



Section 2: Guided Reading and Review

Federal Reserve Functions

A. As You Read

As you read Section 2, complete each numbered item in the chart.

The Federal Reserve in Action	
Service Roles	Regulatory Roles
<p>1. sells, transfers, and redeems _____</p>	<p>8. collects daily reports on banks' _____</p>
<p>2. issues paper _____</p>	<p>9. may force banks to sell _____</p>
<p>3. acts as a clearing center for _____</p>	<p>10. may force problem banks to undergo _____</p>
<p>4. checks up on activities of member banks by sending out _____</p>	<p>11. subjects banks that go to the Fed for emergency loans too often to _____</p>
<p>5. uses findings and recommendations of Reserve Banks to approve or disapprove _____</p>	<p>12. regulates the nation's _____</p>
<p>6. protects consumers by enforcing _____</p>	<p>13. compares M1, M2, and M3 measurements with the likely _____</p>
<p>7. in severe recessions, provides commercial banks with _____</p>	<p>14. uses its tools to try to stabilize the nation's overall _____</p>

B. Reviewing Key Terms

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

15. When a bank borrows money from another bank, the interest rate it pays is called the _____.
16. Ownership of more than one bank constitutes a _____.
17. When a bank customer writes a check, the check will go through the process of _____.
18. A bank's total assets minus its total liabilities make up its _____.
19. Banks repay loans from the Federal Reserve at a rate of interest called the _____.