

## THINK CRITICALLY

*Handwrite your responses in the space below; 2 sentences each.*

1. What advantages do electronic documents offer to businesses compared to paper documents?
  
  2. List several types of decisions managers make with information available in a financial information system.
  
  3. Which of the following statements about electronic documents and records is correct? \_\_\_\_\_
    - a. businesses are required to make paper backups of both
    - b. electronic documents are intended to be preserved for a period of time; electronic records are not
    - c. few businesses are currently using electronic documents or records
    - d. none of the statements are correct
  
  4. The reasons businesses and consumers believed they could not replace paper documents and records with paperless alternatives include all of the following except \_\_\_\_\_
    - a. concern that the electronic form may be lost or damaged
    - b. lack of comfort in working with electronic documents
    - c. legal restrictions on the use of electronic documents and signatures
    - d. all of the statements are correct
  
  5. True or False? \_\_\_\_\_ Access to high-speed Internet connections increases the likelihood that consumers will use computers for business services.
  
  6. A \_\_\_\_\_ supports financial managers in the financing of a business and the allocation and control of financial resources.
  
  7. \_\_\_\_\_ planning applies assumptions to the financial data in an electronic spreadsheet.
    - a. what-if
    - b. what-was
    - c. if-then
    - d. profit-loss
  
  8. Which of the following statements is NOT true about electronic documents in business? \_\_\_\_\_
    - a. most new business records today are either created in electronic form or are duplicated and stored electronically
    - b. the cost of electronic transactions is actually just about the same as the cost of paper-based transactions
    - c. laws now allow the use of electronic signatures for contracts
    - d. all of the statements are true
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## TEAMWORK

*Discuss in pairs or small groups and then write your conclusions below.*

9. Identify a type of business with which all team members are familiar. As a team, brainstorm a list of the types of information that business uses in its day-to-day operations. Divide the list into information that would be a part of a financial information system and information that would be a part of the larger company information system.

Marcella was up early Saturday morning and seated at her computer. She was meeting friends for brunch before they headed to the auto show and then to a concert. She had several tasks to do to get her financial resources organized but was going to make a big effort to get it all done.

Her first stop was her virtual bank web site. She wanted to see if her commission check had been transferred to her bank account via direct deposit. Seeing that it had not and worried that her checking balance was a bit low for some of her weekend spending, she transferred money from a money market account. She had an e-mail message that one of her CDs was up for renewal in 10 days. She checked the renewal interest rate and quickly went to a web site that showed CD rates being paid by banks across the country. She was happy to see that her bank was near the top so she sent a reply to her banker to renew the CD.

Marcella's next stop was her online brokerage account. She checked the performance of her stock portfolio. It wasn't performing as well as she had expected so she sent a question to her online broker and was surprised when she got an immediate response. He was waiting for a plane and had responded to her message using his iPhone. She also saw that her automatic trading program had activated a purchase of 100 shares of the tech stock she had been watching. Marcella was glad the order was placed without her having to constantly monitor the market or rely on a broker. The automatic calendar pop-up on her computer screen showed that she needed to make a quarterly contribution to her Roth IRA. She set up an electronic funds transfer from her bank to the mutual fund account to be sent the following Wednesday.

Marcella saw an e-filing reminder from the Internal Revenue Service in her e-mail. She filed her state and federal income taxes last year using e-filing. Since it was so simple and she had received her tax refund quickly she knew she would do it again. She was now doing her own income taxes using a tax preparation software program that linked to financial records she maintained using a personal finance software program.

Her final task was to gather information on new auto models. Marcella was planning to trade her car in the next few months and thought the auto show would be a good chance to look at choices. But before she went, she wanted information on safety, fuel efficiency, and reliability. Later she could get pricing information as well as compare insurance costs before she made a final choice. In fact, Marcella thought she might try an online buying service this time. Why waste time going to a dealer when she could probably get a better deal online?

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1. How is Marcella's lifestyle different as a result of using online services and computer technology? Discuss how each of the tasks would be performed differently without the technology.
2. How do the businesses Marcella uses for her financial services benefit from using the Internet to deliver their products and services? What are some problems the businesses might face?
3. What is meant by the statement, "Finance is an information industry"? Why does that make technology an important part of offering products and services to customers? Why does that put pressure on businesses to maintain effective, secure, and up-to-date technology?
4. The number of data security problems in the U.S. has actually declined in the past few years, but the total cost to businesses and consumers has increased. Why do you believe both of those changes have happened at the same time?
5. Identify and justify the three most important things consumers can do to protect personal information when they use the Internet.