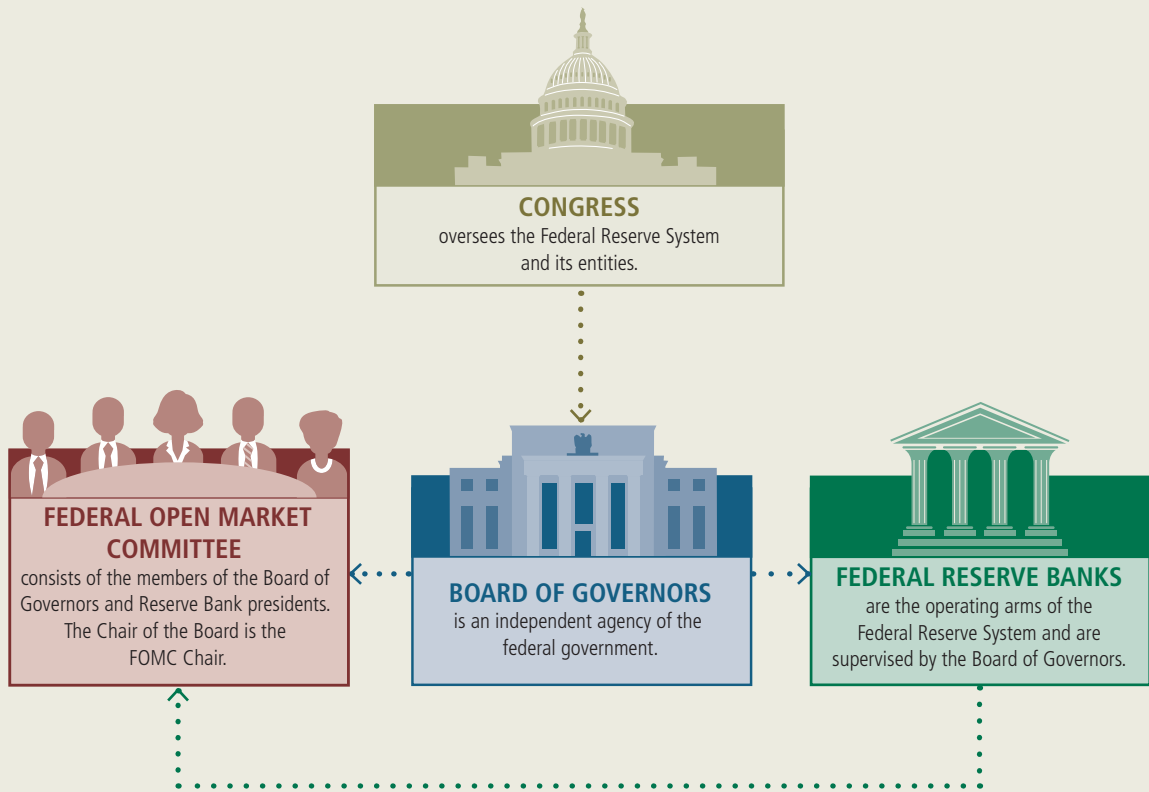


Figure 1.2. Three key entities, serving the public interest

The framers of the Federal Reserve Act developed a central banking system that would broadly represent the public interest.



Within the System, certain responsibilities are shared between the Board of Governors in Washington, D.C., whose members are appointed by the President with the advice and consent of the Senate, and the Federal Reserve Banks and Branches, which constitute the System's operating presence around the country. While the Federal Reserve has frequent communication with executive branch and congressional officials, its decisions are made independently.