

ECONOMICS CHAPTER 11 TEST STUDY GUIDE

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Barter systems are economies that rely on trade.

Money is a store of value, a medium of exchange, and a unit of account. Comparing prices is one way of using money as a unit of account. Money is a store of value because usually it cannot spoil or degrade like other assets can (paper money, of course, is more degradable than coins, but you get the point)

Know the 6 characteristics of currency and be able to define them all.

Federalists believed that a centralized banking system was necessary. The "Fed," however, did not come about until 1913.

During the Free Banking era, currency differed widely from state to state.

The largest source of income for banks is interest received on loan repayments.

The Savings and Loans crisis of the 1980s was precipitated by 3 things: bad loans, high interest rates, and banking industry deregulation.

Familiarity with the following terms will dramatically increase your level of success on the test:

Currency
Commodity money
Fiat money
Default
Federal Deposit Insurance Corporation (FDIC)
Federal Savings and Loan Insurance Corporation (FSLIC)
Interest
Greenbacks
Money market mutual funds
Principal
Representative money
M1 Money
M2 Money
Representative money
Fractional reserve banking
Federal Reserve System
Credit Card
Interest
Mortgage
Credit report
Refinancing
Bank run