09, the Federal Reserve made loans to nonbank firms and purchased (and continues to purchase) mortgage-backed securities. These actions are examples of credit policy, which is distinct from monetary policy. But this is not the first time the central bank has engaged in credit policy. During the Great Depression, Reserve Banks exercised broad authority to lend to nonbank businesses.

Shadow Inventory and Foreclosure Law in the Fifth District

Homes are spending a longer time in serious delinquency or foreclosure, contributing to an elevated “shadow inventory.” Does requiring a judicial process to foreclose increase the time that borrowers spend in foreclosure? If so, does that give borrowers time to recover financially and emerge from default, or does it merely delay the housing market from correcting itself? The current issue of Region Focus looks at the effects of foreclosure law on the housing market and the broader economy, focusing on the Fifth Federal Reserve District.

Credit Reports: Have You Checked Yours Lately?

Our Economic Education team is producing a new online publication to help people make informed decisions about their personal finances. The first issue of 5E Navigator directs readers to their credit report and provides a road map for resolving credit report errors.

The Changing Role of Libraries in Our Communities

The latest issue of Marketwise Community discusses the innovative programs and services that libraries provide to serve community needs.

Economic Snapshot, March 2013

According to the most recent data, economic conditions in the Fifth Federal Reserve District generally strengthened. There was an uptick in employment, positive news regarding business activity and encouraging signs in housing markets.

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