NAME ____________________ CLASS ____________ DATE ____________

Section 1: Quiz
Money

A. Key Terms

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

Column I

____ 1. anything that is used to determine value

____ 2. the direct exchange of one good for another

____ 3. something that serves as a way to compare values

____ 4. something that keeps its worth

____ 5. the coins and paper bills used as money in a society

Column II

a. barter

b. currency

c. store of value

d. medium of exchange

e. unit of account

B. Main Ideas

Write the letter of the correct statement ending in the blank provided.

____ 6. The fact that money must withstand the wear and tear that comes from being used over and over again is a measure of its
a. portability.
b. currency.
c. durability.
d. age.

____ 7. Money that can be easily divided into smaller units of value has the characteristic of
a. divisibility.
b. denominations.
c. exchange.
d. durability.

____ 8. Objects that have value in themselves as well as their value as a means of exchange are called
a. currency.
b. commodity money.
c. simple money.
d. custom.

____ 9. The difference between representative money and fiat money is that
a. representative money can be converted into silver or gold; fiat money cannot.
b. representative money is worth more per dollar than fiat money, which is actually worthless.
c. fiat money is counted in coins; representative money is counted in paper dollars.
d. fiat money is more traditional than representative money, which is a newer concept.

____ 10. Two units of the same type of money must be the same in terms of what they will buy, which is the principle of
a. functionality.
b. value.
c. pricing.
d. uniformity.

1-d, 2-a, 3-e, 4-c, 5-b, 6-c, 7-a, 8-b, 9-a, 10-d

NAME ______________________ CLASS ______________ DATE ______________

Section 2: Quiz

The History of American Banking

A. Key Terms

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

Column I

____ 1. an institution for receiving, keeping, and lending money

____ 2. the central banking system of the United States

____ 3. a government institution that covers bank accounts against bank failure

____ 4. a paper money that was issued by the U.S. Treasury during the Civil War

Column II

a. FDIC

b. bank

c. greenback

d. Federal Reserve System

B. Main Ideas

Write the letter of the correct answer in the blank provided.

____ 5. What is the gold standard?
- a. a system that uses actual gold coins as a country's money
- b. a system in which a country's money is backed with gold
- c. a currency system in which each dollar is worth 1/20 of a pound of gold
- d. a money system in which the paper currency is good in more than one country

____ 6. When was the first Bank of the United States formed by the Federalists?
- a. during the American Revolution
- b. in the late eighteenth century
- c. in the first quarter of the nineteenth century
- d. after the Civil War

____ 7. During the Free Banking Era, between 1837 and 1863, banking in the United States was dominated by which of the following?
- a. small, independent banks with no charters
- b. the national bank of the United States
- c. state-chartered banks
- d. savings and loan banks

____ 8. After the Civil War, the National Banking Acts gave the federal government the power to do all of the following except?
- a. insure banks against failure.
- b. charter banks.
- c. require banks to hold adequate gold and silver.
- d. have a single national currency.

____ 9. As part of the nation's recovery from the Great Depression of the 1930s, the banking system was reformed in which of the following ways?
- a. The government paid off loans for large corporations.
- b. The Federal Reserve Banks were closed.
- c. Banks were deregulated by the government.
- d. The banking system was taken off the gold standard.

____ 10. The savings and loan crisis in the late twentieth century was caused at least partially by which of the following?
- a. lack of checking accounts and inadequate business loans
- b. inadequate money supply and lack of federal coverage of savings and loan banks
- c. overly strict regulation, low interest rates, and lack of consumer confidence
- d. high interest rates, bad loans, and fraud

1-b, 2-d, 3-a, 4-c, 5-b, 6-b, 7-c, 8-a, 9-d, 10-d

NAME ______________________ CLASS ______________ DATE ______________

Section 3: Quiz

Banking Today

A. Key Terms

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

Column I

____ 1. device that allows its holder to buy goods based on a promise to pay

____ 2. specific type of loan that is used to buy real estate

____ 3. system that keeps only a small part of a deposit on hand and lends out the rest

____ 4. failure to pay back a loan

____ 5. device that allows its holder to buy goods and have the payment deducted from a checking account

Column II

a. default

b. fractional reserve banking

c. mortgage

d. credit card

e. debit card

B. Main Ideas

Write the letter of the correct answer in the blank provided.

____ 6. What is the difference between simple and compound interest?
a. Simple interest is paid as long as the money stays in the bank; compound interest is only paid for a year at a time.
b. Simple interest is paid once a year; compound interest is paid at least quarterly.
c. Simple interest is paid on the principal only; compound interest is paid on both principal and interest.
d. Simple and compound interest are two names for the same thing.

____ 7. The money supply of a country is made up of which of the following?
a. only the M1 money available in an economy
b. only the M2 money available in an economy
c. all the money available in an economy
d. all the money available in an economy plus money that the country could borrow

____ 8. Why are funds in checking accounts called demand deposits?
a. They are available whenever the depositor writes a check for them.
b. They can be paid to anyone who writes and presents a check for them.
c. They will be paid without a check being drawn if necessary.
d. They are kept without interest by the bank.

____ 9. What is a credit union?
a. a bank that takes deposits but does not make loans
b. a bank that specializes in retirement savings accounts
c. a modified type of savings and loan that makes loans for housing
d. a cooperative lending institution for a particular group

____ 10. How does a bank make most of its profit on its business?
a. by collecting fees on credit card purchases
b. by collecting fees on safety deposit boxes, traveler's checks, and certified checks
c. by receiving fees from the government for handling federal and state accounts
d. by paying out less in interest on deposits than it earns in interest on loans

1-d, 2-c 3-b, 4-a, 5-e, 6-c, 7-c, 8-a, 9-d, 10-d

CHAPTER 11

Section 1: Quiz

Saving and Investing

A. Key Terms

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

Column I

____ 1. redirecting resources from being consumed today to create future benefits

____ 2. arrangement that allows the transfer of money between savers and borrowers

____ 3. institution that helps channel funds from savers to borrowers

____ 4. spreading out investments to reduce risk

____ 5. collection of financial assets

Column II

a. financial system

b. portfolio

c. investment

d. financial intermediary

e. diversification

B. Main Ideas

Write the letter of the correct answer in the blank provided.

____ 6. What is the money an investor receives above and beyond the money initially invested called?
a. savings
b. liquidity
c. return
d. investment

____ 7. What is a prospectus?
a. a pool of money from various investors
b. a report monitoring an individual's investments
c. a collection of financial assets
d. an investment report for potential investors

____ 8. Why is a certificate of deposit considered such a safe investment?
a. It is issued by a savings bank.
b. It is guaranteed by the federal government.
c. It pays a relatively low rate of interest.
d. It cannot be redeemed whenever the investor wants the money.

____ 9. What is a mutual fund?
a. a device for pooling the savings of many investors and investing it in a variety of ways
b. a group that makes loans to investors who sometimes have a history of not paying back their loans
c. a group that borrows money from many different sources to lend to its members
d. a company that collects money from people to insure their families against their loss of income

____ 10. How does a pension fund act as an investor?
a. The fund lends money to those who are also investors in it.
b. The company invests the money collected from employers and/or employees.
c. The company uses money collected from the employees as a fund to finance the company.
d. The fund uses its own money to invest, not the money that is invested in it.

1-c, 2-a, 3-d, 4-e, 5-b, 6-c, 7-d, 8-b, 9-a, 10-b

NAME ______________________ CLASS ______________ DATE ______________

CHAPTER 11

Section 2: Quiz

Bonds and Other Financial Assets

A. Key Terms

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

Column I

___ 1. amount that an investor pays to buy a bond

___ 2. time at which payment is due to a bondholder

___ 3. low-denomination bond issued by the U.S. government

___ 4. bond issued by a state or local government authority

___ 5. interest rate that a bond issuer will pay to a bondholder

Column II

a. coupon rate

b. maturity

c. par value

d. savings bond

e. municipal bond

B. Main Ideas

Write the letter of the correct answer in the blank provided.

___ 6. What is a corporate bond?
 a. a bond issued by a local government but sold by a corporation
 b. a bond issued by a corporation as a way to borrow money
 c. a high-risk investment in the proceeds of a corporation
 d. another name for corporate stock

___ 7. What is the Securities and Exchange Commission?
 a. an independent agency that advises the government about financial markets
 b. a government agency that sells treasury bonds and other U.S. financial obligations
 c. a government agency that regulates financial markets and investment companies
 d. a privately owned investment corporation that sells bonds and other investments

___ 8. Why would investors buy a junk bond?
 a. They want to invest in a particular company although it may not pay off.
 b. They have so much money that they do not care whether the bond will pay off.
 c. Junk bonds are sold by more interesting companies than are regular bonds.
 d. Junk bonds pay a potentially higher level of interest than other bonds.

___ 9. What is the difference between a primary market and a secondary market?
 a. A primary market is financial assets that can be redeemed only by the original investor; a secondary market's assets can be resold.
 b. A primary market is paid first if a company is in trouble; a secondary market gets what is left.
 c. A primary market is redeemed by a company's assets; a secondary market is redeemed by what is owed to the company.
 d. A primary market is money lent for less than a year; a secondary market is money lent for a longer time.

___ 10. How does the risk involved in a money market mutual fund compare with the risk of a certificate of deposit (CD)?
 a. The risk of the money market mutual fund is less than that of the CD.
 b. The risk of the money market mutual fund is slightly greater than that of the CD.
 c. The risk of the money market mutual fund is much greater than that of the CD.
 d. The risk of both is about the same.

1-c, 2-b, 3-d, 4-e, 5-a, 6-b, 7-c, 8-d, 9-a, 10-b

NAME ____________________ CLASS ____________ DATE ____________

CHAPTER 11

Section 3: Quiz

The Stock Market

A. Key Terms

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

Column I

____ 1. period during which the stock market falls steadily

____ 2. business that specializes in trading stocks

____ 3. difference between a higher selling price and a lower buying price realized by the seller of stock

____ 4. electronic marketplace for stock that is not listed or traded on an organized exchange

____ 5. contract that gives an investor the right to buy or sell stock

Column II

a. OTC market

b. capital gains

c. brokerage firm

d. option

e. bear market

B. Main Ideas

Write the letter of the correct answer in the blank provided.

____ 6. What does the New York Stock Exchange do?
- a. buys and sells stocks but not bonds for private investors who have extremely large amounts of money to invest
- b. arranges stock and bond trading of the largest and most established companies in the United States
- c. handles stock and bond trading on the Internet
- d. arranges the buying and selling of blue chip stocks only

____ 7. What kind of stockbroker is a daytrader?
- a. one who deals with the U.S. market only and does not trade in the Far East
- b. one who specializes in certain kinds of stocks that are related to people's day-to-day needs
- c. one who buys and sells stocks on a minute-by-minute basis to try to make a profit
- d. one who will not wait until the next day to trade a stock

____ 8. What are the Dow and the S&P 500?
- a. averages of stocks and bonds that are traded often
- b. cumulative records of all stocks sold on the NYSE and other major exchanges
- c. indexes that track the sales of all the stocks and bonds in the United States
- d. indexes that show the performance of limited but representative stocks

____ 9. What was one outcome of the stock market's Great Crash in 1929 that lasted for more than 50 years?
- a. Ordinary people were afraid to invest in the stock market.
- b. Financial ruin affected millions of people who had not been investors.
- c. Millions of people were kept out of work.
- d. Money was hard to borrow.

____ 10. What does the word *speculation* mean to an economist?
- a. investing in a type of stock the buyer knows little about
- b. making small, high-risk investments with surplus money
- c. making high-risk investments with borrowed money
- d. investing in low-risk stocks with surplus money

1-e, 2-c, 3-b, 4-a, 5-d, 6-b, 7-c, 8-d, 9-a, 10-c