



# Richmond Fed eBrief

October 2014

## Speeches

### [Rethinking Bankruptcy for Large Financial Institutions](#)

In an October speech, Richmond Fed President Jeffrey Lacker discussed the hazards of resolving failed financial institutions outside the Bankruptcy Code. Such ad hoc resolution creates an expectation of government support, dampening investor incentives to monitor risk-taking by firms. Lacker argues that requiring complex firms to prepare “living wills” detailing their resolution through bankruptcy has the potential to mitigate these hazards.

### [Opposing the Fed’s Mortgage Asset Holdings](#)

In an op-ed for The Wall Street Journal, Richmond Fed President Jeffrey Lacker and Research Director John Weinberg argue that the Fed’s mortgage asset purchases distort market credit allocation and threaten monetary policy independence. [Lacker has called](#) for the Fed to sell off its mortgage asset portfolio.

### [Prospects for Growth and Labor Markets](#)

In an October speech, Richmond Fed President Jeffrey Lacker presented his forecast that GDP growth will continue to average between 2 and 2.5 percent.

## Research

### [Investing over the Life Cycle: One Size Doesn’t Fit All](#)

Financial advisers commonly recommend that young individuals invest more heavily in risky assets than safer assets, but the Fed’s Survey of Consumer Finances shows that young people generally do not follow this advice. Economists find that accounting for other risks that young people face can help explain this behavior.

## [Cash Use Here and Abroad](#)

Recently, a comparison of payments diaries from seven countries that explored consumer payments choices, including cash use, was completed by the Boston Fed. The Richmond Fed's Payments Studies Group compared these results with those from their consumer payments dataset by compiling 2.6 billion records from that approximate time frame to see if our data records agreed with the conclusion from the Boston Fed report that cash is the preferred payment choice worldwide. It appears that despite the varied geographies and cultures, there appear to be some universal factors, such as demographics and transaction size, that will continue to drive cash usage, especially for smaller payment transactions.

## **Fifth Federal Reserve District**

### [Regional Economic Snapshot](#)

The Fifth District economy improved somewhat in recent months, with some mixed employment reports, but generally improving business conditions and housing markets.

## **Events**

Nov. 18 – [South Carolina Community Capital Conference](#), Greenville, South Carolina

