
BANKING & FINANCIAL SYSTEMS

Overview

Understanding how financial institutions operate is important to successful business ownership and management. It also is valuable for personal financial success. This event provides recognition for FBLA members who have an understanding of and skills in the general operations of various components of the financial services sector.

This event consists of two parts: an objective test and a role play. If competing as a team, the objective test is taken collaboratively by the team. The top fifteen individuals/teams scoring the highest on the objective test will advance to the final round and participate in the role play component. The role play case will be a problem or scenario encountered in the banking or financial business community.

This event is for an individual or a team of two or three members.

Competencies and Task Lists

<http://www.fbla-pbl.org/competitive-event/banking-financial-systems/>

Website Resources

- Basics of Banking and Saving - CNN Money
<http://money.cnn.com/magazines/moneymag/money101/lesson3/index.htm>
- FDIC Quick Links for Consumers & Communities
<http://www.fdic.gov/quicklinks/consumers.html>
- Federal Reserve Education Page
<http://www.federalreserveeducation.org/>
- Equifax
<http://www.equifax.com>
- **Dictionary of Banking Terms and Phrases**
www.helpwithmybank.gov/dictionary

BANKING & FINANCIAL SYSTEMS SAMPLE QUESTIONS

- 1) The process of determining standards and procedures for dealing with judgmental decisions affecting other people is called:
 - A) mission
 - B) standards
 - C) ethics
 - D) courtesy

Competency: Ethics

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- 2) _____ is the act of opening accounts at two or more institutions and using the "float time" of available funds to create fraudulent balances.
- A) Counterfeiting
 - B) Reconciliation
 - C) Check kiting
 - D) Forgery

Competency: Ethics

- 3) The amount an original deposit will be worth in the future based on its earning a specific interest rate over a specific period of time is referred to as:
- A) future value
 - B) present value
 - C) current value
 - D) time value

Competency: Terminology

- 4) Which one of the following is **not** a typical duty of a bank teller?
- A) balance the cash drawer daily
 - B) prepare currency and coin for retail customers
 - C) sell savings bonds
 - D) manage large sums of money placed in trust with the bank according to clients' wishes

Competency: Terminology

- 5) What is one type of deduction that employers are required to take from an employee's paycheck?
- A) social security
 - B) estate tax
 - C) sales tax
 - D) discretionary tax

Competency: Terminology

- 6) Individuals who you financially support in your household are:
- A) dependents
 - B) heirs
 - C) tax shelters
 - D) exemptions

Competency: Terminology

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- 7) What are you typically required to fill out first before you can rent an apartment?
- A) credit application
 - B) homeowner application
 - C) sales application
 - D) rental application

Competency: Terminology

- 8) A point is a value equal to ____ of a mortgage loan.
- A) 2 percent
 - B) 10 percent
 - C) 1 percent
 - D) 5 percent

Competency: Terminology

- 9) What is the additional insurance that many finance companies require owners to pay for when they finance an auto loan?
- A) gap
 - B) home
 - C) life
 - D) payment

Competency: Terminology

- 10) _____ are interactive bank kiosks that provide customers all services **except** cash transactions without actual bank tellers.
- A) Virtual tellers
 - B) Electronic tellers
 - C) ATMs
 - D) Virtual agents

Competency: Careers in Financial Services

- 11) Which one of the following is a title typically held by a bank officer?
- A) bookkeeper
 - B) controller
 - C) marketing coordinator
 - D) job analyst

Competency: Careers in Financial Services

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- 12) Up-selling or cross-selling involves bank contact centers reaching out to customers with all of the following strategies **except**:
- A) product configurations
 - B) product-centric approach
 - C) product bundles
 - D) prices designed specifically to meet the needs of customers

Competency: Concepts and Practices

- 13) What is the most important skill to successfully serve customers?
- A) speaking
 - B) calculating
 - C) negotiating
 - D) listening

Competency: Concepts and Practices

- 14) Why do banks send customers a statement of their accounts every month?
- A) reconcile the statement with their check registers
 - B) list all of the debits they have made with their debit cards
 - C) verify their name and address on their account
 - D) record all of the checks they have written

Competency: Concepts and Practices

- 15) What is the largest source of funds for banks?
- A) escrow account
 - B) donations
 - C) interest
 - D) deposits

Competency: Concepts and Practices

- 16) The standard insurance amount provided by the FDIC is _____ per depositor, per insured bank, for each account ownership category.
- A) \$100,000
 - B) \$250,000
 - C) \$500,000
 - D) \$1,000,000

Competency: Concepts and Practices

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- 17) In a trust account, the _____ is the person who establishes the account and pays funds into the account and the _____ is the person who receives the funds upon the passing of the person or when they have met the required age.
- A) benefactor; trustee
 - B) trustee; beneficiary
 - C) beneficiary; trustee
 - D) trustee; benefactor

Competency: Concepts and Practices

- 18) What is the prearranged agreement called that an individual can have with a bank to transfer funds from your savings account to your checking account if the checking account does not have enough funds to pay an amount that is debited against your checking account
- A) balance draft
 - B) bad check insurance
 - C) interest protection
 - D) overdraft protection

Competency: Concepts and Practices

- 19) Banks have customers sign a signature card when opening a checking account to help protect against:
- A) counterfeiting
 - B) phishing
 - C) forgery
 - D) overdraft

Competency: Concepts and Practices

- 20) Which one of the following will help protect you from having your identity stolen?
- A) Monitor your financial accounts closely by checking balances online and on statements.
 - B) Email your entire account number and social security number to anyone who needs it.
 - C) Don't worry about buying items online everyone has good security on their website.
 - D) Throw away any credit card offers you get that have your name and address printed on them.

Competency: Concepts and Practices

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- 21) The Bank Secrecy Act of 1970 requires U.S. financial institutions to assist U.S. government agencies to:
- A) set interest rates
 - B) detect and prevent money laundering
 - C) audit customer accounts
 - D) audit financial institutions

Competency: Government Regulations and Financial Services

- 22) Money on deposit, minus _____, can be loaned by banks to customers.
- A) primary reserves
 - B) the reserve requirement
 - C) cash on hand
 - D) excess reserves

Competency: Government Regulations and Financial Services

- 23) Which one of the following is **not** an example of an agency that is focused on making banking safe and mutually beneficial across international borders?
- A) Bank for International Settlement
 - B) Asia Pacific Economic Cooperation
 - C) President's Working Group on Financial Markets
 - D) International Monetary Fund

Competency: Government Regulations and Financial Services

- 24) _____ is a type of software to prepare income tax forms.
- A) Quicken
 - B) Excel
 - C) Turbo tax
 - D) Database

Competency: Impact of Technology on Financial Services

- 25) The most likely computer management tool for financial forms is:
- A) PowerPoint
 - B) database
 - C) word processing
 - D) spreadsheet

Competency: Impact of Technology on Financial Services

26) The most common position at banks is called:

- A) loan officer
- B) teller
- C) customer service representative (CSR)
- D) financial planner

Competency: Impact of Technology on Financial Services

27) Single people earning less than \$50,000 per year, will most likely use the

- A) 1040A Form.
- B) 1040EZ Form.
- C) W-2 Form.
- D) 1040 Form.

Competency: Taxation

28) What are profits that are earned from the sale of an asset like a stock called?

- A) income profits
- B) capital profits
- C) small gains
- D) capital gains

Competency: Taxation

29) The standard amount of insurance per customer account provided by the FDIC is:

- A) \$100,000
- B) \$1,000,000
- C) \$250,000
- D) \$500,000

Competency: Types and Differences of Institutions

30) A line of credit is:

- A) must be backed by collateral
- B) is not readily available to the bank customer
- C) a pool of available money that you can borrow
- D) a Master Card or Visa offered by a bank

Competency: Types and Differences of Institutions