We covered 6 major pieces of legislation related to the regulation of the banking industry. They are:

National Banking Act of 1863
Federal Reserve Act of 1913
Banking Act of 1933 (Glass-Steagall)
Deposit Institution Deregulation & Monetary Control Act of 1980 (DIDMCA)
Riegle-Neal Interstate Banking & Branching Efficiency Act of 1994
Gramm-Leach-Bliley Financial Services Modernization Act of 1999

For each you should know:

- what problem(s) was being addressed
- what changes were introduced

Additional questions related to the regulation of banks.

1. a. What legislation enacted Regulation Q?
b. In a properly labeled graph, show the market for deposits before Regulation Q. Label the equilibrium interest rate on deposits \( i_0 \) and the equilibrium level of deposits \( D_0 \).
c. In your graph, show the effects in the market for deposits of the implementation of Regulation Q. [Assume this is a binding constraint.] What happens to the level of deposits? What happens to the interest paid on deposits?
   d. Show the effects of an increase in inflation in your graph of the market for deposits. What happens to the level of deposits? What do we call this?

2. a. What legislation created the FDIC?
b. What was the FDIC designed to help prevent? Briefly explain how FDIC might be helpful.
c. FDIC led to an unexpected side effect we called Moral Hazard. Briefly explain how FDIC insurance can lead to Moral Hazard.

3. Briefly discuss the merits of the following statement. "The National Banking Act of 1863 was designed to create both state and national banks."