The Richmond Fed Operates Around the Clock

As one of twelve Reserve Banks in the Federal Reserve System, the Richmond Fed performs several key functions. It contributes to the formulation of monetary policy. It supervises and regulates banks as well as bank and savings and loan holding companies that are headquartered in the Fifth Federal Reserve District. And it processes currency and electronic payments for depository institutions and acts as a fiscal agent for the federal government. In addition, the Richmond Fed works with a variety of partners to strengthen communities throughout the Fifth District. Given the importance of these public-service responsibilities, the Bank operates around the clock every day.

As an examiner of large financial institutions, Jadrian Jones travels to conduct onsite examinations. Bank supervision is a key function of the Richmond Fed.

At a pre-FOMC meeting, research economists listen intently to a discussion of inflation dynamics led by senior economist Felipe Schwartzman.

Assistant cash manager Neesha Livingston moves twenty-dollar bills toward the currency-processing equipment in the Bank’s Richmond office. Processing cash is a critical service to banks and the public.
Conducting Monetary Policy
The Federal Open Market Committee (FOMC) conducts monetary policy—primarily by setting and influencing interest rates—to promote stable prices, maximum employment, and moderate long-term interest rates.

The Richmond Fed’s Research Department helps prepare the Bank’s president for monetary policy deliberations at FOMC meetings, advises him on banking- and financial-regulatory policy, and helps him develop views on economic issues of relevance to residents in the Fifth District. The department also seeks to be the premier source of economic information and analysis to District stakeholders. These functions require that the department’s economists remain at the frontier of scholarly research, that the department’s economics writers convey key concepts through publications for the general public, and that the department’s economic educators create engaging content for students. The department’s functions also require extensive regional outreach—with surveys, business roundtables, advisory groups, and the Bank’s directors—to better understand business and economic conditions in the Fifth District and the nation.

Supervising and Regulating Banks
Another primary function of the Richmond Fed is to supervise and regulate banks as well as bank and savings and loan holding companies headquartered in the Fifth District. Working together with agencies at the state level and with the comptroller of the currency and the Federal Deposit Insurance Corporation at the national level, Reserve Banks help to promote confidence in the U.S. banking system.

At the Richmond Fed, staff members determine the soundness of institutions’ assets by conducting regular examinations and inspections to evaluate the effectiveness of policies, management, operations, and risk-management practices. Examiners also assess compliance with banking laws and regulations and sensitivity to various risks, including risks related to the quality and reliability of institutions’ computer systems and networks.
Processing Cash and Electronic Payments

Reserve Banks often are described as "bankers’ banks." In other words, they provide services to depository institutions that are similar to the services that depository institutions provide to their customers.

For example, when people in the Fifth District demand more currency from the banking system, depository institutions withdraw cash from their accounts at the Richmond Fed. Conversely, when people in the Fifth District demand less currency from the banking system, depository institutions deposit surplus cash in their accounts at the Richmond Fed.

The Bank also helps facilitate electronic payments, including funds transfers (via Fedwire) and the automated clearinghouse (ACH). Fedwire typically conveys large-value, time-critical payments, while the ACH allows depository institutions to send electronic credits and debits to each other. The direct deposit of paychecks, Social Security benefits, and tax refunds are typical examples of ACH credits. The direct payment of mortgage installments and utility bills are common examples of ACH debits.

Strengthening Communities

The Richmond Fed’s Community Development Group works with local partners to identify and address economic challenges and opportunities in low- and moderate-income communities in the Fifth District. In doing so, the group focuses on people, places, small businesses, and policies and practices.

The focus on people includes identifying and promoting best practices in workforce development and financial education. The small business focus supports such firms in the Fifth District by gathering and analyzing data related to small businesses’ access to technical and financial resources. The focus on places includes studying and advancing comprehensive community development efforts that are geographically specific, while the policy and practice focus looks for ways to advance the field of community development more
generally. For example, the department assists banks in implementing the Community Reinvestment Act, which requires depository institutions to help meet the credit needs of their communities, including low- and moderate-income neighborhoods.

**Supporting the Bank’s Operations**

To support the key functions outlined above, many Richmond Fed staff members provide a variety of services that are necessary for any large organization to function efficiently and effectively. Examples include accounting, auditing, client services, corporate communications, corporate planning, facilities management, health services, human resources, information management, law enforcement, legal services, risk mitigation, statistical analysis, and technological solutions.

In addition to these supporting roles, the Richmond Fed hosts and provides leadership for four support functions throughout the Federal Reserve System: National IT, the Currency Technology Office, the National Procurement Office, and Centralized Payroll Operations.

As their names imply, Centralized Payroll Operations provides payroll services to all twelve Reserve Banks’ employees, while the National Procurement Office leverages the combined purchasing power of the Reserve Banks. The Currency Technology Office is responsible for supplying the processing equipment, software, and authentication sensors to all Reserve Banks to ensure confidence in the use of U.S. currency globally.

The Bank’s largest system-wide support function is performed by National IT, which provides enterprise information technology architecture and standards, enterprise information security policy and assurance, computing and network operations, project services, and end-user services to all Reserve Banks and their national product and support offices. National IT also provides services to the Board of Governors of the Federal Reserve System and the U.S. Treasury.