

Chapter 10 Study Guide

Vocabulary:

10.1

Barter economy

Commodity money

Fiat money

Specie

Monetary unit

Demand deposit account (DDA)

Federal Reserve System (FED)

Federal Reserve Notes

10.2

State Banks

Legal Tender

National Banks

National Currency

Gold Certificate

Silver Certificate

Gold Standard

Bank run

Central bank

Bank holiday

Federal Deposit Insurance Corporation (FDIC)

10.3

State chartered bank

Credit union

Certificates of deposit (CD)

Reserve requirement

10.1: The evolution, functions & characteristics of money

1. Why did money replace the barter system?
2. Compare the costs and benefits of commodity money vs. fiat money.
3. Characteristics of Money (List & describe them)
 - _____
 - _____
 - _____
 - _____
4. Functions of Money (list & describe them)
 - _____
 - _____
 - _____
5. How does U.S. currency meet the 4 characteristic requirements to be considered money?
6. The components of modern money include: _____, _____, _____
7. Describe the 2 measures of our money supply that the Fed uses:
M1:

M2:
8. How does modern money reflect the functions and characteristics of money?
9. Why does the Federal government need a bureau to oversee banking operations?

10.2: The development of modern banking

10. Why did the federal government stop printing money after the Revolutionary War?
11. By the Civil War, how many types of paper currency were being printed? _____
12. Why did the government issue greenbacks in 1861?

13. Described the National Currency Act of 1863.
14. What does it take for a country to be on a gold standard?
15. How did the government respond to bank runs?
16. How did the Fed strengthen the national system?
17. What's the purpose of the FDIC?

10.3: Banking today

18. What steps need to be taken for a bank to become established?
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
19. What are the different ways a bank can make money?
20. Why have so many different methods evolved for accessing money?
21. List & describe 4 types of banking services?
 -
 -
 -
 -
22. What are some benefits to having a checking account?
23. How do smart banking practices contribute to your own financial literacy?
24. Why should you make credit worthiness a goal for your future?