

## 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.