

GUIDED READING Activity 14-2

For use with textbook pages 390–397

THE DEVELOPMENT OF MODERN BANKING

OUTLINING

Directions: Locate the following headings in your textbook. Then use the information under the headings to help you write each answer. Use another sheet of paper if necessary.

I. The Development of Banking in America

A. Privately Issued Bank Notes—What led to Americans' distrust of paper currency during the Revolutionary War?

B. Growth of State Banking—Why did banking become popular after the Revolution?

C. Problems with Currency—What three problems arose from having different sources of paper currency?

D. Greenbacks—Why did Congress finally decide to print paper currency?

E. The National Banking System—What was established by the National Currency Act of 1863?

F. Other Federal Currencies—What were gold and silver certificates?

II. The Creation of the Fed

A. The Federal Reserve System—Who owns the Federal Reserve System?

B. Banking in the Great Depression—List two factors that contributed to the bank failures at the start of the Great Depression.

C. Federal Deposit Insurance—What is the FDIC?

D. Fractional Reserves and Deposit Expansion—How is the size of bank reserves determined?
