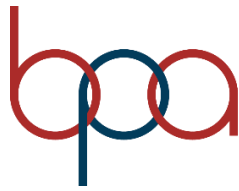


Contestant Number: _____

Time: _____

Rank: _____



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

BANKING & FINANCE

(145)

REGIONAL 2021

Multiple Choice: (25 @ 2 points each) _____ (50 points)

True/False: (15 @ 2 points each) _____ (30 points)

Installment Loans: (5 @ 2 points each) _____ (10 points)

Stock Dividends and Yields: (10 @ 2 points each) _____ (20 points)

Credit Card Finance Charges: (5 @ 2 points each) _____ (10 points)

TOTAL POINTS _____ (120 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 at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice:

1. Which of the following financial products will *not* help you build a credit history?
 - a. Secured credit card
 - b. Debit card
 - c. Home mortgage
 - d. Credit card

2. What are the two *most* heavily weighted components in calculating a FICO credit score?
 - a. Payment history and type of account
 - b. Amounts owed and length of credit history
 - c. Payment history and amounts owed
 - d. Length of credit history and new credit inquiries

3. Which of the following would *not* appear on a credit report?
 - a. Salary of your current job
 - b. Payment history of your car loan
 - c. Credit card payment history
 - d. Student loan activity

4. How can your credit score impact your financial situation?
 - a. Consumers with high scores can borrow and those with low scores cannot.
 - b. Consumers with low scores get lower interest rates on loans than those with high scores.
 - c. Your credit score will determine whether you are approved for a loan and what the interest rate will be.
 - d. It generally has no impact on your financial situation.

5. 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 a payment is made, it will disappear
 - b. One year
 - c. Seven years
 - d. Forever

6. What is the number one concern regarding prepaid cards?
 - a. Many stores do not accept prepaid cards.
 - b. Prepaid cards often have many hidden fees.
 - c. Prepaid cards can be used in stores, but not for shopping online.
 - d. Prepaid cards cannot be reloaded with additional funds.

7. You have a goal of a \$16,000 emergency fund. You earn a salary of \$40,000/year and decide to save 20% of your gross pay. How long will it take to achieve your goal?
 - a. 6 months
 - b. 1 year
 - c. 2 years
 - d. 3 years

8. Which item would you find on your monthly bank statement?
- The monthly fee
 - The terms and agreement of your account
 - The per transaction cost of using a debit card in a foreign country
 - Credit card fees
9. You are earning 1% annual interest on your savings account. Assume your interest rate does *not* change, and you do not deposit any additional money. How many years will it take for your money to double?
- 1 year
 - 7.2 years
 - 10 years
 - 72 years
10. When a bank says their savings account earns .5%, that typically mean you will earn .5% over what period of time?
- Daily
 - Monthly
 - Quarterly
 - Annually
11. Which of the following is *false*?
- If a bank is FDIC insured, your money is safe even if the bank fails.
 - Many banks pay interest for the money you deposit with them.
 - Historically, savings accounts earn higher returns than stock investments.
 - Money in a bank is usually easy to access via ATM, debit cards or check.
12. You are earning .5% interest on a savings account while inflation is running 2% per year. Which statement is *true*?
- Your purchasing power is increasing by .5% per year.
 - Your purchasing power is increasing by 2.0% per year.
 - Your purchasing power is decreasing by 1.5% per year.
 - Your purchasing power is decreasing by 2.0% per year.
13. When opening a checking account, you need to have each of these items *except*:
- proof of employment.
 - the required minimum deposit.
 - a legal form of identification.
 - a completed application.
14. A check is mailed to the bank to be deposited. How should the check be endorsed?
- Sign your name on the front of the check.
 - Sign the payer's name on the back of the check.
 - Sign your name and write "For Deposit Only" and your account number on the back of the check.
 - You don't need to sign the check.

15. According to the Fair Credit Reporting Act, how long does the credit bureau have to remove an error on your credit report?
- 1 year
 - 60 days
 - 30 days
 - 10 days
16. Your bank's mobile app on your phone will likely let you do all of these, *except*:
- Deposit checks using the camera.
 - Check your account balance.
 - Buy and sell stock.
 - Transfer money from your savings account to your checking account.
17. Compound interest is interest earned on
- the salary you receive.
 - the rate of inflation.
 - the tax return you receive.
 - the interest you receive.
18. Which of these would you expect to have the highest interest rate?
- 10-year CD
 - Online savings account
 - 5-year CD
 - Savings account at a traditional bank
19. How are credit unions and banks different?
- Deposits at a credit union are not insured.
 - Banks charge overdraft fees; credit unions do not.
 - Banks are owned by shareholders, while credit unions are owned by members.
 - Banks provide online banking, while credit unions do not.
20. What are the three major credit reporting agencies?
- Goldman Sachs, Equifax, and Merrill Lynch
 - FICO, Smiths, and Experian
 - Equifax, Experian, and TransUnion
 - Bank of America, Experian, and TransUnion
21. Which bond type might your school district issue to build a new performing arts theater?
- Corporate Bond
 - Municipal Bond
 - Treasury Bond
 - IPO Bond

22. You bought 10 shares of stock in Company A for \$45/share. Two months later you sold the shares for \$80/share. What was your profit or loss on the sale? No dividends were paid.
- Loss of \$800
 - Gain of \$350
 - Loss of \$450
 - Gain of \$800
23. Which of the following investment choices *best* reflects a diversified portfolio?
- Investing in one large-cap restaurant stock
 - Investing in a mutual fund that invests in 30-40 oil and gas companies
 - Investing in a S&P 500 index fund
 - Investing in 10-20 companies in the technology industry
24. You bought 10 shares of Company B for \$100/share and later sold all of your shares for \$80/share. What is the percentage return on your investment?
- +20%
 - +10%
 - 10%
 - 20%
25. An increase in a company's stock price is called
- interest.
 - dollar-cost averaging.
 - dividends.
 - a capital gain.

True False:

Mark A for true and B for false.

26. An actively managed mutual fund typically carries higher fees than a passively managed mutual fund.
27. Investing in a diversified portfolio of stocks guarantees that you won't lose money.
28. Tips are an example of unearned income.
29. A graduated repayment plan means payments start lower and end higher.
30. An inaccurate credit report entry should first be reported to your bank.
31. You are entitled to one free credit report from each of the credit reporting agencies under the Truth in Lending Act.
32. Mortgages, auto loans and student loans are all secured debt.
33. A credit card balance of \$1,000 and an APR of 20% will be charged \$200 for 1 month's interest.

34. A credit union is the only place that will lend to those with low credit scores.
35. A personal loan is a better alternative to a payday loan.
36. Overdraft fees are the largest and most common checking account fees.
37. A bank that is FDIC insured guarantees your money up to a maximum of \$100,000 per account if the bank fails.
38. A bank statement is a summary of the terms and agreement of a checking account.
39. A primary capital market is where stockholders buy and sell shares on a stock exchange.
40. Investing equal amounts of money at regular intervals is called dollar-cost averaging.

Installment Loans (5@ 2 points = 10 points)

A desktop computer has a cash price of \$1,200. To buy it on an installment plan, it requires a \$100 down payment and \$38 a month for 36 months.

1. What is the installment price? _____
2. What is the finance charge? _____
3. By what percent is the installment price greater than the cash price? _____

A \$500 1-year installment loan has 18% simple interest. The monthly payments are \$45.84.

4. What is the amount of interest on the loan for the first month? _____
5. What is the amount applied to principal the first month? _____

Stock Dividends and Yields (10 @ 2 points = 20 points)

Find the total annual dividend.

	Shares Owned	Par Value Per Share	Annual Dividend Rate	Dividend
1.	100	\$100	5%, annually	
2.	800	\$100	8%, annually	
3.	120	\$50	4.5%, annually	
4.	500	-----	\$0.75 per share, quarterly	
5.	100	-----	\$1.50 per share, quarterly	

Find the profit (+) or loss (-) in each of these sales.

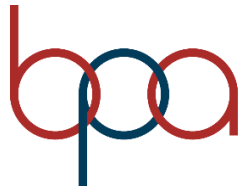
	Name of Stock	Shares Traded	Selling Price	Commission	Total Cost of Purchase	Profit/Loss
1.	RMB Plastics	200	\$42.44	\$172.88	\$7,628.12	
2.	eBuy, Inc.	300	\$11.50	\$115.73	\$1,809.25	
3.	Solaris Corp.	400	\$17.10	\$165.97	\$7,118.90	
4.	DigiNet	50	\$28.25	\$58.60	\$1,178.34	
5.	Roces MFG.	100	\$37.40	\$29.95	\$3,165.22	

Credit Card Finance Charges (5@ 2 points = 10 points)

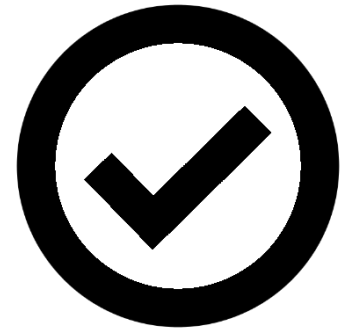
A credit card has an APR of 12% for purchases and 21% for cash advances. They use a monthly periodic rate for purchases and cash advances. There is also a cash advance fee of 3%. In a 31-day billing cycle, there is a purchase balance of \$543.26 that is subject to finance charges. In addition, there was a cash advance of \$200 during the billing cycle.

1. What is the finance charge periodic rate for purchases? _____
2. What is the total finance charges for purchases for the month? _____
3. What is the finance charge periodic rate for the cash advance? (round to 2 decimal places) _____
4. What is the total periodic finance charges for the cash advance for the month?

5. What is the total cash advance finance charges and fees for the month?



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TOTAL POINTS _____ (***120 points***)

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

MULTIPLE CHOICE AND TRUE/FALSE

1	B	16	C	31	B
2	C	17	D	32	B
3	A	18	A	33	B
4	C	19	C	34	B
5	C	20	C	35	A
6	B	21	B	36	A
7	C	22	B	37	B
8	A	23	C	38	B
9	D	24	D	39	B
10	D	25	D	40	A
11	C	26	A		
12	C	27	B		
13	A	28	B		
14	C	29	A		
15	C	30	B		

Installment Loans (5@2 points=10 points)

1. \$1,468
2. \$268
3. 22.3% (round to 1 decimal place)
4. \$7.50
5. \$38.34

Stock Dividends and Yields (10 @ 2 points = 20 points)

	Shares Owned	Par Value Per Share	Annual Dividend Rate	Dividend
1.	100	\$100	5%, annually	\$500
2.	800	\$100	8%, annually	\$6400
3.	120	\$50	4.5%, annually	\$270
4.	500	-----	\$0.75 per share, quarterly	\$1500
5.	100	-----	\$1.50 per share, quarterly	\$600

	Name of Stock	Shares Traded	Selling Price	Commission	Total Cost of Purchase	Profit/Loss
6.	RMB Plastics	200	\$42.44	\$172.88	\$7,628.12	+\$687
7.	eBuy, Inc.	300	\$11.50	\$115.73	\$1,809.25	+\$1,525.02
8.	Solaris Corp.	400	\$17.10	\$165.97	\$7,118.90	-\$444.87
9.	DigiNet	50	\$28.25	\$58.60	\$1,178.34	+\$175.56
10.	Roces MFG.	100	\$37.40	\$29.95	\$3,165.22	+\$544.83

Credit Card Finance Charges (5@ 2 points = 10 points)

1. 1%
2. \$5.43
3. 1.75% (round to 2 decimals)
4. \$3.50
5. \$9.50