

Contestant Number: _____

Time: _____

Rank: _____



**BUSINESS
PROFESSIONALS
of AMERICA**
Giving Purpose to Potential

BANKING AND FINANCE

(145)

REGIONAL 2022

CONCEPT KNOWLEDGE:

Multiple Choice (20 @ 2 points each) _____ (40 points)

APPLICATION KNOWLEDGE:

Short Answer (10 @ 2 points each) _____ (20 points)

Job 1: Real Estate Net Income (8 @ 2 points each) _____ (16 points)

Job 2: Payroll Register (10 @ 2 points each) _____ (20 points)

TOTAL POINTS _____ (***96 points***)

Test Time: 60 minutes

GENERAL GUIDELINES:

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

1. Contestant must hand in this test booklet and all printouts if any. 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 (handwritten, photocopied, or keyed) are allowed in the testing area.
3. Electronic devices will be monitored according to ACT standards.

EXAM GUIDELINES:

You will have 60 minutes to complete your work.

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 at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice: *Identify the letter of the choice that best completes the statement or answers the question.*

1. A debit card is most similar to _____.
 - a. a credit card
 - b. a prepaid card
 - c. a check
 - d. a money order

2. Which of the following is true about a person-to-person payment?
 - a. To use person-to-person payment, both people must have a checking account at the same bank.
 - b. Paying a cashier using your debit card is an example of a person-to-person payment.
 - c. Person-to-person payments typically have large fees attached, so you should use them sparingly.
 - d. Person-to-person payments are usually conducted using a smartphone app.

3. Online banking will allow you to do all of these except _____.
 - a. buy and sell shares of stock
 - b. deposit checks using your smartphone app
 - c. check your account balance
 - d. transfer money between your checking and saving accounts

4. You realize your check register shows a balance \$80 lower than that of your bank statement. What could explain the difference?
 - a. Your online account hasn't listed the 20 out of network ATM fees this month.
 - b. Your online account is missing the \$80 uncleared check you wrote.
 - c. Your check register doesn't include an \$80 ATM withdrawal you made this month.
 - d. Your check register includes your savings and checking account balances, while your online statement is for checking only.

5. Which of these scenarios is best suited for using automatic online bill pay?
 - a. Pay your cell phone bill in full each month a few days before it's due.
 - b. Pay \$35 for gas you budget twice per month.
 - c. Pay for the back-to-school shopping you do each August.
 - d. Repay your best friend \$7 she loaned you for lunch.

6. Using a digital wallet such as Apple or Android Pay can be safer than using your debit card because _____.
 - a. using a debit card always generates a paper receipt and using a digital wallet doesn't
 - b. the cashier never sees your name or account number when you use a digital wallet
 - c. digital wallets use cryptocurrency for the transactions rather than American dollars
 - d. debit cards pull from your checking account while digital wallets charge a credit card

7. How are credit unions and banks different?
 - a. Typically, deposits at a bank are insured, but deposits at a credit union are not.
 - b. Banks charge overdraft fees, but credit unions do not.
 - c. Banks are owned by shareholders, while credit unions are owned by members.
 - d. Banks allow customers to do online banking, while credit unions do not.

8. Which best describes the difference between a checking statement and a checking agreement?
 - a. A statement shows you all of the deposits and withdrawals from your account, and an agreement shows you the terms of the account.
 - b. A statement shows you the terms of the account, and an agreement shows you all the deposits and withdrawals from your account.
 - c. A statement can be downloaded from your online bank account, while an agreement must be obtained in person at a bank branch.
 - d. A statement must be obtained in person at a bank branch, while an agreement can be downloaded from your online banking account.

9. Which statement about check cashing businesses is true?
 - a. They are FDIC insured for deposits up to \$250,000.
 - b. They allow customers to get access to their cash quickly for a fee.
 - c. They only charge fees if you are not a member.
 - d. They save customers time by only existing online and through mobile devices.

10. If you deposit \$200 in a CD with an interest rate of 1% for 3 years, how much simple interest will you earn after 3 years?
 - a. \$1
 - b. \$5
 - c. \$6
 - d. \$25

11. Assume you have a savings account with an average balance of \$500. Which offer is a better deal?
 - a. Bank A offers a 10% annual interest rate and \$5 a month in fees.
 - b. Bank B offers a 2% annual interest rate and no monthly fees.
 - c. The two deals are equivalent.
 - d. Trick question—it's a bad idea to open a savings account with just \$500.

12. When a bank says their savings account earns 1% interest, that typically means you will earn 1% interest over what period of time?
- Daily
 - Monthly
 - Quarterly
 - Annually
13. Which of the following statements is true?
- The interest rate on a savings account remains the same as long as the account is open.
 - You can choose the interest rate on your savings account, but only once per year.
 - The interest rate on a savings account will vary and be set by the bank.
 - The interest rate on a savings account will vary and be set by the government.
14. You've heard it's important to start investing for retirement and you can afford to put 5% of your income toward retirement. What type of account should you choose?
- IRA
 - CD
 - MMA
 - HSA
15. You have no emergency fund and have to pay for a \$975 car repair. Which option is likely the worst financial decision to solve this problem?
- Take out signature loan from your bank.
 - Obtain a loan through a peer-to-peer lending website.
 - Put the repair on a 12% annual interest credit card.
 - Take out a payday loan.
16. You are considering buying a \$30,000 car. Which financing option would have the lowest monthly payment?
- \$0 down payment, 6% interest, 60 months
 - \$0 down payment, 6% interest, 84 months
 - \$3,000 down payment, 6% interest, 60 months
 - \$3,000 down payment, 0% interest, 36 months
17. If you apply for and receive a loan from a peer-to-peer lending website, who is supplying the funding?
- An investor hoping to make money on your interest payments.
 - A friend or family member who trusts her to repay the funds.
 - The Federal government who funds the loan with tax dollars.
 - People who have received a loan in the past and are now "paying it forward".

18. Which of the following makes up part of your credit score?
- a. Your salary
 - b. Your employment status
 - c. Whether you rent or own your home
 - d. Whether you've applied for a new loan recently
19. Your credit card has a limit of \$10,000, and you carry a balance of \$2,500. Which best describes your credit utilization rate as it relates to your credit score?
- a. Your rate is 25% and that's within a safe range.
 - b. Your rate is 25% and that's too high.
 - c. Your rate is \$12,500 and that's too high.
 - d. Your rate is 4% and that's within a safe range.
20. If you forget to pay your credit card bill one month, how long will that payment information show up on your credit report?
- a. Once the payment is made, it will disappear.
 - b. One year
 - c. Seven years
 - d. Ten years

Short Answer: (10 @ 2 points each = 20 points)

1. The price of a 3-year-old used car is \$12,450. Other costs include registration fees of \$128 and sales tax of 4%. The buyer made a down payment of \$3,800. What is the overall total price of the car and the balance due?
 - A. Overall Total Price: _____
 - B. Balance Due: _____

2. An apartment rents for \$710 a month, including heat and water. The security deposit will be one month's rent. She estimates that other annual costs connected with the apartment will be: insurance of \$110, utilities of \$600, and a covered parking space of \$240. What is the yearly rent and the first-year total cost of renting the apartment?
 - A. Yearly Rent: _____
 - B. Yearly Total Cost: _____

3. A simple interest loan has a 6% APR. The loan term is 24 months and the monthly payment is \$221.60. After making payments for 12 months, the balance is \$2,574.79. If you decide to pay the loan off with the next payment, how much will the final payment be?
 - A. Monthly Interest Rate: _____
 - B. Final Payment: _____

4. You earn income of \$1,500 each month. Your rent is \$500 per month, a signature loan for \$125 and you have \$50 per month in other debt payments. What is your debt to income ratio?
 - A. Total Monthly Debt: _____
 - B. Debt to Income Ratio: _____

5. You borrow \$500 for 20 days on a credit card using a cash advance. The cash advance fee is 4% plus a daily periodic interest rate of .0573%. What's the total finance charge on the cash advance?
 - A. Total Periodic Finance Charge: _____
 - B. Total Finance Charges: _____

Production Section:

Job 1: Real Estate Net Income (2 points each blank--16 points)

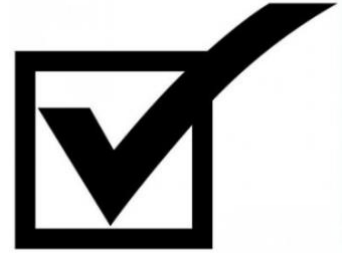
Complete the table calculating the total expenses and net income for each row.

		Annual Expenses							
	Monthly Rent Income	Taxes	Repairs	Insurance	Interest	Depreciation	Other	Total Expenses	Annual Net Income
1.	\$420	\$1,204	\$329	\$350	\$1,470	\$910	\$35		
2.	\$620	\$1,900	\$720	\$760	\$2,200	\$1,120	\$80		
3.	\$420	\$1,400	\$105	\$295	\$1,500	\$1,025	\$45		
4.	\$1,080	\$3,260	1,680	\$720	\$3,740	\$2,400	\$150		

Job 2: Cost of Stock Purchases (2 points each blank--20 points)

Complete the table calculating the total cost for each stock purchase.

	Number of Shares	Name of Stock	Market Price	Commission	Total Cost
1.	300	Reinhold	\$41.55	\$241.55	
2.	100	Seibold	\$22.44	\$69.80	
3.	100	Danville	\$17.52	\$39.20	
4.	50	Net Managers	\$61.28	\$76.30	
5.	200	BPM	\$110.58	\$143.90	
6.	800	Monterey	\$14.75	\$268.85	
7.	400	Nextsand	\$5.88	\$42.20	
8.	150	Streiser	32.94	\$71.20	
9.	35	Tolker	\$44.26	\$40.80	
10.	200	Newdays	\$58.44	\$116.40	



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- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

MULTIPLE CHOICE
(2 points each = 40 points)

1	C	16	B	
2	D	17	A	
3	A	18	D	
4	B	19	A	
5	A	20	C	
6	B			
7	C			
8	A			
9	B			
10	C			
11	B			
12	D			
13	C			
14	A			
15	D			

Short Answer (10 @ 2 points=20 points)

- 1. A. \$13,076 B. \$9,276**
- 2. A. \$8,520 B. \$10,180**
- 3. A. .50% B. \$2,587.66**
- 4. A. \$675 B. 45.0%**
- 5. A. \$5.73 B. \$25.73**

JOB 1: Real Estate Net Income (8 @ 2 points = 16 points)

		Annual Expenses							
	Monthly Rent Income	Taxes	Repairs	Insurance	Interest	Depreciation	Other	Total Expenses	Annual Net Income
1.	\$420	\$1,204	\$329	\$350	\$1,470	\$910	\$35	\$4,298	\$742
2.	\$620	\$1,900	\$720	\$760	\$2,200	\$1,120	\$80	\$6,780	\$660
3.	\$420	\$1,400	\$105	\$295	\$1,500	\$1,025	\$45	\$4,370	\$670
4.	\$1,080	\$3,260	1,680	\$720	\$3,740	\$2,400	\$150	\$11,950	\$1,010

JOB 2: Cost of Stock Purchase (10 @ 2 points = 20 points)

	Number of Shares	Name of Stock	Market Price	Commission	Total Cost
1.	300	Reinhold	\$41.55	\$241.55	\$12,706.55
2.	100	Seibold	\$22.44	\$69.80	\$2,313.80
3.	100	Danville	\$17.52	\$39.20	\$1,791.20
4.	50	Net Managers	\$61.28	\$76.30	\$3,140.30
5.	200	BPM	\$110.58	\$143.90	\$22,259.90
6.	800	Monterey	\$14.75	\$268.85	\$12,068.85
7.	400	Nextsand	\$5.88	\$42.20	\$2,394.20
8.	150	Streiser	32.94	\$71.20	\$5,012.20
9.	35	Tolker	\$44.26	\$40.80	\$1,589.90
10.	200	Newdays	\$58.44	\$116.40	\$11,804.40