

Economics Worksheet: Monetary Policy and the Federal Reserve

Write the word or phrase next to its definition

Discount Rate
Reserve Requirements
Loose Money
Monetary Policy

Prime Rate
Tight Money
Interest Rate
The FED

Check Clearing
Government Securities
Fractional Reserve Banking
Credit Union

- _____ 1. The percentage of money that all banks must keep on hand, of *all* their deposits.
- _____ 2. This is where credit is in short supply and very expensive.
- _____ 3. The interest rate the federal reserve charges its member banks.
- _____ 4. This is where credit is abundant and cheap.
- _____ 5. The interest rate that banks charge their best customers.
- _____ 6. This is where banks are required to keep a percentage of all deposits on hand at all times.
- _____ 7. Money from a demand deposit account is transferred, to a bank to where check was cashed.
- _____ 8. The organization that performs all the banking functions for the Government.
- _____ 9. Promissory notes, or IOU's, the government issues it creditors, often in the form of bonds.
- _____ 10. Changing the money supply in order to affect the amount of credit, and the economy.

Define, or determine between, the following words or terms

11. Federal Open Market Operations _____
- _____
12. Fractional Reserve Banking _____
13. Monetary Policy _____
- _____

Short Answer

14. What are the 6 functions of the FED?

15. What is the difference between *loose* and *tight* money policies? _____

16. What are the ways the FED can *increase* the money supply? _____

17. What are the ways the FED can *decrease* the money supply? _____

Economics Worksheet: Money!

Write the word or phrase next to its definition

Legal Tender
Checking Account
Money
Check

Savings Account
Barter
Credit
Debt

Debit Card
Currency
Coins
Collateral

- _____ 1. Anything that is customarily used as a medium of exchange.
- _____ 2. The exchange of goods and services for other goods and services.
- _____ 3. Forms of money that must be accepted by law for payment of public and private debts.
- _____ 4. The type of money that includes both coins and paper money.
- _____ 5. Metallic forms of money such as pennies, nickels, dimes.
- _____ 6. Property, assets, pledged by the borrower of money to protect the lender.
- _____ 7. Account with money deposited in it that can be withdrawn at by writing a check.
- _____ 8. Account where the bank pays the depositor interest based on the amount of the deposit.
- _____ 9. Allows you to purchase goods and services for a claim on money you don't have yet.
- _____ 10. Note for money drawn from a bank that can be used to pay bills or transfer money.

Define, or determine between, the following words or terms

11. Medium of Exchange _____
12. Unit of Accounting _____
13. Store of Value _____
14. Debt _____

Short Answer

15. What are the three functions of money? _____

16. What are the two types of money? Define each type. _____

17. What are the six characteristics of money?

18. What is the Federal Deposit Insurance Commission? _____

19. Explain the process of borrowing money. Include terms like debt, credit, collateral, and repossession.

