

Contestant Number: _____

Time: _____

Rank: _____



BANKING AND FINANCE

(145)

REGIONAL 2024

CONCEPT KNOWLEDGE:

Objective Questions (25 @ 2 points each) _____ (50 points)

APPLICATION KNOWLEDGE:

Short Answer Questions (9 @ 3 points each) _____ (27 points)

Job 1: Check Endorsements _____ (14 points)

Job 2: Deposit Slip _____ (28 points)

Job 3: Check Register _____ (22 points)

TOTAL POINTS _____ ***(141 points)***

Test Time: 60 minutes

GENERAL GUIDELINES:

Failure to adhere to any of the following rules will result in disqualification:

1. Member 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 have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 700 Morse Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' own accounting records, as well as for clients.

You will have 60 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your Member ID 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 at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice Questions (50 points)

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

1. Which of the following is an effective way to set aside money for personal savings?
 - A. Look at the balance in your checking account at the end of the month and save whatever is left.
 - B. Pay for your needs and wants each month and save any money that is left.
 - C. Take out a payday loan so you can start saving money before you get your paycheck.
 - D. Set aside a percentage of your paycheck each month and put it directly into savings.
2. Which of the following accurately describes FDIC insurance?
 - A. It's health insurance coverage for people over age 25.
 - B. It provides banks with insurance so that customers cannot scam them.
 - C. It guarantees that an account holder's money in a bank is safe and insured up to \$250,000.
 - D. It protects banks from going out of business.
3. Which of the following is the correct formula for simple interest?
 - A. $= \text{Principle} \times \text{Rate} + \text{Time}$
 - B. $= \text{Principle} \times \text{Rate} \times \text{Time}$
 - C. $= \text{Principle} + \text{Rate} + \text{Time}$
 - D. $= \text{Principle} + \text{Rate} - \text{Time}$
4. If you want to avoid using a personal check to pay someone because you don't want them knowing personal information, and don't want the money pulled directly from your account, you should use a _____.
 - A. Cashier's check
 - B. Certified check
 - C. Money Order
 - D. Payroll check
5. Which of the following assets would be the most liquid?
 - A. Money invested in CD that matures in one month.
 - B. Money in an IRA account.
 - C. Money in your savings account.
 - D. Cash in your wallet.
6. Making several credit card payments in a month instead of one large payment will help improve a person's credit mix.
 - A. True
 - B. False

7. Which of the following is not one of the major credit reporting agencies?
 - A. Experian
 - B. Equifax
 - C. Vanguard
 - D. Transunion
8. Which of the following accounts would offer the lowest interest rate?
 - A. IRA
 - B. Certificate of Deposit
 - C. Money Market
 - D. Regular Savings
9. A lower credit score means you are less risky to lenders.
 - A. True
 - B. False
10. Secured loans are protected by:
 - A. A Garnishment
 - B. Liability Insurance
 - C. A Lien
 - D. Collateral
11. Which of the following cannot access your credit report?
 - A. A Landlord
 - B. A Future Employer
 - C. Colleges & Universities
 - D. Insurance Companies
12. Liquidation is the legal process used to get out of debt when you can no longer make all your required payments.
 - A. True
 - B. False
13. Which of the following taxes has a maximum wage the taxes are charged?
 - A. Medicare Tax
 - B. Social Security Tax
 - C. Federal Income Tax
 - D. State Income Tax
14. A statement that shows how much you earned from an employer and all taxes deducted is called _____.
 - A. Form W-2
 - B. Form W-4
 - C. Form 1099
 - D. Form 1040

15. Electronic banking is also known as EFT.
- A. True
 - B. False
16. Interest that is earned on both the initial deposit and the previously earned interest is _____ interest.
- A. Plain
 - B. Simple
 - C. Compound
 - D. Return
17. The _____ number is the 9-digit number printed at the bottom of a check that identifies the bank that holds the account and the Federal Reserve District in which the bank is located.
- A. NSF Number
 - B. MICR Number
 - C. Account Number
 - D. Routing Number
18. Legislation enacted requiring lenders to provide you with loan cost information so that you can comparison shop for certain types of loans.
- A. Truth in Lending Act
 - B. Fair Credit Reporting Act
 - C. Equal Credit Opportunity Act
 - D. Credit Card Act of 2009
19. Which of the following is not on a credit report?
- A. Late Medical Payments
 - B. Buying Habits
 - C. Repayment History
 - D. Public Records
20. How are banks and credit unions different?
- A. Banks have checking accounts and credit unions have savings accounts.
 - B. Banks can give loans and credit unions cannot.
 - C. Banks are selective about who joins their institution and credit unions allow anyone to join.
 - D. Banks are for profit and credit unions are non-profit.
21. You go to the supermarket to buy some groceries and use your debit card to pay. How is the purchase processed?
- A. It's paid by your credit card company and deducted from your checking account at the end of the month.
 - B. It's deducted directly from your checking account right away.
 - C. It's deducted directly from your savings account right away.
 - D. It's deducted from your checking account at the end of the month.

22. Which type of credit involves borrowing a set amount of money and making fixed monthly payments for a set amount of time?
- A. Open Credit
 - B. Revolving Credit
 - C. Installment Credit
 - D. Fixed Credit
23. Which type of endorsement is the most secure?
- A. Restrictive Endorsement
 - B. Blank Endorsement
 - C. Special Endorsement
 - D. Full Endorsement
24. From the time the FDIC was established, no depositor has ever lost insured funds.
- A. True
 - B. False
25. Which of the following refers to making payments on time?
- A. Character
 - B. Capacity
 - C. Conditions
 - D. Collateral

Short Answer Questions (27 points)

1. Andrea purchased a new car for \$30,875. Her other costs were sales tax at 7%, a nontaxable extended warranty of \$390, and registration fees of \$128. Andrea got a rebate for \$250 and made a down payment of \$4,300.
- A. What was the cost of the car before the down payment? _____
 - B. What amount will Andrea have to take out as a loan?

2. Marilyn Richards invested \$12,000 in a 5-year, 4.7% CD that pays interest annually, with no compounding. She cashed her CD at the end of the first year and paid a penalty of 6 months' simple interest.
- A. What was the amount of the penalty Marilyn paid?

 - B. If she had left her money invested for all 5 years, how much interest would she have earned?

C. Analyze the following check and answer the questions below.

KATRINA EVANS		93-820/9121	1034
3291 Marigold Lane		<u>Jan. 23. 2024</u>	
Columbus, OH 43214		DATE	
Pay to the Order of	<u>Springfield High School</u>	\$	<u>20.00</u>
<u>Twenty and 00/100</u>			DOLLARS
Reliable Bank & Trust 123 Main St., Columbus, OH 43214			
MEMO	<u>Dance Tickets</u>	<u>Katrina Evans</u>	
I: 938209121 I: 29884738187" 1034			

- A. Who is the payee? _____
- B. What is the account number? _____
- C. What is the bank routing number? _____
- D. What was the purpose of the check? _____
- E. What is the check number? _____

JOB 1: Endorsements (14 points)

Madison Walters received three checks and endorsed them as follows: on the first check she uses a blank endorsement at a department store; on the second check she uses a restrictive endorsement at her bank; and on the third check she uses a special endorsement to transfer ownership to her friend Tom Miller. Her account number is 98301. Show how Madison endorses each check.

BLANK ENDORSEMENT

ENDORSE CHECK HERE

X

DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

RESTRICTIVE ENDORSEMENT

ENDORSE CHECK HERE

X

DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

SPECIAL ENDORSEMENT

ENDORSE CHECK HERE

X

DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

JOB 2: Deposit Slip (28 points)

Clayton O'Connor needs to make a deposit with money from his graduation party and his change jar. The money he needs to deposit includes 2 hundreds; 4 fifties; 30 twenties; 32 tens; 28 fives; 18 ones; 86 quarters; 37 dimes, 48 nickels, and 180 pennies. He also has the following checks to deposit: #2915 for 83.00; #3982 for 45.00; #7281 for \$210.00; #4275 for \$50.00; #1427 for \$39.00; #4318 for \$94.00; #3726 for 85.00; #2644 for \$71.00; and #6411 for \$139.00.

Using today's date, fill out the deposit slip with all the necessary information. His account number is 18473 and he does not want any cash back. Checks should be listed on the back of the deposit slip with the total carried to the front of the deposit slip.

FRONT SIDE:

DEPOSIT TICKET		CURRENCY	
For deposit to the account of		CHECKS	

Date: _____			
Reliable Bank & Trust			
Columbus, OH			
Account Number: _____		SUBTOTAL	
		LESS CASH	
		TOTAL	

BACK SIDE:

	CHECK	DOLLARS	CENTS
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
TOTAL			

JOB 3: Check Register (22 points)

The beginning balance in Michael's check register is \$524.23, but it needs to be updated for several transactions that took place over the last month. Review the transactions in his check register and update the balance column after each transaction to find his new account total.

CHECK REGISTER			
DATE	TRANSACTION	AMOUNT	BALANCE
Jan. 1	Beginning Balance	-----	\$524.23
Jan. 2	Bought snacks at Walmart with debit card	\$20.43	
Jan. 5	Receive paycheck by direct deposit	\$475.89	
Jan. 12	Car payment to Ford on autopay processed	\$233.35	
Jan. 14	Pay water bill with check #413	\$71.67	
Jan. 22	Used online banking to deposit birthday check	\$200.00	
Jan. 23	Withdrawal using ATM machine	\$25.00	
Jan. 26	Ordered shoes online from Nike using debit card	\$128.58	
Jan. 27	Transfer from Money Market Account for tuition	\$9,000.00	
Jan. 28	Michigan State University Online Tuition Payment	\$8,979.14	
Jan. 31	Paid Share of Rent with check #414	\$375.00	
Jan. 31	Identity Theft Protection Fee on bank statement	\$2.00	