



TEACHER INTRODUCTION:

It is necessary that students understand the reasons why banks are important to the U.S. economy. Teachers should relate that a bank is a business that sells financial services, such as car and home loans, checking and savings accounts, and credit card services. Banks act as go-betweens for the people who save and the people who want to borrow. The savers deposit money, which is then lent out to the borrowers. The interest borrowers pay on loans keeps the banks in business.

The Federal Reserve System is the Central Bank for our nation. It is composed of twelve regional Federal Reserve Banks and twenty-four Federal Reserve Bank branches. Its three main functions are establishing and implementing monetary policy (which is the rate at which the money supply expands in our country); regulating and supervising banks (so they operate safely and are financially sound); and operating a payments system (so that banks have the right amount of cash on hand and have their checks and electronic payments processed.) The Federal Reserve Bank is also the bank for the U.S. Government.



CONCEPTS: savings, interest, deposits, borrower, loans, income, assets, reserves, Federal Reserve Bank



CONTENT STANDARDS:

National Economic Content Standards—Content Standard 10, 20
Kansas Economic Standards—Content Standard 4A
Missouri Economic Standards—Content Standard 4
Missouri Personal Finance Standards—Benchmark 3, 5
Nebraska Economic Standards—Content Standard 8.3
Oklahoma Financial Literacy Standards—Gr. 7-12
Colorado Economic Standards—Content Standard 2.3
New Mexico Economic Standard—Content Standard 4
Wyoming Economic Standards—Content Standard 3



LESSON DESCRIPTION:

Students become depositors or borrowers in a banking simulation to learn how banks handle deposits, loans, and hold reserves. Students will be introduced to the Federal Reserve Bank as the Central Bank, and learn the three main functions of the Bank.



OBJECTIVES:

Students will be able to:

1. Describe how banks use deposit dollars.
2. Explain how banks give out loans and what information is reviewed before loans are approved.
3. Define reserves and explain why bank reserves are necessary.
4. Explain the role of the Federal Reserve Bank and identify the three main functions of the Bank.



MATERIALS:



TIME REQUIRED: 60 minutes

20 letter-sized envelopes
Activity 1, 15 copies, cut apart
Activity 2, cut apart
Activity 3, cut apart
Activity 4, copies for each student
Visual 1, one transparency and copies for each student
Visual 2, one transparency
Visual 3, one transparency
Overhead projector pen
Cash box or container for deposit/loan dollars



PREPARATION:

1. Produce and cut 15 copies of Activity 1
2. Produce and cut Activity 2
3. Produce and cut Activity 3
4. Number 10 envelopes from 1-10 for deposit dollars. Place the following amounts of deposit dollars inside each:
#1- \$100; #2- \$140; #3- \$220; #4- \$350; #5- \$180; #6- \$250; #7- \$300; #8- \$280;
#9- 320; #10- \$200

5. Place Activity 2 deposit role play cards in numbered envelopes, matching the role play card number with the envelope number.
6. Number 10 envelopes from 1-10 for loan request cards. Place Activity 3 loan request cards in numbered envelopes, matching the request card number with the envelope number.



PROCEDURE:

1. Introduce the topic of banks by asking students to name banks where they or their parents have accounts. *(Answers may vary.)* Ask students what the purpose of a bank is. *(Banks provide financial services such as loans, checking and savings accounts, certificates of deposit, and credit card services to individuals, businesses and government.)*
2. Discuss the following questions:
 - a. Why do people put their money in banks? *(to keep it safe; to save it so it's not spent; to earn interest; so they can write checks and use their debit cards.)*
 - b. What is **interest**? *(Interest is money paid regularly and at a set rate, for the use of borrowed money.)*
 - c. What is **saving**? *(Saving is not spending and keeping money for future use.)*
 - d. How do banks make money? *(Customers deposit money in banks. Banks lend out money to borrowers in loans. The borrowers pay interest on their loans at a higher rate than the interest that banks pay depositors for saving. The difference between these rates is the bank's **profit**, or income after costs.)*
3. Begin banking simulation by assigning ten students as bank depositors. Give each depositor a numbered envelope prepared with a deposit role play card and deposit dollars inside. Assign a student as bank teller to take **deposits** and another student to record amounts. Give Visual 1 overhead transparency to the recorder for recording each deposit. Give each student a hand-out of Visual 1 for recording deposits also.
4. Tell depositors to count the money in their envelopes and record their own amounts before depositing. They will be depositing all of their money into the bank in the order of their deposit number. Ask students to read their deposit role play card so they know their assigned name and situation.
5. Ask bank teller to come to the front of the room and sit at a table or the teacher's desk to take deposits. Ask the recorder to sit by the overhead projector to record deposits as they are taken in.

6. Welcome students to “Kids National Bank” on opening day. Ask student depositors to come up to deposit area, one at a time, according to their deposit number. Each student should read their depositor role play card for the class, then deposit money with the teller, who will count it out loud to verify the amount. The recorder will write the deposit number and total deposit on the Visual 1 overhead. All students should record this information on their Visual 1 hand-outs. Continue this procedure until all ten students have deposited their money. Ask recorder and students to add deposits together to get a total.

7. Discuss the following:
 - a. What is the total amount of all deposits? (*\$2,340*)
 - b. Why is it important for the bank to keep an accurate record of each deposit?
(So the depositors know the exact amount of money in their accounts, and so the bank knows how much money they can loan to customers. Accurate records will also make depositors more confident in their bank.)
 - c. In today’s banks, how are depositor records actually kept? *(They are kept in a computer system, or electronically.)*
 - d. In a real bank, what would depositors receive to prove they have made a deposit and the amount of their overall balance? *(Bank receipts are given for each deposit, often showing the balance of the account; a bank statement is sent monthly or quarterly, and/or an electronic statement of the balance is available on-line.)*

8. Discuss reasons why people might borrow money from the bank. *(Answers will vary. Examples include buying a car, house, or computer; college tuition; vacation money; bill payment.)*

9. Tell students that bankers look for certain information before approving a **loan**, including the borrower’s current bank account balances, **assets** (items that you own that have monetary value, or are worth money), **income** (money earned by use of resources), and any other loans they may owe on. Ask students why it would be important to know this information before proceeding with the loan. *(Answers will vary; so bankers are fairly certain that the loan will be paid back.)*

10. Continue the banking simulation by assigning ten students as borrowers. Give each borrower a numbered envelope prepared with a loan request card inside. Assign a student as loan officer to give out loan dollars and another student as recorder to record loan amounts. Use the same

overhead transparency of Visual 1 for the recorder to write down each loan and ask students to use their copy for recording loans also.

11. Ask borrowers to read over their loan request cards so they know their name and loan situation.
12. Ask the loan officer to come to the front of the room and sit at a table or teacher's desk to hand out loans. Ask borrowers to come up to the loan area, one at a time, according to their loan number. Each borrower should read their loan request card for the class. The class should vote to approve or deny each loan, based on the borrower's savings, assets, income, and the amount of the loan. The recorder will keep track of the loan number and total dollars of each approved loan on the Visual 1 overhead. All students should record this information on their Visual 1 hand-outs. The loans that are denied by the class should be listed by number with the word "denied" in the amount column. The loan officer will then pay each approved borrower the amount of their loan from the deposit dollars, counting out the money and placing it in the envelope. Continue this procedure until all students have shared loan request cards and have been approved or denied.
13. Ask students to add all approved loans together for a total. Ask the recorder for the total of all approved loans (*Answer will vary, depending on which loans were approved by students.*) Ask students to subtract the total loan amount from the total deposit amount. Ask how many deposit dollars were left over after all the loans were made. (*Answers will vary, depending on which loans were approved by students.*)
14. Explain to students that the amount of money not loaned out by the bank is called **reserves**. Tell them banks must hold reserves so they have money on hand to pay out to customers who want to withdraw some or all of their deposits. Banks also hold reserves to cover checks and electronic transfers of money, which take place between banks. U.S. banks are required to hold a certain percentage of their deposits (currently 10%) in the form of reserves.
15. Introduce the **Federal Reserve Bank** as the nation's Central Bank. Explain that the Federal Reserve Bank, or "the Fed", provides important services for banks, government, and our economy. Show Visual 2 and discuss the 12 Fed District locations and their related branches. The many locations of the Fed help it meet the needs of citizens throughout the country. The Fed is also the bank for the U.S. Government.

16. Show Visual 3 and explain the three main functions of the Fed:
- Discuss the monetary policy function as the Fed's ability to control the money supply, increasing the number of dollars when more money is needed by the public for spending, and decreasing the number of dollars when the money is not needed.
 - Discuss the supervision/regulation function as the Fed's ability to supervise how banks do business properly, lend reserves to banks when they are low on funds, and take in reserves from banks when the funds are not needed.
 - Discuss the payments system function as the Fed's ability to distribute currency and coin to banks, and to process checks, credit, and electronic payments throughout the country.
17. *Teacher Note: Use this step only if your class is taking an actual field trip to the Kansas City FRB. If you are not participating in a field trip, continue with the "Closure" discussion below.* Tell the students that they will be taking a field trip to the Kansas City Fed's Money Museum to see the "Trust and Confidence" exhibit. They will be learning more about what the Kansas City Fed does through collecting facts on the exhibit displays as "Fed Detectives".



CLOSURE: Discuss the following questions as review:

1. How does the bank use deposit money? *(Banks give out deposit money in loans to customers, after keeping a percentage as reserves.)*
2. What information does a bank need before a loan is approved? *(A bank needs to know the income, savings, and assets of the customer, as well as any other loans the customer has taken out at other institutions)*
3. What are bank reserves? *(Bank reserves are the deposits that the bank doesn't lend to customers.)*
4. Why are reserves necessary at banks? *(Reserves are necessary so that the bank doesn't run out of money for its customers' withdrawals.)*
5. What is the role of the Federal Reserve Bank? *(The Fed is the Central Bank for the nation. It is the bank for all other banks and for the government.)*
6. Name the three functions of the Federal Reserve Bank. *(The three functions include implementing monetary policy, supervising and regulating banks, and operating the nation's payments system.)*



ASSESSMENT:

Hand out copies of Activity 4- “Approve or Deny?” as the assessment. Ask students to read the loan scenarios and follow the directions, writing two questions for each loan customer and a paragraph about their decision to approve or deny each loan. Students should use the information on assets, savings and income to think of possible questions and come to a decision on approving or denying each loan.



TEACHER INTRODUCTION:

Review the tour gallery guide for an explanation of the major displays at the Federal Reserve Bank of Kansas City's Money Museum Exhibit. Refer to Visual # 4, Exhibit Order and Rotations, when dividing students into detective agency groups for the tour, according to the "Procedure" section.



LESSON DESCRIPTION:

Students will become "Fed Detectives" to find facts, examine evidence, and decode discoveries as they complete their tour of the exhibit at the Federal Reserve Bank of Kansas City's Money Museum. They will learn about the payments system, how banks build wealth, cash processing, and the history of the Federal Reserve Bank.



MATERIALS:



TIME REQUIRED: 60 minutes

Activity 5, Fed Detective Fact Sheet, one per student
Activity 5A, Fed Detective Fact Sheet Answers, for teacher
"Trust and Confidence" gallery guide, one per student
Clipboards, one per student
Pencils, one per student
Visual 4, Exhibit Order and Rotation Sheet



PREPARATION:

1. Teacher list of student groups for detective agencies



PROCEDURE:

1. Ask students to explain what a detective does. (*Answers will vary. Detectives look for clues, find out facts about a case, and look for evidence or proof to solve a mystery.*) Tell students that they will become "Fed Detectives" to find out facts about exhibits during their Fed tour.
2. Read prepared list of groups of 4-5 students that will form "detective agencies". Let each group choose an agency name from the following list: Fact Finders; Detective Decoders; Examiners 'R U; Evidence Hunters; Inspection Investigators. (Groups may also think of an original name for their agency.)

3. Distribute copies of Activity 5, a clipboard, and a pencil to each student. Explain that agencies should find each Fed Fact by referring to the location clue in parentheses at the end of each question. Discuss the bonus question at the end—agencies will earn extra points for completing this question.
4. Give each student a copy of the gallery guide for the exhibit. Assign each agency to a different section of the exhibit using the Exhibit Order and Rotation Sheet as a guide. Teacher/chaperone should show each agency their exhibit starting point, and then guide them through the rotation from one section to the next.
5. Review the rules of behavior for touring the Money Museum exhibit. These rules include:
 - Do not run or push others.
 - Use quiet voices.
 - Be respectful of the exhibits by not repeatedly pushing or hitting buttons.
 - Do not climb on the exhibits.
 - No eating inside the museum.
 - Picture-taking is not allowed in the cash viewing area.
6. Groups should begin their tour at their exhibit starting point, and complete their Fed Fact sheets as they go through the exhibits. After they have found all facts, the agency should turn sheets into the teacher (master detective), who will check for completeness.



TEACHER INTRODUCTION:

A review of the payments system and the Federal Reserve Bank's role in processing payments is important for student understanding of the post-visit lesson. In discussing the different forms of payment, be sure to bring up how the FRB helps in each payment area: distributing cash and coins to banks; processing checks; and operating electronic networks that allow banks across the country to process payments through credit and debit cards, online bill paying, and direct deposits.



LESSON DESCRIPTION:

Detective agency teams will share and discuss answers for the Fed Detective sheet from their Money Museum tour. Students will review types of payments that banks process and the FRB's role in assisting the payment process. They will participate in a role-playing scenario where characters represent these payment methods to look at the advantages and disadvantages of each method, and to better understand the Fed's help in payment processing.



OBJECTIVES:

Students will be able to:

1. Identify the types of payments used for goods and services.
2. List the advantages and disadvantages of using each method of payment.
3. Explain the Federal Reserve's role in the processing of payments.



MATERIALS:



TIME REQUIRED: 60 minutes

Visual 5, one transparency
Visual 6, one transparency and one copy for each student
Activity 5, Fed Detective Fact Sheet, completed by each student during exhibit lesson
Activity 5A, Fed Detective Fact Sheet, one with answers for teacher
Activity 6, "Payment Parliament" scenario, one copy for each student
Activity 7, "Payment Parliament" name tags for each character
Straight pins
Overhead projector pen



PREPARATION:

1. Set up large table with seven chairs around to seat each character in role-play.
2. Cut out name tags for each character in role-play and attach pins.



PROCEDURE:

1. Hand back completed Fed Detective Fact sheets to students. Read and discuss questions and answers together as a group. (Teacher uses Activity 5A with answer key). If there is a difference of opinion on an answer, ask detective agencies to give evidence or facts from the exhibit display to prove their answer is correct. Ask volunteers to share their answers to the bonus question from the Fed and You Media wall, Truman Coin Collection, and Bank Heritage Case. Collect all Fed Detective Fact sheets.
2. Introduce a discussion of the payments system by asking students to orally name their favorite retail stores. (These can include department, grocery, drug and discount stores.)
(Answers will vary.)
3. Ask students to list the ways consumers can pay for the goods and services they purchase at these stores. Use Visual 5, Ways to Pay, as a transparency to write their payment ideas.
(Answers should include cash, check, debit card, credit card, and electronic payments.)
4. Tell students they will learn more about these methods of payment by participating in a role-playing scenario titled “Payment Parliament”. Hand out Activity 6, “Payment Parliament” script. Introduce the list of characters at the top of the script, and the form of payment each represents. Discuss the roles of Fred Fed as a processing agent and Bob Banker as the narrator. Explain that the purpose of the scenario is to decide which character is the best method of payment for goods and services. Ask students to read through the scenario silently, thinking about which character they might like to play for a group reading.
5. After students have completed their silent reading, choose seven volunteers to role-play the characters. *(Teacher Note: You may want to give the larger roles to the students with good dramatic reading ability. The first names of the characters can be changed to accommodate males playing female roles, or vice versa.)* For the scenario setting, place a large table with seven chairs in front of the room. Ask Bob Banker to sit at the head of the table, and Fred Fed to sit at the opposite end. All other characters can choose seats randomly, making sure their backs are not to the audience. Hand out name tags to each character. Remind them to use loud and expressive voices as they read through the role-play.
6. Ask students in the audience to follow along with the role-play reading, thinking about which payment method they would prefer. Read through the script orally.



CLOSURE:

Discuss the following questions as review:

1. What are the types of payments used for goods and services? (*cash, checks, credit and debit cards, electronic payments*)
2. Name one advantage and one disadvantage of using each method of payment. (*Answers will vary. Examples include the following: cash advantage- accepted by all, disadvantage- not safe to carry large amount; check advantage- safer to use, disadvantage- takes time to write; debit card advantage- easy to use, disadvantage-harder to keep track of purchases; credit card advantage-can use for larger purchases; disadvantage-fees and interest on account; electronic payments (online banking) advantage- easy to use, disadvantage-possibility of hackers and online theft.*)
3. How does the Federal Reserve help in the processing of payments? (*The Fed helps process cash through distributing currency and coin to banks and replacing worn and damaged bills; it is a clearinghouse for checks and helps move them safely throughout the country; its networks make it possible for debit and credit card payments to travel from bank to bank; it also helps to process online payments, direct deposits, and government payments.*)



ASSESSMENT:

(Teacher Note) When presenting the assessment to students, you will need to give a brief introduction to the use of a decision-making grid. Show Visual 6- “Decision Grid Assessment” as a transparency and explain the parts of the grid. Tell students that the grid follows a PACED model format: P=problem to solve; A=alternatives or choices used to solve problem; C=criteria or reasons used to evaluate alternatives; E=evaluation process (+ or -) for each alternative; D=decision made through the evaluation process.

Hand out copies of Visual 6 to each student. Read the introduction to the assessment together and ask if students have any questions about completing the grid. Give time to do the assessment individually, then discuss students’ payment choices and reasoning with the group.

DEPOSIT • LOAN • RESERVES TRACKER

DEPOSIT

#1	\$
#2	\$
#3	\$
#4	\$
#5	\$
#6	\$
#7	\$
#8	\$
#9	\$
#10	\$
Total Deposits:	\$

LOAN

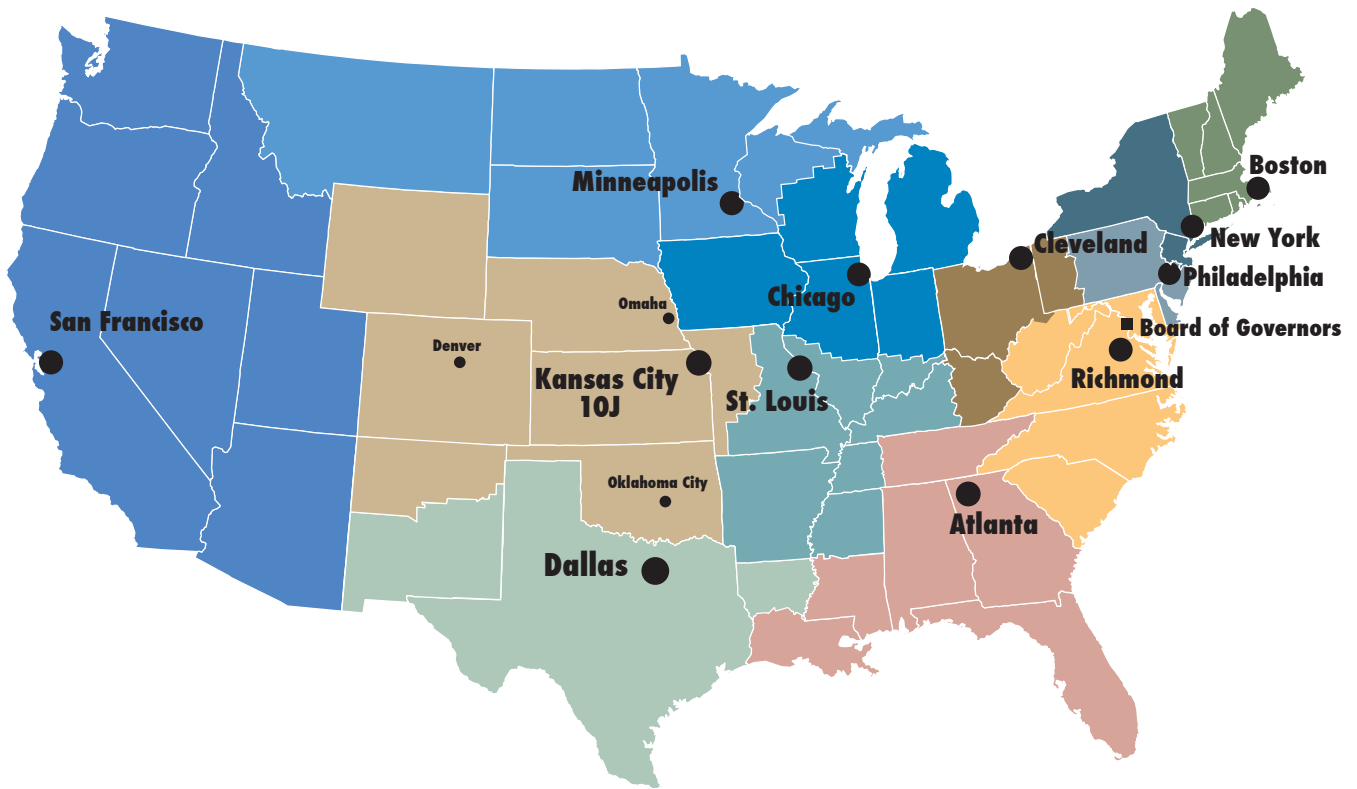
#1	\$
#2	\$
#3	\$
#4	\$
#5	\$
#6	\$
#7	\$
#8	\$
#9	\$
#10	\$
Total Loans:	\$

RESERVES

AMOUNT

Total Deposits	\$
- Total Loans	-
Total Reserves	\$

MAP OF THE FEDERAL RESERVE SYSTEM



THE FEDERAL RESERVE SYSTEM HAS THREE MAIN FUNCTIONS:

- Establish and implement monetary policy
- Regulate and supervise banks
- Operate the nation's payments system



FEDERAL RESERVE BANK *of* KANSAS CITY

APPROVE OR DENY

READ THE FOLLOWING LOAN SCENARIOS AND USE THE INFORMATION YOU HAVE LEARNED TO WRITE LOAN QUESTIONS AND DECIDE WHETHER YOU WOULD APPROVE OR DENY EACH LOAN.

CUSTOMER 1:

You are a loan officer at ABC Bank. Customer 1 has a loan request for \$20,000 to buy a new car. Her assets include a savings account balance of \$300 and a 10-year-old Ford Escort. She works as an assistant manager at McDonalds, with an income of \$500 a week. Write two questions you would ask Customer 1 before deciding to approve or deny her loan.

Would you approve or deny the loan? Write a paragraph explaining your reasoning. Remember to consider her savings, assets and income in making your decision.

CUSTOMER 2:

Customer 2 has a loan request for \$25,000 to pay for college tuition. His assets include a savings account balance of \$100 and a bike. He works part time as a computer technician, with an income of \$300 a week. Write two questions you would ask Customer 2 before deciding to approve or deny his loan.

Would you approve or deny the loan? Write a paragraph explaining your reasoning. Remember to consider his savings, assets and income in making your decision.

DEPOSIT DOLLARS 20	DEPOSIT DOLLARS 20
DEPOSIT DOLLARS 20	DEPOSIT DOLLARS 20
DEPOSIT DOLLARS 50	DEPOSIT DOLLARS 50
DEPOSIT DOLLARS 50	DEPOSIT DOLLARS 100
DEPOSIT DOLLARS 100	DEPOSIT DOLLARS 100

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Ima Saver
Situation: You are depositing \$100 in birthday money.

#1

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Carl Cash
Situation: You are depositing \$140 that you earned from mowing lawns

#2

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Mona Money
Situation: You are depositing \$220 that you earned from babysitting

#3

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Don Dollars
Situation: You are depositing \$350 that you won in an essay contest.

#4

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Betsy Bucks
Situation: You are depositing \$180 that you earned by tutoring students.

#5

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Conner Coins
Situation: You are depositing \$250 that your grandparents gave you.

#6

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Connie Currency
Situation: You are depositing \$300 that you won with an art award.

#7

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Ivan Investor
Situation: You are depositing \$280 from your allowance piggybank.

#8

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Polly Payroll
Situation: You are depositing \$320 from your dog walking business.

#9

DEPOSIT DOLLARS ROLE PLAY CARD

Name: Iggy Income
Situation: You are depositing \$200 for your perfect report card.

#10

<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Bill Borrower</p> <p>Situation: You want to buy a new X Box System for \$350. You have an allowance of \$10 a week and have \$100 in savings.</p> <p style="text-align: right;">#1</p>	<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Linda Loans</p> <p>Situation: You want to borrow \$200 for school clothes. You make \$15 a week babysitting and have a bike worth \$150.</p> <p style="text-align: right;">#2</p>
<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Cal Costly</p> <p>Situation: You want to borrow \$175 for new baseball equipment. You have no job or allowance, but have \$50 saved.</p> <p style="text-align: right;">#3</p>	<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Paula Payment</p> <p>Situation: You want to buy a laptop computer for \$800. You have an allowance of \$5 a week, no savings and a broken computer.</p> <p style="text-align: right;">#4</p>
<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Dan Debt</p> <p>Situation: You want to borrow \$300 to buy a new bike for your paper route. You earn \$40 weekly and have saved \$80.</p> <p style="text-align: right;">#5</p>	<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Frank Finance</p> <p>Situation: You want to buy materials for your new invention costing \$85. You have saved \$20 and get \$8 a week in allowance.</p> <p style="text-align: right;">#6</p>
<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Betty Budget</p> <p>Situation: You want to borrow \$200 to spend on your Disney World vacation. You have no job, allowance or savings.</p> <p style="text-align: right;">#7</p>	<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Sam Spender</p> <p>Situation: You want to borrow \$150 to buy holiday gifts for your family. You have a job doing yard work for \$12 a week.</p> <p style="text-align: right;">#8</p>
<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Phyllis Funds</p> <p>Situation: You want \$300 for a cell phone and monthly payments. Your allowance is \$7 weekly and you have \$25 saved.</p> <p style="text-align: right;">#9</p>	<p style="text-align: center;">LOAN REQUEST</p> <p>Name: Ben Bankroll</p> <p>Situation: You want to buy tickets to a rock concert for \$90. You have football equipment worth \$100, no job & no savings.</p> <p style="text-align: right;">#10</p>

**EXHIBIT ORDER
AND
ROTATION**

Rotation 1: Follow this exhibit pathway:

Monetary Policy
Financial Services
Supervision and Regulation
District Viewer
Understanding the Money Supply
Economic Stability
Cost of Inflation

Rotation 3: Follow this exhibit pathway:

Golden Experience
Banker to the Banks
Keep the Money Moving
Why You Can Trust Your Bank
Counterfeits
Regional Reserve Banks

Rotation 2: Follow this exhibit pathway:

Bank Heritage Case
FOMC
International Connections
District Viewer
Changing Nature of the Financial System
How Banks Build Wealth

Rotation 4: Follow this exhibit pathway:

The Changing Ways People Pay
Personal Financial Choices
Currency
Electronic Payments
Crisis Management
Cash Processing/ The Vault Video (self-guided)
It All Adds Up (self-guided)
Money Rubbing Station (self-guided)

ROTATION ORDER:

Start all rotations at the Exhibit Title Display

R1—2—3—4

R2—3—4—1

R3—4—1—2

R4—1—2—3



FEDERAL RESERVE BANK of KANSAS CITY



FED DETECTIVE FACT SHEET

Name _____

Agency Name _____

Welcome to Fed Detective work! You will be finding facts, examining evidence, and decoding discoveries! Search the exhibits for the following information to complete each Fed Fact. Use the clue at the end of each fact to help you find the answer more easily. GOOD LUCK!!

Rotation 1:

1. How many missions does the Federal Reserve Bank have? **(Exhibit Title Display)**
2. The Fed's monetary policy influences the interest rate you pay on what two items?
(Monetary Policy)
3. List three ways you can use the payments system. **(Financial Services)**
4. What group of Fed workers makes sure that banks follow the rules?
(Supervision/Regulation)
5. Give one example of M1 money.

Give one example of M2 money.
(Understanding the Money Supply)
6. What do the letters GDP stand for? **(Economic Stability)**
7. What does inflation mean? **(Cost of Inflation)**



Rotation 2:

8. What do the letters FOMC stand for? **(FOMC)**
9. Name two of the economic sectors that are discussed in the Beige Book. **(District Viewers)**
10. Which of the city “hot spots” has insurance as its major industry? **(District Viewers)**
11. Name three products that are exported to other countries by the Tenth District.
(International Connections)
12. A place where buyers and sellers come together and agree on a price in exchange for a product is called a m_____. **(Changing Nature of the Financial System)**
13. How do banks make a profit? **(How Banks Build Wealth)**

Rotation 3:

14. List three ways the Fed helps banks. **(Banker to the Banks)**
15. What does the Fed do for a bank if it is “short” on payments? **(Keep the Money Moving)**
16. The Fed plays a major role in banks’ s_____ and r_____.
(Why you can Trust your Bank)
17. Name three security features of the new currency. **(Counterfeits)**
18. How many regional banks are a part of the Federal Reserve System?
(Regional Reserve Banks)



Rotation 4:

- 19. List three examples of electronic payments. **(Changing Ways That People Pay)**

- 20. The higher your e _____, the more money you are likely to earn.
(Personal Financial Choices)

- 21. Who (what organization) prints currency in the U.S.? **(Currency)**

- 22. Name a new way to make an electronic payment. **(Electronic Payments)**

- 23. Name two crisis situations that have occurred in the U.S. where the Fed has helped provide financial services and economic stability. **(Crisis Management)**

- 24. What is the largest denomination of currency now issued in the U.S.? **(It All Adds Up)**

- 25. How is currency and coin transported to the Fed? **(Cash Processing/The Vault Video)**

Bonus Question!

Tell one Fed Fact you learned from:

The Fed and You Media Wall

The Truman Coin Collection

The Bank Heritage Case

Which of these three exhibits was your favorite? _____

Why? _____



FED DETECTIVE ANSWER SHEET

Name _____

Agency Name _____

Welcome to FED Detective work! You will be finding facts, examining evidence, and decoding discoveries! Search the exhibits for the following information to complete each Fed Fact. Use the clue at the end of each fact to help you find the answer more easily.
GOOD LUCK!!

Rotation 1:

1. How many missions does the Federal Reserve Bank have? **(Exhibit Title Display)**

3

2. The Fed's monetary policy influences the interest rate you pay on what two items?
(Monetary Policy)

credit cards and loans

3. List three ways you can use the payments system. **(Financial Services)**

ATM, cash, debit or credit card, write a check

4. What group of Fed workers makes sure that banks follow the rules?
(Supervision/Regulation)

bank examiners

5. Give one example of M1 money.

Currency, checks, checking deposits

- Give one example of M2 money. **(Understanding the Money Supply)**

Savings deposits, CDs, money market deposit funds

6. What do the letters GDP stand for? **(Economic Stability)**

Gross Domestic Product

7. What does inflation mean? **(Cost of Inflation)**

rise in the general level of prices that reduces the purchasing power of money



Rotation 2:

8. What do the letters FOMC stand for? **(FOMC)**
Federal Open Market Committee

9. Name two of the economic sectors that are discussed in the Beige Book.
(District Viewers) *agriculture, consumer spending, banking, energy, labor markets and wages, manufacturing, real estate and construction, prices (any two)*

10. Which of the city “hot spots” has insurance as its major industry? **(District Viewers)**
Omaha

11. Name three products that are exported to other countries by the Tenth District.
(International Connections)
corn, wheat, soybeans, software, airplanes, global positioning systems

12. A place where buyers and sellers come together and agree on a price in exchange for a product is called a *market*. **(Changing Nature of the Financial System)**

13. How do banks make a profit? **(How Banks Build Wealth)**
interest from loans or fees from services

Rotation 3:

14. List three ways the Fed helps banks. **(Banker to the Banks)**
supplies coin and currency, replaces worn and damaged bills, processes checks

15. What does the Fed do for a bank if it is “short” on payments? **(Keep the Money Moving)**
provide credit or loans

16. The Fed plays a major role in banks’ *supervision* and *regulation*.
(Why you can Trust your Bank)

17. Name three security features of the new currency. **(Counterfeits)**
watermark, security thread, serial number, color-shifting ink, portrait, check letters, plate and quadrant numbers, microprinting, concentric fine lines, Federal Reserve indicators (any three)

18. How many regional banks are a part of the Federal Reserve System?
(Regional Reserve Banks) *12*



Rotation 4:

19. List three examples of electronic payments. **(Changing Ways That People Pay)**
ATMs, online banking, debit/credit cards, ACH (automated clearinghouse)
20. The higher your *education*, the more money you are likely to earn.
(Personal Financial Choices)
21. Who (what organization) prints currency in the U.S.? **(Currency)**
Bureau of Engraving and Printing
22. Name a new way to make an electronic payment. **(Electronic Payments)**
Use cellphone to buy items
23. Name two crisis situations that have occurred in the U.S. where the Fed has helped provide financial services and economic stability. **(Crisis Management)**
2001 terrorist attack; natural disasters (such as hurricanes, floods)
24. What is the largest denomination of currency now issued in the U.S.? **(It All Adds Up)**
\$100 bill
25. How is currency and coin transported to the Fed? **(Cash Processing/The Vault Video)**
armored carriers

Bonus Question!

Tell one Fed Fact you learned from:

The Fed and You Media Wall *Answers may vary.*

The Truman Coin Collection *Answers may vary.*

The Bank Heritage Case *Answers may vary.*

Which of these three exhibits was your favorite?

Why?



WAYS TO PAY

List all the possible ways for consumers to pay for goods and services.

DECISION GRID ASSESSMENT

Your parent has finally given permission for a total redesigning of your bedroom! The change will include new paint, bedroom furniture, wall decorations, a TV and a computer. Use the decision-making grid below to choose the best method of payment for these purchases. To use the grid, think about the criteria (reasoning) categories for each payment method. Put a “+” in each box where the type of payment meets the criteria, or a “-“ where it does not. The payment with the most pluses is the best method for your needs!

CRITERIA

Alternatives	Is it easy to use?	Is it safe?	Is it accepted by all?	Does it make good sense?
Cash				
Check				
Debit Card				
Credit Card				
Electronic Payment				

PAYMENT PARLIAMENT SCRIPT

- Characters:** Carrie Cash; Charlie Check; Debbie Debit; Chris Credit; Ellen Electronic Payment; Fred Fed; Bob Banker
- Setting:** Large table with chairs around to seat each character for the “Payment Parliament” meeting
- Bob Banker:** I’d like to welcome you all to this “Payment Parliament” meeting. Our topic for discussion today is “Best Payments Methods: Be All That You Can Be!” I’d like to remind you of our discussion rules: one speaker at a time; be courteous to others; and use good reasoning to prove your point! Who would like to start the discussion?
- Carrie Cash:** I should be the first speaker, because I was the first payment method to exist!
- Charlie Check:** Evidently you’ve forgotten about the barter system, dear!
- Carrie Cash:** I’m talking about a payment method that everyone agreed on! Don’t you remember how difficult it was to barter successfully? Where would you all be today if I hadn’t come first? Cash backs up all other methods of payment! And everyone accepts cash. It’s a no-brainer to just carry cash!
- Charlie Check:** If you want an example of a no-brainer, think about this: why would you want to carry large amounts of cash when you could just write a check for your payment and keep that cash safe in the bank? It just makes good sense to write checks!
- Debbie Debit:** It might be safe to bank your cash and write checks, but it makes better sense to use a debit card. The payment is automatically taken out of your account with the swipe of a card! Talk about convenience...
- Charlie Check:** Convenience? You’re just lazy! Writing a check doesn’t take that much time. And I always remember to record my payment in my checkbook so I know my account balance.
- Debbie Debit:** I get a receipt for my debit payment, you know! So I can figure out my balance whenever I want.
- Chris Credit:** You’re forgetting about the importance of my payment method—credit! Consumers can’t buy big-ticket items without the use of credit. I help people purchase computers, TVs, vacations, cars, and even houses! And it’s so easy to use a credit card!

Debbie Debit: Yeah, it's so easy for people to get into debt through buying too many goods and services that they can't afford!

Chris Credit: Consumers just need to remember to use credit wisely! They need to think about budgeting for monthly payments to pay down their debt successfully.

Ellen Electronic Payment: And consumers need to think about the interest and finance charges if they don't pay on time!

Chris Credit: Details, details! What makes you so special, Ellen?

Ellen Electronic Payment: Did you know that more electronic payments are made today than payments by check? And electronic payments cost so much less to process than a check!

Charlie Check: Hey, I resent that!

Ellen Electronic Payment: That's just the beginning! You can use electronic payments when you do online banking or shopping, and set up automatic bill pay for regular monthly purchases. Also, my payments are accepted worldwide!

Carrie Cash: Show off!

Debbie Debit: Ellen, I'm a form of electronic payment too! You can use me at an ATM machine to get cash, as well as in a store to make a purchase. I vote for you, I mean the two of us, for best form of payment!

Ellen Electronic Payment: And our future looks exciting! Did you know that in years to come, we will use our cell phones to buy goods and services and make electronic payments through our phone bills? We might even use our finger prints to make purchases and payments!

Debbie Debit: Wow, that is amazing!

Charlie Check: You're forgetting one very important point! Safety! When you bank or purchase online, you never know who else is looking at your account. Haven't you heard about the hackers who break into accounts and steal personal information?

Ellen Electronic Payment: Charlie, Charlie, Charlie—calm down! Don't you know that new security features are being added to websites all the time to keep the hackers out? There's little chance of that happening!

- Bob Banker: Fred, you haven't spoken yet. What's the Fed's role in all of this, and what form of payment do you prefer?
- Fred Fed: Well, the Fed helps process all forms of payment. We distribute currency and coin to banks, and replace worn and damaged bills to help Carrie. We even work to detect and remove counterfeit bills!
- Carrie Cash: Thanks, Fred! You're awesome!
- Fred Fed: We are also a check clearinghouse. Our workers process checks received from many different banks. This helps payments move smoothly and safely throughout the country for Charlie.
- Charlie Check: I knew I could count on you, Fred!
- Fred Fed: The Fed also has a role in credit and debit card processing. Our networks make it possible for consumers to use these payment methods by e-mailing banks and credit unions across the country to exchange and settle credit and debit payments.
- Debbie/Chris (together): Way to go, Fred!
- Fred Fed: As for other electronic payments, the Fed helps in a big way! Our networks help banks process online payments for purchases and automatic bill pay items. We also provide direct deposit services for paychecks and government payments, like income tax refunds and Social Security checks. We are always studying trends and issues in the payments system, so we are better prepared for future changes.
- Ellen Electronic Payment: That's my Fred!
- Bob Banker: So to summarize our discussion, we have many varied viewpoints on the best method of payment. Each of you has discussed the benefits or advantages of your type of payment. Others have brought up the costs or disadvantages of each type of payment. Fred has given us the Fed's role in all payment methods. I think there's only one conclusion we can come to. All payment methods have merit, depending on the situation and their use by the consumer. Let's call a truce!

Carrie Cash: Huh? What's a truce?
Debbie Debit: When we all agree to disagree, Carrie! It means that there's more than one good payment method for consumers to use.
Carrie Cash: Oh, right!

Bob Banker: This concludes our meeting of the Payment Parliament. Thank you for your cooperation in our discussion. And thanks to our special guest, Fred Fed, for informing us about the Fed's role in the payments system. Meeting dismissed!

"Payment Parliament" script written by Michele T. Wulff
for the Federal Reserve Bank of Kansas City

BOB BANKER



CARRIE CASH



CHARLIE CHECK



DEBBIE DEBIT



CHRIS CREDIT



FRED FED



ELLEN
ELECTRONIC PAYMENT

