

**DESE Model Curriculum: Business Finance** (CIP Code: 52.0803)

GRADE LEVEL/UNIT TITLE: 11-12/Unit 1 - Federal Reserve System

<b>COURSE INTRODUCTION</b>		
<p>This is an introductory course for Banking and Financial Support Services which also operates a student bank as the implementation practicum. This course also introduces the student to personal finance, including opening and maintaining a checking account, and credit card pitfalls and proper use, a very important skill for all young adults. It is designed to familiarize the student with all aspects of a typical bank including savings, loans, operations, and audit functions. It also covers the history of banking, the organizational structure, and the operations and marketing of a student bank.</p> <p>Course rationale: Financial literacy is essential in meeting the financial challenges of the 21st Century. The course provides valuable experience in running an actual bank while learning to analyze personal financial decisions, evaluate the costs and benefits of their decisions, recognize the rights and responsibilities as consumers, and apply the knowledge learned in school to financial situations encountered later in life.</p>		
<b>UNIT DESCRIPTION</b>	<b>SUGGESTED UNIT TIMELINE</b>	
Describe why and how the Federal Reserve System was created and its regulatory powers. List the services offered by the Federal Reserve and explain its impact on the banking system. Explain the weaknesses of the early banking system; define the Impact of the Great Depression on the banking system and the resulting legislation.	3 weeks	
	<b>CLASS PERIOD (min.)</b>	
50 min.		
<b>ESSENTIAL QUESTIONS</b>		
<ol style="list-style-type: none"> <li>Why is it important to have banks in a modern society?</li> <li>What is the structure of the banking system and why do students care about learning about how banking systems function?</li> <li>Why does a nation need a central bank?</li> <li>What role does our modern financial system have in International commerce?</li> <li>What are the major categories of financial services?</li> <li>What statistical benchmarks are used in our everyday lives in banking, government, and other financial systems?</li> <li>What major economic events in this country have shaped modern banking?</li> </ol>		
<b>ESSENTIAL MEASURABLE LEARNING OBJECTIVES</b>	<b>NBEA STANDARD</b>	<b>DOK</b>
1. Define terminology related to cash control and banking activities.	PF.VI.1 PF.VI.2	2
2. Introduce banking's role in the economy. Why are banks important to the economy? Familiarization with The Great Depression, the National Bank Act, and the Federal Reserve Act of 1913 and their roles in the economy.	ECON.III.1 ECON.III.2 ECON.VII.1 ECON.VII.2 ECON.VII.3 ECON.VII.4	4
3. Introduce the various types of financial institutions.	ECON.III.2 ECON.III.3 ECON.III.4	2

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4.	Learn about careers in banking and the Federal Reserve System and its control of interest rates and money supply.	ECON.III.2	4
5.	Illustrate the development of US banking over time.	ECON.VIII.1 ECON.VIII.2 ECON.VIII.3 ECON.VIII.4 PF.VI.1 PF.VI.2	3
6.	Introduce the Federal Deposit Insurance Corporation and the changes in banking philosophy and the long term low interest rates and what it foretells.	ECON.VIII.1 ECON.VIII.2 ECON.VIII.3 ECON.VIII.4	2
<b>ASSESSMENT DESCRIPTIONS</b>			
<ol style="list-style-type: none"> <li>See Appendix A, Unit 1 Lesson Plan sequencing</li> <li>See Appendix B, Unit 1 Lesson Plans</li> <li>See Appendix C, Unit 1 Assessments</li> <li>See Appendix D, Vocabulary</li> </ol>			
<b>OBJ. #</b>	<b>INSTRUCTIONAL STRATEGIES</b>		
1, 2, 5, 6	1. Using Federal Reserve of St. Louis website, explain the purposes of research data and scope. Compare various economic indicators.		
1	2. Explain the theory of money supply and money multiplier effect of banks. Model the Rule of 72.		
1, 3, 4	3. Model the functioning of banks with a Bank tour of local bank with explanations and demonstrations of functions and duties.		
3	4. Compare and contrast banks, credit unions, finance companies, mortgage companies, pay day loans, pawn shops, and owner financed activities.		
5	5. Introduce, review and analyze the reading of chapter one of Money Mischief by Milton Friedman pertaining to stone money on the Island of Yap.		
2, 5	6. Play excerpts of "It's a Wonderful Life" movie and discuss its implications on the role of banking and the depth of the Great Depression. Identify the causes of The Great Depression and discuss. Adapt those experiences to the current economic problems.		
2, 5	7. Review the economic timeline with the Government's intervention in 2008 and 2009 with economic stimulus to the banking industry. Deduce the cause and effect relationships.		

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<b>OBJ. #</b>	<b>INSTRUCTIONAL ACTIVITIES</b>
1, 2, 4, 5	1. Explore all parts of Federal Reserve website. Each student will pick or be assigned a function to explain to others. (Reserves requirement by banks, culling worn out currency from circulation, source of different
2, 4	2. Students will research the Federal Reserve Bank website and report on advantages, disadvantages, pitfalls, and costs associated with the data gathered for use by individuals, companies, and other parts of the government.
1, 2	3. Direct students to shadowstats.com website and assign written project and subsequent oral report based upon topics covered on the site. (ex: inflation, money supply, unemployment, participation rate, etc.) Students will pick one topic each and present same to the class and why this particular statistic is important.
2, 6	4. Students will explore the major events of this country's economic history and what impact it has had on our financial lives. Assess by student written product at conclusion.
<b>UNIT RESOURCES</b>	
1. Supplemental reading: Money Mischief by Milton Friedman, chapters 1 and 2 2. Millionaire Next Door by Thomas Stanley and William Danko 3. Youtube clips of "It's a Wonderful Life" 4. <a href="http://www.investopedia.com/terms/r/ruleof72.asp">http://www.investopedia.com/terms/r/ruleof72.asp</a> 5. <a href="http://www.moneychimp.com/features/rule72.htm">http://www.moneychimp.com/features/rule72.htm</a> (Rule of 72 chart as well as compound interest rate calculator) 6. <a href="http://www.stlouisfed.org/">http://www.stlouisfed.org/</a> (use throughout course – research materials, lesson plans, and projects) Can arrange tours too. 7. <a href="http://www.shadowstats.com/">http://www.shadowstats.com/</a> 8. See attached files: Banking Quiz on Great Depression 9. Textbook suggestion: Banking & Financial Systems, 2013 by The Goodheart-Willcox Company, Inc.: print 139781605257785 10. Textbook suggestion: Personal Finance, 2012 by Kapoor, Dlabay, Hughes - McGraw-Hill: print 139780073530697 11. Textbook suggestion: Banking Systems, 2 <sup>nd</sup> edition 2010, Cengage Learning: eText 139781439028483, print 139780538449281	