



Section 1: Guided Reading and Review

Money

A. As You Read

As you read Section 1, supply the requested information in the spaces provided.

Describe the three uses of money.

1. _____
2. _____
3. _____

Define the six characteristics of money.

4. _____
5. _____
6. _____
7. _____
8. _____
9. _____

B. Reviewing Key Terms

Match the definitions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- ___ 10. something that keeps its value if held
- ___ 11. objects that have value because the holder can exchange them for something else of value
- ___ 12. money that has value because the government says it is acceptable for paying debts
- ___ 13. anything that is used to determine value during the exchange of goods and services
- ___ 14. exchange of one set of goods or services for another
- ___ 15. coins and paper bills used as money
- ___ 16. way to compare the value of goods and services relative to each other
- ___ 17. anything used as a medium of exchange, a unit of account, and a store of value
- ___ 18. objects that have value in themselves as well as for their use as money

Column II

- a. barter
- b. store of value
- c. fiat money
- d. currency
- e. money
- f. medium of exchange
- g. commodity money
- h. unit of account
- i. representative money



Section 2: Guided Reading and Review

The History of American Banking

A. As You Read

As you read Section 2, fill in two supporting facts or details under each main idea by answering each question.

Main Idea: Before the Civil War, banking in the United States shifted between a centralized system and independent state and local banks.

1. What were the first two attempts to centralize U.S. banking, and when were they in operation? _____

2. What problems were associated with the Free Banking Era (1837–1863), dominated by state-chartered banks? _____

Main Idea: Reforms of the late 1800s stabilized the banking system.

3. How did the National Banking Acts of 1863 and 1864 promote stability? _____

4. How did the gold standard promote stability? _____

Main Idea: Banking reforms early in the twentieth century helped strengthen and centralize American banking.

5. How did the Federal Reserve System, established in 1913, begin to manage the money supply? _____

6. What guarantee was made available to bank customers in 1933? _____

B. Reviewing Key Terms

Complete each sentence by writing the correct term in the blank provided.

7. One advantage of the _____ was that the government could only issue currency if it had gold in the treasury to back it.
8. The _____ was a paper currency printed with green ink that was issued by the U.S. Treasury during the Civil War but not backed by gold or silver.
9. A(n) _____ receives, keeps, and lends money.
10. The nation's central banking system is the _____.



Section 3: Guided Reading and Review

Banking Today

A. As You Read

As you read Section 3, supply the requested information on the lines provided.

Define M1.

- _____
- _____

Define M2.

- _____
- _____

List five services that banks offer.

- _____
- _____
- _____
- _____
- _____

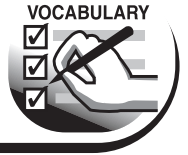
Describe four types of financial institutions.

- _____
- _____
- _____
- _____

B. Reviewing Key Terms

Define the following terms.

- money supply _____
- liquidity _____
- demand deposit _____
- money market mutual fund _____
- fractional reserve banking _____
- default _____
- mortgage _____
- credit card _____
- interest _____
- debit card _____
- creditor _____



Vocabulary Practice

Each of the sentences below has to do with money and banking. Complete each sentence and use it as a clue to help you supply the missing letters in the corresponding numbered item.

1. _____ M _____
2. _____ O _____
3. _____ N _____
4. _____ E _____
5. _____ Y _____
6. _____ A _____
7. _____ N _____
8. _____ D _____
9. _____ B _____
10. _____ A _____
11. _____ N _____
12. _____ K _____
13. _____ I _____
14. _____ N _____
15. _____ G _____

1. All the money available in the United States is called the _____.
2. A change to the _____ encouraged public confidence in the nation's currency.
3. _____ serves as a medium of exchange, a unit of account, and a store of value.
4. During the Civil War, the U.S. Treasury issued _____, a paper currency printed with green ink.
5. The M1 category of money consists of assets that have _____, or easy availability.
6. A(n) _____ can be convenient for making purchases, but it can encourage users to spend more than they intended to spend.
7. Paper bills and coins are known as _____.
8. Money is used as a(n) _____.
9. Without money, people use a system of _____ to exchange goods and services.
10. Sometimes borrowers _____, or fail to pay back their loans.
11. Money that is valuable because the government says so is called _____.
12. Most people keep their money in a(n) _____.
13. Salt, cattle, and precious stones have been used as _____ in various societies.
14. The price paid for the use of borrowed money is called _____.
15. When people buy a new home, they usually have to take out a(n) _____.