

BANKING & FINANCE

(145)

REGIONAL – 2017

Multiple Choice: (30 @ 2 points each)	_____	(60 points)
Financial Word Problems: (9 @ 2 points each)	_____	(18 points)
Endorsements: (7 @ 2 points each)	_____	(14 points)
Deposit Slip:	_____	(24 points)
<i>TOTAL POINTS</i>	_____	<i>(116 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 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. Writing the words "For Deposit Only" on the back of a check before your signature constitutes a
 - a. blank endorsement
 - b. special endorsement
 - c. restrictive endorsement
 - d. joint endorsement

2. An automated teller machine may be used to _____.
 - a. buy stock
 - b. reconcile an account
 - c. make a loan payment
 - d. purchase a cashier's check

3. A check written by the bank on its own funds is a _____.
 - a. cashier's check
 - b. money order
 - c. certified check
 - d. EFT

4. _____ is an automatic loan made to you by a financial institution if you write a check or make a debit charge for more money than you have in your account.
 - a. Overdraft protection
 - b. A stop-payment order
 - c. A debit card payment
 - d. A pay back loan

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

6. A computer-based system that moves money from one account to another without writing a check or using cash is a(n) _____.
 - a. EFT
 - b. NSF
 - c. ATM
 - d. FDIC

7. The person who writes a check is referred to as the _____.
 - a. payee
 - b. drawer
 - c. drawee
 - d. payer

8. The value of a house, less the amount still owed on the money borrowed to purchase it, is called the _____.
 - a. mortgage
 - b. spread
 - c. points
 - d. equity

9. A type of debt that allows you to borrow money up to a set limit without having to make more than the minimum payment each month is a(n) _____.
 - a. installment loan
 - b. unsecured loan
 - c. secured loan
 - d. revolving loan

10. The 9-digit number printed on a check that identifies the bank that holds the checking account and the Federal Reserve District the bank is located in is called the _____.
 - a. transit/routing number
 - b. account number
 - c. MICR number
 - d. NSF number

11. Credit Unions have the ability to offer _____ than commercial banks.
 - a. higher interest rates on loans
 - b. fewer financial services
 - c. higher interest on savings
 - d. lower interest on savings

12. In a lease agreement, a tenant may have to pay the landlord a security deposit to _____.
 - a. increase the value of the private property
 - b. guard against any financial loss
 - c. pay for monthly utilities
 - d. secure a particular rental

13. Which of the following accounts is the *least* liquid?
 - a. interest bearing checking account
 - b. certificate of deposit
 - c. checking account
 - d. savings account

14. The bank on which the check is written is called the _____.
 - a. drawee
 - b. clearinghouse
 - c. drawer
 - d. payee

15. To calculate simple interest, take _____ x rate x time.
- down payment
 - principal
 - maturity value
 - equity
16. A personal check that the bank guarantees is a _____.
- cashier's check
 - money order
 - certified check
 - certificate order
17. Holding a variety of investments in order to reduce risk is called _____.
- liquidity
 - dollar-cost averaging
 - return on investment
 - diversification
18. The purpose of retirement savings is to _____.
- provide for short-term needs
 - provide for long-term needs
 - provide for intermediate needs
 - invest
19. All of the following are considered installment loans *except* _____.
- automobile loans
 - mortgage loans
 - education loans
 - credit cards
20. When doing a bank reconciliation, outstanding deposits should be added to the _____.
- checkbook balance
 - checkbook register
 - bank balance on the bank statement
 - outstanding checks
21. When buying a home, a buyer can *lower* the interest rate on the loan by
- taking out a second mortgage.
 - obtaining a home equity loan.
 - having the house appraised.
 - making a larger down payment than required.

22. Personal property put up to guarantee a loan should the borrower fail to repay is called _____.
- a. a lien
 - b. collateral
 - c. capacity
 - d. a garnishment
23. The oldest stock market in the United States is the _____.
- a. American Stock Exchange
 - b. Boston Stock Exchange
 - c. New York Stock Exchange
 - d. NASDAQ
24. A type of stock that is based on the ups and downs of the economy is called _____.
- a. blue chip stock
 - b. growth stock
 - c. cyclical stock
 - d. income stock
25. 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
26. The three C's of credit include all of the following *except*?
- a. cooperation
 - b. character
 - c. capacity
 - d. collateral
27. The price paid for an insurance policy is called a _____.
- a. beneficiary
 - b. co-pay
 - c. deductible
 - d. premium
28. A _____ endorsement is used to transfer a check to another party.
- a. restrictive
 - b. blank
 - c. special
 - d. simple

29. The rate of interest a bank charges their best customer is referred to as the _____.
- a. prime rate
 - b. discount rate
 - c. federal rate
 - d. value rate
30. A(n) _____ is the time between the billing date and the start of interest charges.
- a. allowance period
 - b. free period
 - c. fixed period
 - d. grace period

FINANCIAL WORD PROBLEMS

Directions: Solve the following problems, and write your answer in the blank provided.

1. You have found a used vehicle that you plan to buy. You have \$2,000 to use as a down payment but will need to get a loan for \$6,000 to complete the purchase. Your bank will loan you \$6,000 for two years at 6%; however, they add interest to the amount borrowed at the time the loan is finalized.
 - a. _____ How much interest will be added to the loan?
 - b. _____ What is the total amount that you will pay the lender over the life of the loan?
 - c. _____ You are expected to make 24 equal payments to the lender. How much will each payment be?

2. Colton is looking to purchase a new computer for college for \$1,150 in cash or get a small loan and pay \$100 down and the balance in 18 monthly payments of \$67.50.
 - a. _____ What is the installment price for the computer?
 - b. _____ By how much will the installment price be greater than the cash price?

3. The Sell family's total annual budget is \$112,500. Of their total budget, they plan to spend 32.9% on a mortgage payment, 22% on food to feed their family, and 19.5% on utilities.
 - a. _____ How much will they spend for mortgage payments?
 - b. _____ How much will the Sell family spend on food?
 - c. _____ How much will they spend on utilities?
 - d. _____ How much will the Sell family have left for discretionary spending?

ENDORSEMENTS

Ashton Thomas received three checks that she uses as follows.

The first one she uses with a blank endorsement at the grocery store. Ashton uses a restrictive endorsement at her bank with the second one. The third one she transfers ownership to Sam Smith by using a special endorsement in full. Show how Ashton endorsed the checks. Her account number is 003596.

Blank Endorsement

ENDORSE HERE

DO NOT WRITE, STAMP, OR SIGN BELOW RESERVED FOR FINANCIAL INSTITUTION USE
~~~~~

### ***Restrictive Endorsement***

<b>ENDORSE HERE</b>
_____
_____
_____
<b>DO NOT WRITE, STAMP, OR SIGN BELOW RESERVED FOR FINANCIAL INSTITUTION USE</b>
~~~~~

Special Endorsement

ENDORSE HERE

DO NOT WRITE, STAMP, OR SIGN BELOW RESERVED FOR FINANCIAL INSTITUTION USE
~~~~~

**DEPOSIT**

Andy Johnson needed to make a deposit from mowing yards this week. He also had a lot of change in his truck that he decided to deposit. Fill out the following deposit slip with all pertinent information. He would like to deposit into his savings account #60116051. List all of the checks on the back of the deposit slip, and simply carry the total to the front of the deposit slip. Use the current date.

Cash: 3-\$50 bill/8-\$20 bills/9-\$10 bills/15-\$5 bills/7-\$1 bills/24 quarters/8 dimes/22 nickels  
 Checks: #2134 for \$72.00/#1345 for \$60.00/#5424 for \$50.00/#3124 for \$30.00/#6545 for \$72.00  
 #2345 for \$60.00/#5980 for \$50.00

**FRONT of Deposit Slip**

<b>Deposit</b>			
Date _____	<b>CASH</b>		
Name _____	<b>CHECKS</b>		
Account Number _____			
<b>The Money Bank</b>			
Cashton, NC 22222	<b>Subtotal</b>		
	<b>Less Cash</b>		
	<b>TOTAL</b>		

**BACK of Deposit Slip**

	Checks	Dollars	Cents
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
<b>Total</b>			



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

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### MULTIPLE CHOICE

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

### FINANCIAL WORD PROBLEMS: (9 @ 2 points each =18 points)

- a. \$720  
b. \$6,720  
c. \$280
- a. \$1315  
b. \$165
- a. \$37,012.50  
b. \$24,750  
c. \$21,937.50  
d. \$28,800



ENDORSEMENTS (14 points)

Note to Grader – The signature for checks 2 and 3 could be shown on the last line. Please accept as correct as long as all information is shown.

(Blank Endorsement)

ENDORSE HERE

Ashton Thomas **2**

_____ **pt**

_____ **s**

DO NOT WRITE, STAMP, OR SIGN BELOW  
RESERVED FOR FINANCIAL INSTITUTION USE

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(Restrictive Endorsement)

ENDORSE HERE

Ashton Thomas **2 pts**

For Deposit Only **2 pts**

Act# 003596 **2 pts**

DO NOT WRITE, STAMP, OR SIGN BELOW  
RESERVED FOR FINANCIAL INSTITUTION USE

(Special Endorsement)

ENDORSE HERE

Ashton Thomas **2 pts**

Pay to the order of **2 pts**

Sam Smith **2 pts**

DO NOT WRITE, STAMP, OR SIGN BELOW  
RESERVED FOR FINANCIAL INSTITUTION USE



**DEPOSIT SLIP (24 points)**

**Note to Grader - The checks can be listed in any order—but all must be on the back. The directions state to list all of checks on the back of the deposit and carry the total to the front.**

FRONT of Deposit Slip

**3 points**

Deposit																			
Date <u>          <b>Current date</b>          </u>																			
Name <u>          <b>Andy Johnson</b>          </u>																			
Account Number <u>          <b>60116051</b>          </u>																			
<b>The Money Bank</b> Cashton, NC 22222																			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">CASH</td> <td style="width: 50%; text-align: right;"><b>489.90</b></td> </tr> <tr> <td>CHECKS</td> <td style="text-align: right;"><b>394.00</b></td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td>Subtotal</td> <td> </td> </tr> <tr> <td>Less Cash</td> <td> </td> </tr> <tr> <td><b>TOTAL</b></td> <td style="text-align: right;"><b>883.90</b></td> </tr> </table>	CASH	<b>489.90</b>	CHECKS	<b>394.00</b>									Subtotal		Less Cash		<b>TOTAL</b>	<b>883.90</b>
CASH	<b>489.90</b>																		
CHECKS	<b>394.00</b>																		
Subtotal																			
Less Cash																			
<b>TOTAL</b>	<b>883.90</b>																		

**2 points each**

**2 points**

BACK of the Deposit Slip

	Check	Dollars	Cents
1	<b>#2134</b>	<b>72</b>	-
2	<b>#1345</b>	<b>60</b>	-
3	<b>#5424</b>	<b>50</b>	-
4	<b>#3124</b>	<b>30</b>	-
5	<b>#6545</b>	<b>72</b>	-
6	<b>#2345</b>	<b>60</b>	-
7	<b>#5980</b>	<b>50</b>	-
8	<b>(7 points)</b>	<b>(7 points)</b>	
9			
10			
11			
12			
13			
14			
15			
Total		<b>394</b>	-

**1 point**