

Chapter 10 Test, Form A

Money and Banking

DIRECTIONS: Matching Match each item with the correct statement below.

- | | |
|--|--|
| _____ 1. privately owned, publicly controlled, central bank of the United States | A. central bank |
| _____ 2. money by government decree; has no alternative value or use as a commodity | B. certificates of deposit (CDs) |
| _____ 3. a commercial bank chartered by the National Banking System | C. corporation |
| _____ 4. a system in which the basic unit of currency is equivalent to, and can be exchanged for, a specific amount of gold | D. Federal Deposit Insurance Corporation (FDIC) |
| _____ 5. a bank that can lend to other banks in times of need, or a “bankers’ bank” | E. Federal Reserve System (Fed) |
| _____ 6. the United States government institution that provides deposit insurance on the depositor’s account | F. fiat money |
| _____ 7. form of business organization recognized by law as a separate legal entity with nearly all the rights and responsibilities of an individual, including the right to buy and sell property, enter into legal contracts, sue, and be sued | G. gold standard |
| _____ 8. certificate of ownership in a corporation | H. national bank |
| _____ 9. receipt showing that an investor has made an interest-bearing loan to a financial institution | I. reserve requirement |
| _____ 10. formula used to compute the amount of a depository institution’s required reserves | J. stock |

DIRECTIONS: Multiple Choice Indicate the answer choice that best completes the statement or answers the question.

- _____ 11. You pick up a \$1 bill. What are you holding?
- A.** currency
B. a Federal Reserve note
C. fiat money
D. all of the above
- _____ 12. Which of the following is an example of fiat money?
- A.** tobacco
B. hemp
C. gold
D. wampum

Chapter 10 Test, Form A *cont.*

Money and Banking

- _____ 13. You can easily carry money in a pocket or purse. This reflects what characteristic of money?
- A. legal tender
 - B. limited supply
 - C. durability
 - D. portability
- _____ 14. Printed on a Federal Reserve note is this statement: "THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE." This reflects money's function as
- A. a medium of exchange.
 - B. a measure of value.
 - C. a store of value.
 - D. any of the above.
- _____ 15. In the early 1800s, currency in the United States was issued by
- A. the Fed.
 - B. Congress.
 - C. banks.
 - D. a central bank.
- _____ 16. During the Civil War, Congress enacted the National Currency Act, which
- A. created a National Banking System.
 - B. raised money for the Union.
 - C. created a national currency.
 - D. all of the above.
- _____ 17. The United States went on the gold standard in _____ and then went off the gold standard in _____.
- A. 1787, 1811
 - B. 1863, 1876
 - C. 1900, 1933
 - D. 1941, 1945
- _____ 18. Most banks are established
- A. as corporations.
 - B. by local governments.
 - C. to be credit unions.
 - D. to fulfill reserve requirements.
- _____ 19. Which of the following can cost you money in large interest payments?
- A. a debit card
 - B. a credit card
 - C. a checking account
 - D. a savings account
- _____ 20. Which of the following is a DDA?
- A. a debit card
 - B. a credit card
 - C. a checking account
 - D. a savings account

Chapter 10 Test, Form A *cont.*

Money and Banking

22. Technological developments in banking have made it easier to access money and track spending. How might these technological changes have resulted in changes in financial services industry regulation?
