

Banking & Finance (145)

REGIONAL – 2016

Multiple Choice:

Multiple Choice (30 @ 2 points each) _____ (60 points)

Production Portion:

Job 1: Complete a budget (30 @ 1 point each) _____ (30 points)

Job 2: Identify parts of a check (5 @ 2 points each) _____ (10 points)

TOTAL POINTS _____ (***100 points***)

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 ten (10) minutes orientation

No more than 60 minutes testing time

No more than ten (10) minutes wrap-up

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MULTIPLE CHOICE

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

1. The calculation for simple interest is _____ x interest rate x time.
 - a. down payment
 - b. principal
 - c. maturity value
 - d. month

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

3. The total amount of taxes owed is called _____.
 - a. exemption
 - b. tax liability
 - c. income tax
 - d. tax credit

4. Many companies offer _____, which is an automatic deposit of net pay to an employee's designated bank account.
 - a. amortization
 - b. direct deposit
 - c. automated payments
 - d. indirect deposit

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

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. A(n) _____ is a report that accounts for the differences between a bank statement and a check book balance.
 - a. annual report
 - b. endorsement
 - c. bank reconciliation
 - d. bank report

8. The maximum amount of money a creditor will allow a credit user to borrow is called a
 - a. grace period
 - b. credit rating
 - c. credit report
 - d. line of credit

9. The person, business or organization receiving a check is referred to as the _____.
 - a. payee
 - b. drawer
 - c. payer
 - d. drawee

10. The price paid for an insurance policy is called a _____.
 - a. beneficiary
 - b. co-pay
 - c. premium
 - d. deductible

11. People who deposit money into banks are known as _____.
 - a. donors
 - b. depositors
 - c. financiers
 - d. brokers

12. A period of time when investors are confident in the economy and stock prices are rising is referred to as a _____.
 - a. bull market
 - b. bear market
 - c. diverse market
 - d. reclining market

13. A spending plan for the use of money over time based on goals and expected income is a
 - a. statement
 - b. owner's equity
 - c. budget
 - d. income statement

14. The bank that you write your checks from is called the _____.
 - a. payee
 - b. drawer
 - c. payer
 - d. drawee

15. A _____ endorsement is used to transfer a check to another party.
 - a. restrictive
 - b. blank
 - c. special
 - d. simple

16. A(n) _____ is an asset you buy that increases your wealth over time, but carries the risk of loss.
- capitol
 - liability
 - insurance policy
 - investment
17. The rate of interest a bank charges their best customers is referred to as the _____.
- prime rate
 - discount rate
 - federal rate
 - value rate
18. A _____ is a personal check with a bank's guarantee the check will be paid.
- cashier's check
 - certified check
 - valued check
 - money order
19. Income earned from selling an asset for more than the purchase price is called _____.
- investment
 - capital gain
 - net profit
 - net worth
20. The person named by a policy holder to receive the death benefit of an insurance policy is referred to as a(n) _____.
- inheritor
 - endorser
 - beneficiary
 - investor
21. A U.S. government system that regulates the nation's money supply and banking system is the _____.
- Federal Reserve System
 - Federal Open Market Committee
 - Federal Insurance Agency
 - U.S. Banking Agency
22. A(n) _____ is the time between the billing date and the start of interest charges.
- allowance period
 - free period
 - fixed period
 - grace period

23. A financial obligation that a person currently owes or will owe in the future is a(n) _____.
- liability
 - asset
 - capital
 - receivable
24. An example of an open-end credit account is a(n) _____.
- mortgage
 - lease
 - credit card
 - automobile loan
25. The movement of money electronically from one financial institution to another is a(n) _____.
- Deposit of certificate
 - electronic funds transfer (EFT)
 - debit transaction
 - credit transaction
26. A return on assets (ROA) is found by _____.
- net income/total equity
 - total equity/net income
 - total assets/net income
 - net income/total assets
27. A _____ is a not-for-profit financial institution.
- credit union
 - commercial bank
 - wholesale bank
 - mutual savings bank
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 annual cost of credit a lender charges is the _____.
- annual amount of yield (AAY)
 - annual percentage rate (APR)
 - annual gross pay (AGP)
 - annual earned income (AEI)
30. A legal claim on a borrower's property by a creditor who is owed money is a _____.
- lien
 - debt
 - mortgage
 - loan

JOB 1: Complete the following budget for Willow Thomas using the information provided.
(30 points – 1 point each)

Willow Thomas works part-time while attending college. She has had to set a budget to make sure she has enough money for all of her expenses. She currently makes \$1,555 a month. If there is money left over after paying all of her bills, she always puts \$100 into a college fund and the remaining money in her savings for emergencies. Use the following information to help complete her budget.

Rent	\$450	Utilities	\$80
Car Payment	\$250	Insurance	\$100
Telephone	\$50	Gas	\$70
Entertainment	\$50	Groceries	\$150

Budget

Willow Thomas

	Monthly	Yearly
Income		
Net Paycheck	\$ 1,555	\$ 18,660
Other Income	_____	_____
Total Income	<u><u>\$ 1,555</u></u>	<u><u>\$ 18,660</u></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>	<u><u>_____</u></u>

JOB 2: Identify the parts of the check or missing parts that are numbered below:
(5 @ 2pt each= 10 points)

The check form contains the following fields and labels:

- NAME**, **ADDRESS**, **CITY, STATE ZIP** (top left)
- 0123**, **01-23456789** (top right)
- DATE** (top center)
- PAY TO THE ORDER OF** (middle left), with a large number **4** next to it.
- \$** (middle right), followed by a box for the amount.
- 5** (large number in the center) above the **DOLLARS** label.
- BANK NAME**, **ADDRESS**, **CITY, STATE ZIP** (bottom left)
- FOR** (bottom center)
- MICR Line:** **⑆0 ⑆2345678⑆ ⑆0 ⑆234567890⑆23⑆ ⑆0 ⑆23**

Numbered arrows point to the MICR line segments:

- 1** points to the first three digits: **0 ⑆234**
- 2** points to the next nine digits: **5678⑆ ⑆0 ⑆234567890⑆**
- 3** points to the last three digits: **23⑆**

1. _____
2. _____
3. _____
4. _____
5. _____