

BANKING & FINANCE

(145)

REGIONAL – 2018

Multiple Choice: (30 @ 2 points each)	_____ (60 points)
Financial Word Problems: (4 @ 3 points each)	_____ (12 points)
Parts of a Check: (6 @ 3 points each)	_____ (18 points)
Budget: (30 @ 1 point each)	_____ (30 points)
<i>TOTAL POINTS</i>	_____ (<i>120 points</i>)

Failure to adhere to any of the following rules will result in disqualification:

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.**
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
- 3. Electronic devices will be monitored according to ACT standards.**

No more than sixty (60) minutes testing time

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Workplace Skills Assessment Program competition.

General Instructions

You will have sixty (60) minutes to complete your work. The test is divided into two parts: concept knowledge and application of knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your contestant number in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Round all calculations to two decimals.
- Unless otherwise noted, use 360 days for interest calculations.

MULTIPLE CHOICE

Identify the letter of the choice that best completes the statement or answers the question.

1. Your take-home pay, or net income, is _____.
 - a. the amount you receive after benefits, such as vacation pay and health insurance, have been added
 - b. the amount you receive after taxes, insurance, or other costs have been subtracted
 - c. the total amount you earn
 - d. gross income

2. The amount of interest you earn on money in your savings account will depend on which factors?
 - a. the interest rate, the time money remains in the account, and how the bank pays the interest
 - b. the prime rate, your credit rating, and how you make the deposits
 - c. the interest rate, how often you make deposits, and how the bank invests your money
 - d. the amount of collateral, the amount in your checking account, and the balances on your credit cards

3. What type of financial institution must have a majority of their assets in housing-related loans?
 - a. Credit Unions
 - b. Savings Institutions
 - c. Banks
 - d. None of the above

4. A _____ allows deposits and withdrawals; may require a minimum balance to keep the account open; earns interest; and may limit the number of times you can withdraw money.
 - a. regular savings account
 - b. money market account
 - c. certificate of deposit
 - d. checking account

5. Which of the following assets is the *most* liquid?
 - a. A certificate of deposit that comes due in six months
 - b. The money in your wallet
 - c. Ten shares of common stock
 - d. The money in your savings account

6. Overdraft protection is _____.
 - a. the use of a debit card to purchase an item at a retail store
 - b. the amount of interest that a financial institution would pay on a deposit
 - c. the percentage of increase in your account from earned interest
 - d. an automatic loan made to an account if the balance will not cover a transaction made on the account

7. What type of financial institution is governed by federal and state laws and regulations?
 - a. Credit Unions
 - b. Savings Institutions
 - c. Banks
 - d. None of the above

8. All the following are ways to establish good credit *except* _____.
 - a. pay your bills in full and on time
 - b. always keep your promises to repay the money you borrow
 - c. use your credit card to buy something you can't really afford
 - d. don't write a check for more money than you have in your account

9. _____ earns higher interest; may require a higher minimum balance; and provides checks for withdrawals.
 - a. regular savings account
 - b. money market account
 - c. certificate of deposit
 - d. checking account

10. Charging on a credit card is basically _____.
 - a. free money
 - b. like using a co-pay
 - c. using secured collateral
 - d. taking out a loan

11. What type of financial institution is a nonprofit financial institution owned by people who have something in common?
 - a. Credit Unions
 - b. Savings Institutions
 - c. Banks
 - d. None of the above

12. Companies that keep track of everyone's credit history are called _____.
 - a. collection agencies
 - b. credit bureaus
 - c. credit unions
 - d. Big Brother

13. The three C's of credit include all of the following *except* _____.
 - a. character
 - b. capacity
 - c. cooperation
 - d. collateral

14. The amount you need to pay to keep your credit card in good standing is _____.
 - a. minimum payment
 - b. maximum payment
 - c. balance in full
 - d. service charge

15. Type of check endorsement that is signed “Paid to the order of” is a _____.
- blank endorsement
 - special endorsement
 - restrictive endorsement
 - none of the above
16. What is the significance of being pre-approved for a loan?
- no need for a down payment
 - higher interest rates
 - longer term for payment
 - knowing the amount that will be available to make a purchase
17. _____ requires money to stay in the account for a fixed period of time (term); earns higher interest rate than other accounts; and incurs penalties if money is withdrawn before the end of the term.
- Regular savings account
 - Money market account
 - Certificate of deposit
 - Checking account
18. What is APR?
- a way to estimate the time or interest you would need to double your money on an investment
 - a type of credit that is repaid to the lender in equal amounts, over a fixed period of time
 - a measurement used to compare different loans, taking into account interest rate, term and fees
 - annual prime rate
19. A(n) _____ is a spending plan for the use of money over time based on goals and expected income.
- statement
 - owner’s equity
 - income statement
 - budget
20. What type of financial institution has a “member’s only” characteristic?
- Credit Unions
 - Savings Institutions
 - Banks
 - None of the above
21. The _____ rate is the rate of interest a bank charges their best customer.
- discount
 - prime
 - value
 - special

22. A period of time when investors are confident in the economy and stock prices are rising is referred to as a _____.
- bear market
 - diverse market
 - reclining market
 - bull market
23. What type of financial institution was created to promote home ownership?
- Credit Unions
 - Savings Institutions
 - Banks
 - None of the above
24. An example of an open-end credit account is a _____.
- mortgage
 - lease
 - credit card
 - automobile loan
25. The Federal Deposit Insurance Corporation (FDIC) covers all deposits, *except* _____.
- checking accounts
 - money market deposit accounts
 - certificates of deposit
 - mutual funds
26. A _____ is a personal check the bank guarantees to be good.
- certified check
 - money order
 - certificate of deposit
 - cashier's check
27. Just signing the payee's name on the back of a check is called a _____ endorsement.
- blank
 - restrictive
 - special
 - simple
28. The _____ guarantees that all information about costs of a loan will be provided in writing to consumers.
- Equal Credit Opportunity Act (ECOA)
 - Fair Credit Reporting Act (FCRA)
 - Truth in Lending Act (TILA)
 - Fair Debt Collection Practices Act (FDCPA)

29. The functions of _____ are to provide a medium of exchange that is readily transferrable like money and to provide an extension of credit.
- a. certificate of deposits
 - b. commercial paper
 - c. money market accounts
 - d. savings institutions
30. The standard FDIC insurance amount is _____ per depositor, per insured bank.
- a. \$125,000
 - b. \$250,000
 - c. \$10,000
 - d. \$500,000

FINANCIAL WORD PROBLEMS

Solve the following problems and write your answer in the blank provided. Be sure you round your final calculation to 2 decimal places.

1. Your savings account balance is \$5,500. If you do not contribute any more money to the account, calculate the interest earned:
- a. 5% interest earned after 6 months _____
 - b. 7% interest, after 12 months _____
2. You finance a \$21,050 simple interest auto loan for 48 months at 6.5%.
- a. What is the total interest paid on the loan? _____
 - b. What is the total amount paid for the auto? _____

PARTS OF A CHECK

Identify the parts of the check or missing parts that are numbered below.
(6 @ 3pt each= 18 points)

The diagram shows a check with the following fields and labels:

- 1**: PAY TO THE ORDER OF
- 2**: Amount line (with a dollar sign and a box for the amount)
- 3**: MICR line (first part: ⑆012345678⑆)
- 4**: MICR line (middle part: 01234567890123⑆)
- 5**: MICR line (last part: 0123)
- 6**: Routing number and account number area (0123, 01-23456789)

1. _____

4. _____

2. _____

5. _____

3. _____

6. _____

BUDGET

Complete the following budget for Stacie Johnson using the information provided. (30 points)

Stacie Johnson works full-time and is trying to move out of her parents' house. She has set a budget to make sure she has enough money for all of her expenses. She currently makes \$2,700 net pay per month. If there is money left over after paying all of her bills, she wants to put \$225 into a savings account and the remaining amount into a college fund. Use the following information to help complete her budget.

Rent	\$1,050	Utilities	\$250
Car Payment	\$325	Insurance	\$175
Telephone	\$75	Gas	\$100
Entertainment	\$225	Groceries	\$250

BUDGET

Stacie Johnson

	Monthly	Yearly
Income		
Net Paycheck	\$2,700	\$32,400
Other Income	\$0	\$0
Total Income	<u>\$2,700</u>	<u>\$32,400</u>
Expenses		
Fixed Expenses		
Rent	_____	_____
Utilities	_____	_____
Car Payment	_____	_____
Insurance	_____	_____
Total Fixed Expenses	_____	_____
Variable Expenses		
Telephone	_____	_____
Gas	_____	_____
Entertainment	_____	_____
Groceries	_____	_____
Total Variable Expenses	_____	_____
Total Variable and Fixed	_____	_____
Cash Surplus	_____	_____
Allocation of Surplus		
Savings	_____	_____
College Fund	_____	_____
Total Expenses + Surplus	<u>_____</u>	<u>_____</u>



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Budget: (30 @ 1 point each)	_____	(30 points)
<i>TOTAL POINTS</i>	_____	<i>(120 points)</i>

Graders: Please double check and verify all scores and answer keys!

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MULTIPLE CHOICE (2 pts each = 60 pts total)

1	B
2	A
3	B
4	A
5	B
6	D
7	C
8	C
9	B
10	D

11	A
12	B
13	C
14	A
15	B
16	D
17	C
18	C
19	D
20	A

21	B
22	D
23	B
24	C
25	D
26	A
27	A
28	C
29	B
30	B

FINANCIAL WORD PROBLEMS (3 pts each = 12 pts total)

- a. \$137.50
b. \$385.00

- a. \$5,473
b. \$26,523

PARTS OF A CHECK (6 @ 3 pts. each = 18 points total)

- Payee
- Written amount
- Routing number
- Account number
- Check number
- ABA number



BUDGET (30 @ 1 pt. each = 30 pts.)

BUDGET
Stacie Johnson

		MONTHLY	YEARLY
Income			
	Net paycheck	\$2,700	\$32,400
	Other income	0	0
Total Income		\$2,700	\$32,400
Expenses			
	Fixed Expenses		
	Rent	1,050	12,600
	Utilities	250	3,000
	Car payment	325	3,900
	Insurance	175	2,100
	Total Fixed Expenses	1,800	21,600
	Variable Expenses		
	Telephone	75	900
	Gas	100	1,200
	Entertainment	225	2,700
	Groceries	250	3,000
	Total Variable Expenses	650	7,800
Total Variable and Fixed		2,450	29,400
	Allocation of Surplus		
	Savings	225	2,700
	College Fund	25	300
Total Expenses + Surplus		\$2,700	\$32,400