



## Banking Unit Test

1. Which of the following is an effective strategy for personal saving?
  - a. Wait until the end of the month and save whatever is left in your checking account
  - b. Save a certain percentage of each paycheck and deposit it directly into a savings account
  - c. Cover all of your wants and needs and save whatever is left over
  - d. Take out a payday loan so you can save before you receive your paycheck
  
2. All of the following statements about bank accounts are true, EXCEPT...
  - a. If the bank is FDIC-insured, your money, up to the FDIC limit, is safe even if the bank fails
  - b. Many banks pay interest on the money you deposit into your savings account
  - c. Historically, savings accounts earn higher returns than investments in the stock market
  - d. Money in a checking account is usually easy to access via ATM, debit card or check
  
3. You are developing a savings plan and using short-, medium-, and long-term goals to motivate you. Which represents possible goals from short-term to long-term? Save for...
  - a. Retirement, a house down payment, college tuition
  - b. A new cell phone, college tuition, a house down payment
  - c. A new cell phone, dinner with friends this weekend, a new bike
  - d. Retirement, college tuition, a vacation

4. Fill in the blanks with the correct responses. If you follow the 50-30-20 rule of budgeting, you'll be putting 50% of your monthly income toward \_\_\_\_\_, 30% of your monthly income toward \_\_\_\_\_, and 20% of your monthly income toward \_\_\_\_\_.
- a. Needs, wants, savings
  - b. Savings, needs, wants
  - c. Needs, savings, wants
  - d. Wants, needs, savings
5. Which statement best describes a savings account?
- a. This account offers a convenient way to pay bills and access cash from an ATM
  - b. This account pays you interest on money you have put away for later to help your money grow
  - c. This account is automatically debited when you use a debit card
  - d. This account typically allows an unlimited number of transactions per month
6. You are at the checkout counter at the local supermarket and use your debit card to pay for your groceries. Where does the money for this purchase come from?
- a. Your credit card company covers the cost
  - b. It is deducted directly from your checking account
  - c. Your credit card company provides you with a cash advance to cover the cost
  - d. It is deducted directly from your savings account

7. Jocelyn gets a text alert from the bank that her account balance has dropped below \$100 after a series of \$20 ATM withdrawals. She has not used her ATM in over a week and wonders what she should do. What would you recommend?
  - a. Wait until her monthly statement arrives so she can check to see if those withdrawals are still there
  - b. Wait a week as it is fairly common for the bank to catch mistakes like this
  - c. Check her wallet to be sure her debit card has not been stolen. If she still has it, then she should not worry.
  - d. Contact her bank immediately as it appears that her account may have been hacked
  
8. Which of the following transactions will REDUCE your checking account balance immediately?
  - a. Writing your monthly rent check which you will mail tomorrow
  - b. Using your debit card to pay for groceries at the supermarket
  - c. Using your credit card to pay for your school books
  - d. Depositing a check at a local bank branch
  
9. Which of the following statements is an advantage of online banking?
  - a. Once you set up online banking, your bank will waive overdraft, ATM, and monthly fees
  - b. Using online banking allows you to earn a higher interest rate
  - c. Using online banking, you can request transfers, pay bills and automate your savings without visiting the bank branch
  - d. You can only shop online if your bank account has online banking features

10. FDIC Insurance is...

- a. Optional coverage consumers can purchase so that their bank deposits remain safe
- b. Insurance bank branches can buy to protect their business against fraud and scams
- c. Required if you want to do online or mobile banking
- d. Protection for bank customers' deposits up to \$250,000, guaranteeing their money is still available if the bank goes out of business

11. When signing up for a new checking account, you answer "Yes" to receive overdraft protection. On this day, you have \$10 in your account and go out and use your debit card to buy lunch for \$12, a movie ticket for \$12 and dinner for \$15. What is likely to be the outcome resulting from these transactions?

- a. Your account will be closed
- b. You will likely be charged an overdraft fee for one or more of the transactions and also will need to repay the bank for the amount overdrawn
- c. Since you requested overdraft protection, the bank will not allow you to overdraw your account so your debit card will be denied
- d. The bank will provide you five days to add funds to your account to cover the overdraft and no fees will be assessed

12. Which of the following is a reason to use a savings account rather than a checking account?

- a. Easy access to funds for daily transactions
- b. Unlimited check writing privileges
- c. Higher interest rates on deposits
- d. Lower minimum balance requirements

13. When signing up for a new checking account you answer "No" and opt out of overdraft protection. On this day, you have \$10 in your account and go out and use your debit card to buy lunch for \$12, a movie ticket for \$12 and dinner for \$15. What is likely to be the outcome resulting from these transactions?
- a. Your account will be closed
  - b. You will likely be charged an overdraft fee for one or more of the transactions and also will need to repay the bank for the amount overdrawn
  - c. Since you declined overdraft protection, the bank will not allow you to overdraw your account so your debit card will be denied
  - d. The bank will provide you five days to add funds to your account to cover the overdraft and no fees will be assessed
14. A person-to-person payment app could be used in each of the following scenarios, EXCEPT...
- a. Tina pays her neighbor \$200 for breaking his window with a softball
  - b. Rafael writes a check to cover the entire month's rent, and his roommates Valerie and Carlos pay Rafael for their share of the monthly rent
  - c. Ahmed's soccer coach pays the team's registration fee for a big tournament, and each player then owes him \$35 for their share of the registration fee
  - d. Mia pays Cheesy Pizza Co. for a pizza she orders on their website
15. All of the following are benefits of using a checking account EXCEPT...
- a. Multiple options for using funds to make payments
  - b. Checking accounts act as a good savings vehicle
  - c. Access to cash via ATMs
  - d. Your money is protected by FDIC insurance