

# 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

Property of Business Professionals of America.  
May be reproduced only for use in the Business Professionals of America  
*Workplace Skills Assessment Program* competition.

**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
<b>Income</b>		
Net Paycheck	\$ 1,555	\$ 18,660
Other Income	_____	_____
<b>Total Income</b>	<u>\$ 1,555</u>	<u>\$ 18,660</u>
<b>Expenses</b>		
Fixed Expenses		
Rent	_____	_____
Utilities	_____	_____
Car Payment	_____	_____
Insurance	_____	_____
Total Fixed Expenses	_____	_____
Variable Expenses		
Telephone	_____	_____
Gas	_____	_____
Entertainment	_____	_____
Groceries	_____	_____
Total Variable Expenses	_____	_____
<b>Total Variable and Fixed</b>	_____	_____
<b>Cash Surplus</b>	_____	_____
Allocation of Surplus		
Savings	_____	_____
College Fund	_____	_____
<b>Total Expenses + Surplus</b>	<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 image shows a check form with the following fields and labels:

- Top left: NAME, ADDRESS, CITY, STATE ZIP
- Top right: 0123, 01-23456789
- Center: DATE
- Payee line: PAY TO THE ORDER OF 4
- Amount line: \$  5 DOLLARS
- Bank info: BANK NAME, ADDRESS, CITY, STATE ZIP
- FOR: \_\_\_\_\_
- MICR line: ⑆0123456789⑆ 01234567890123⑆ 0123

Below the MICR line, three blue arrows point to specific segments:

- Arrow 1 points to the first segment: ⑆0123456789⑆
- Arrow 2 points to the second segment: 01234567890123⑆
- Arrow 3 points to the third segment: 0123

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_



# BANKING & FINANCE

## (145)

### REGIONAL – 2016

**Multiple Choice:**

Multiple Choice (30 @ 2 points each) \_\_\_\_\_ (60 points)

**Production:**

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***)

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





**BANKING & FINANCE - REGIONAL 2016**  
**ANSWER KEY**  
**Page 2 of 3**

1		<b>B</b>
2		<b>A</b>
3		<b>B</b>
4		<b>B</b>
5		<b>D</b>
6		<b>D</b>
7		<b>C</b>
8		<b>D</b>
9		<b>A</b>
10		<b>C</b>
11		<b>B</b>
12		<b>A</b>
13		<b>C</b>
14		<b>D</b>
15		<b>C</b>
16		<b>D</b>
17		<b>A</b>
18		<b>B</b>
19		<b>B</b>
20		<b>C</b>
21		<b>A</b>
22		<b>D</b>
23		<b>A</b>
24		<b>C</b>
25		<b>B</b>
26		<b>D</b>
27		<b>A</b>
28		<b>C</b>
29		<b>B</b>
30		<b>A</b>



**JOB 1 KEY....30 POINTS POSSIBLE (1 point each entry)**

**Budget**  
 Willow Thomas

	Monthly	Yearly	
<b>Income</b>			
Net Paycheck	\$ 1,555.00	\$ 18,660.00	
Other Income	\$ -	\$ -	
<b>Total Income</b>	<b>\$ 1,555.00</b>	<b>\$ 18,660.00</b>	
<b>Expenses</b>			
Fixed Expenses			
Rent	\$ 450.00	\$ 5,400.00	2 points
Utilities	\$ 80.00	\$ 960.00	2 points
Car Payment	\$ 250.00	\$ 3,000.00	2 points
Insurance	\$ 100.00	\$ 1,200.00	2 points
<b>Total Fixed Expenses</b>	<b>\$ 880.00</b>	<b>\$ 10,560.00</b>	<b>2 points</b>
Variable Expenses			
Telephone	\$ 50.00	\$ 600.00	2 points
Gas	\$ 70.00	\$ 840.00	2 points
Entertainment	\$ 50.00	\$ 600.00	2 points
Groceries	\$ 150.00	\$ 1,800.00	2 points
<b>Total Variable Expenses</b>	<b>\$ 320.00</b>	<b>\$ 3,840.00</b>	<b>2 points</b>
<b>Total Variable and Fixed</b>	<b>\$ 1,200.00</b>	<b>\$ 14,400.00</b>	<b>2 points</b>
<b>Cash Surplus</b>	<b>\$ 355.00</b>	<b>\$ 4,260.00</b>	<b>2 points</b>
Allocation of Surplus			
Savings	\$ 255.00	\$ 3,060.00	2 points
College Fund	\$ 100.00	\$ 1,200.00	2 points
<b>Total Expenses + Surplus</b>	<b>\$ 1,555.00</b>	<b>\$ 18,660.00</b>	<b>2 points</b>

**JOB 2 KEY....10 POINTS POSSIBLE**

1. Routing Number (2 points)
2. Bank Account Number (2 points)
3. Check Number (2 points)
4. Payee (2 points)
5. Written amount (2 points)