

Vocabulary Activity



Money and Banking

Content Vocabulary

Directions: Respond to the questions or statements below using the vocabulary words shown in parentheses.

1. What is the Federal Reserve System and how did the system and Federal Reserve notes help to strengthen the U.S. economy? (**Federal Reserve System, Federal Reserve notes, monetary unit**)

2. Describe the differences among commodity money, fiat money, and specie. (**commodity money, fiat money, specie**)

3. Explain the three roles money can play in an economy. (**medium of exchange, measure of value, store of value**)

Vocabulary Activity *cont.*



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4. What types of money does M1 refer to and what types of money does M2 refer to? (**M1, M2, DDAs**)

5. How does a state bank differ from a national bank? (**state bank, national bank, national currency**)

6. Explain some of the different types of money the National Banking System used. (**Gold certificates, Silver certificates**)

7. Why was the FDIC created and what does it stand for? (**FDIC, bank run**)

Vocabulary Activity *cont.*

Money and Banking

Directions: For each word in the left column, write the letter of the correct definition from the right column.

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| _____ 8. legal tender | a. a system in which the basic unit of currency is equivalent to, and can be exchanged for, a specific amount of gold |
| _____ 9. corporation | b. a bank which can lend to other banks in times of need |
| _____ 10. CDs | c. certificate of ownership in a corporation; common or preferred stock |
| _____ 11. central bank | d. a brief holiday during which all banks of depository institutions are closed to prevent bank runs |
| _____ 12. stock | e. formula used to compute the amount of a depository institution's required reserves |
| _____ 13. reserve requirement | f. receipt showing that an investor has made an interest-bearing loan to a financial institution |
| _____ 14. bank holiday | g. currency that must be accepted for payment by decree of the government |
| _____ 15. credit union | h. form of business organization recognized by law as a separate legal entity with all the rights and responsibilities of an individual, including the right to buy and sell property, enter into legal contracts, sue and be sued |
| _____ 16. gold standard | i. nonprofit service cooperative that accepts deposits, makes loans, and provides other financial services |

Academic Vocabulary

Directions: Complete each sentence with the best choice from the word list below. (**converted, clauses, initially, revolution, products**)

17. By the end of the _____, money issued by the Continental Congress was virtually worthless.
18. A bank's _____ are all services.
19. Because of certain _____ in the Constitution, the federal government did not print money until after the Civil War.
20. _____, only a few state-chartered banks joined the national system because it was easier for them to print their money at local printers.
21. The United States economy _____ from a barter economy to a money-based economy even before the Revolutionary War.