

## Learning Objectives

### Chapter 29

#### **In this chapter you will**

- Consider what money is and what functions money has in the economy
- Learn what a central bank is
- Examine how the banking system helps determine the supply of money
- See what tools central banks use to alter the supply of money

#### **You should be able to**

- Define money and list the three functions of money
- Explain the role of the central bank in money creation
- Explain the money multiplier in a fractional reserve banking system
- List and explain the three tools central banks use to change the money supply