

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What are the main activities of the Federal Reserve System?

 2. How do depository and non-depository financial intermediaries differ?

 3. To increase the money supply, the Fed would _____
 - a. lower the discount rate
 - b. raise the discount rate
 - c. raise the reserve requirement
 - d. sell government securities

 4. True or False? _____ The first Bank of the United States later became the Federal Reserve System.

 5. When creating a national bank, a charter must be obtained from _____
 - a. the Federal Reserve System
 - b. a state banking regulatory agency
 - c. the Comptroller of the Currency
 - d. the Federal Deposit Insurance Corporation

 6. True or False? _____ A life insurance company is an example of a non-depository financial intermediary.

 7. A _____ has the primary purpose of lending money for home buying.
 - a. bank
 - b. life insurance company
 - c. credit union
 - d. mortgage company

 8. The monetary policy of the Federal Reserve System refers to _____
 - a. lending to assist poor countries
 - b. borrowing by the federal government to pay for public services
 - c. maintaining an appropriate amount of money in circulation
 - d. influencing the exchange rate of currencies in different countries

 9. Deposits of consumers are protected from loss by the _____
 - a. Federal Reserve System
 - b. Federal Deposit Insurance Corporation
 - c. Comptroller of the Currency
 - d. World Bank
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TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

10. A wide variety of choices are available as to which financial institution a person or business may use. In your team, prepare a list of questions that you would ask when choosing among various financial institutions.