

Section 2: Guided Reading and Review

The History of American Banking



A. As You Read

As you read Section 2, fill in two supporting facts or details under each main idea by answering each question.

Main Idea: Before the Civil War, banking in the United States shifted between a centralized system and independent state and local banks.

1. What were the first two attempts to centralize U.S. banking, and when were they in operation? _____

2. What problems were associated with the Free Banking Era (1837–1863), dominated by state-chartered banks? _____

Main Idea: Reforms of the late 1800s stabilized the banking system.

3. How did the National Banking Acts of 1863 and 1864 promote stability? _____

4. How did the gold standard promote stability? _____

Main Idea: Banking reforms early in the twentieth century helped strengthen and centralize American banking.

5. How did the Federal Reserve System, established in 1913, begin to manage the money supply? _____

6. What guarantee was made available to bank customers in 1933? _____

B. Reviewing Key Terms

Complete each sentence by writing the correct term in the blank provided.

7. One advantage of the _____ was that the government could only issue currency if it had gold in the treasury to back it.
8. The _____ was a paper currency printed with green ink that was issued by the U.S. Treasury during the Civil War but not backed by gold or silver.
9. A(n) _____ receives, keeps, and lends money.
10. The nation's central banking system is the _____.



Section 3: Guided Reading and Review

Banking Today

A. As You Read

As you read Section 3, supply the requested information on the lines provided.

Define M1.

1. _____

Define M2.

2. _____

List five services that banks offer.

3. _____
4. _____
5. _____
6. _____
7. _____

Describe four types of financial institutions.

8. _____
9. _____
10. _____
11. _____

B. Reviewing Key Terms

Define the following terms.

12. money supply _____
13. liquidity _____
14. demand deposit _____
15. money market mutual fund _____
16. fractional reserve banking _____
17. default _____
18. mortgage _____
19. credit card _____
20. interest _____
21. debit card _____
22. creditor _____