

VISUAL 1

TERMS OF MODERN FINANCIAL MARKETS

Instruments

Asset-backed security
 Credit default swap
 Bond
 Common stock
 Mortgage-backed security
 Mutual fund
 Option
 Futures contract
 Subprime mortgage

Institutions

Central bank
 Commercial bank
 Hedge fund
 Investment bank
 Fannie Mae/Freddie Mac
 Federal Deposit Insurance
 Corporation (FDIC)
 Federal Reserve System
 Private equity fund

Technical terms

Bank run
 Capital
 Credit
 Credit crunch
 Debt
 Default
 Equity
 Foreclosure
 Leverage
 Liquidity
 Liquidity risk
 Moral hazard
 Mortgage
 Nationalization
 Regulation
 Return
 Risk
 Securitization

VISUAL 2

**INSTRUMENTS AND INSTITUTIONS OF MODERN FINANCIAL MARKETS
QUIZ BOWL GAME BOARD**

Houston, We've Got A Problem	Institutionalize This	Bank On It	Not Your Grandma's Finance	Financial Potpourri
10	10	10	10	10
20	20	20	20	20
30	30	30	30	30
40	40	40	40	40
50	50	50	50	50

VISUAL 3

**INSTRUMENTS AND INSTITUTIONS OF MODERN FINANCIAL MARKETS
QUIZ BOWL GAME SCORE SHEET**

Group	Score
1	
2	
3	
4	
5	

VISUAL 4

QUESTION LIST FOR QUIZ BOWL GAME (Reserved for Teacher Use)

Houston, We've Got a Problem

- 10—A bank will use this legal process to force payment on your house (or take ownership of it) if you stop paying your mortgage. (Foreclosure)
- 20—This occurs when banks reduce their lending to other banks and customers because they are worried about being re-paid. (Credit crunch)
- 30—If a person or company fails to meet the terms of their loan agreement they are said to be in _____. (Default)
- 40—Not the board game; rather, the uncertainty of the return on an asset. (Risk)
- 50—A government take-over of a business. Hint: Fannie Mae and Freddie Mac. (Nationalization)

Institutionalize This

- 10—Federal-government-created, now Federal-government-owned, institutions that buy mortgages from banks. (Fannie Mae and Freddie Mac)
- 20—The central bank of the United States. It's responsible for setting the nation's monetary policy. (Federal Reserve System)
- 30—It protects your bank deposit up to \$250,000 at each bank. (FDIC)
- 40—A group of risky investments typically purchased by wealthy investors or institutions. (Hedge fund)
- 50—Investments in private companies by groups with plans to take over ownership. (Private equity fund)

Bank On It

- 10—The type of institution that offers services such as checking accounts, savings accounts, and loans to individuals and businesses. (Commercial bank)
- 20— A loan that banks make to individuals buying a home. (Mortgage)
- 30—This occurs when many depositors in a bank lose confidence and try to withdraw their money all at once. Hint: This happened in the movie "It's A Wonderful Life." (Bank run)
- 40—The institution in a nation that performs functions like issuing currency and influencing the supply of credit in the economy. (Central bank)
- 50—DAILY DOUBLE: A bank that offers financial services such as trading securities, raising capital, and managing corporate mergers and acquisitions. (Investment bank)

VISUAL 4, CONTINUED

QUESTION LIST FOR QUIZ BOWL GAME (Reserved for Teacher Use)

Not Your Grandma's Finance

- 10—An agreement to buy or sell a commodity or security later at a price determined today. (Futures contract)
- 20—The rights to buy or sell an investment during a specific period of time. (Options)
- 30—Similar to home or car insurance but for your investments. (Credit default swap)
- 40—DAILY DOUBLE: Wall Street firms bought lots of these from 2001 to 2006. They are created by bundling home loans and repackaging them as this investment. (Mortgage-backed securities)
- 50—Home loans offered to people with credit problems, often with higher interest rates than typical home loans. (Subprime mortgages)

Financial Potpourri

- 10—A loan to a corporation or government in return for repayment with interest. (Bond)
- 20—A share of ownership in a corporation. (Common stock)
- 30—How easily something can be turned into money. (Liquidity)
- 40—Rules or laws designed to control or govern the financial system. (Regulation)
- 50—The process of converting an illiquid asset (or group of illiquid assets) into an investment that can be sold or traded. (Securitization)