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|---|---|
| An asset that can be easily and quickly converted to money with little or no loss of value means that it is: | liquid. |
| Assume that Fred the Goldsmith keeps 1 pound of gold in his safe to back each 100 pounds of paper receipts, if Bill the Knight drops off an extra 5 pounds of gold before heading off to fight dragons, then Fred can issue _____ pounds in additional gold receipts. | 500 |
| Assume that the required-reserve ratio for modern banking is 10 percent. If one bank obtains excess reserves of $1,000, then checkable deposits will ultimately increase by: | $10,000. |
| The banking authority of a nation that is in charge of ensuring a sound money supply and conducting the nation's monetary policy is termed a: | central bank. |
| Banks pursue the goal of profitability primarily by: | charging interest on loans. |