

Teacher:  
Ms. C. Davis

Subject Area:  
Banking and Financial Services

Room No.:  
C227

**Chapter 3: Money and Interest**

**Lesson 2:** “Money Creation and Circulation”

**Lesson 3:** “Interest and Interest Rates”

**Lesson Date:**  
November 17, 2014 – November 21, 2014

**Meeting Time/Period:**  
4<sup>th</sup> and 6<sup>th</sup>

**Grade Levels:**  
12

**What is the lesson objective?** The student will be able to:

- Define terms (*primary reserves, secondary reserves, excess reserves, multiplier effect, federal funds rate, discount rate, and prime rate*)
- Describe how money is created by bank activities.
- Explain how money circulates in the United States.
- List factors that affect interest rates.
- Explain which factors the Federal Reserve affects.

**Differentiated Objective(s):** The student will create a graphic organizer using the internet and their textbook to describe the essential elements of the money creation, circulation, and interest rates.

**TEKS 130.163, c1b, 8a,b**

- 1(b) explain the operation of the Federal Reserve Bank and its role in the economy.
- 8(a) describe the manner in which banks generate profit and explain measures banks take to ensure profitability
- (b) use financial formulas commonly used in banking to aid in the growth and stability of banking services...

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- Why must banks keep money on reserve? What is the multiplier effect?
- What interest rates does the Federal Reserve control or affect?

**Instructional Delivery:**

- Direct Instruction
- Peer-tutoring
- Guided Practice
- Independent Practice
- Facilitator
- Quizzes & Tests

**Guided Practice and Monitoring:**

- Vocabulary Exercise
- Partner Reading
- Banking Math

**Independent Practice:**

- Vocabulary Exercise
- Banking Math
- Quizzes & Tests

**Review/Reteach:**

- Review Questions (handout) and Quizzes

**Closure:** Students will reflect on what was covered and create a graphic organizer to illustrate understanding of the concepts covered.

**Materials/References:**

- Notebook, Computer, Internet, Flash-drive, handouts, Textbook