**Chapter 10 Notes**

* Where do banks **get** their money? Depositors (people) who put money into the bank.
* (Deposits are insured by the government the FDIC up to $250,000. The FDIC is the government agency that does this)
* How do banks **make** money? Banks loan money to borrowers and businesses and charge interest on those loans. Businesses borrow money to try and make more money.
* **Federal Reserve (The Fed) –** decides how much money to print
* **Reserve requirement-** banks must have a certain amount of deposits in the bank at the end of the day
* **Commodity-** anything that is sold, and doesn’t matter who sells it, that product is still the same
* **(SEC) Security and Exchange Committee-** an agency of the United States federal government. Its primary responsibility is enforcing the federal securities laws, proposing securities rules, and regulating the securities industry, the nation's stock and options exchanges.
* **BIG FOUR-** refers to the big four accounting firms in the world
  + PwC
  + Deloitte
  + Ernst & Young
  + KPMG
* **Federal Deposit Insurance Corporation (FDIC) -** provides deposit insurance guaranteeing the safety of a depositor's accounts in member banks up to $250,000 for each deposit ownership category in each insured bank
* **Specie-** currency that is silver or gold
* **Collective bargaining-** negotiations between employers and a group of employees aimed at reaching agreements that regulate working conditions
* **Coup d’état-** army of country takes over the government
* **Infrastructure-** physical and organizational structures needed for the operation of a society or the services and facilities necessary for an economy to function
* **Audit-** official examination of financial books
* **6 characteristics of money:**

1. Durability
2. Portability
3. Divisibility
4. Uniformity
5. Limited supply
6. Acceptability

* **3 uses of money:**

1. Medium of exchange
2. Means for comparing values of goods and services
3. Store of value

* **Commodity money –** objects that have value in themselves
* **Fiat money –** money that has value because the government says it does
* **Representative money –** objects that have value because the person can exchange them for something else of value