

CBE Competency 2
FS.C02 LM01 Module 1
Formative Assessment

Comment [BB1]: Is this the summative assessment? in the grid it list fill-in the blank as the summative and True/False as the formative.

Instructions: Please read the sentences carefully and fill in the blanks with the word that best describes the issue

1. The _____ process in tandem with other deposit and payment products is the cornerstone of banking.

Answer: Lending

2. For years the traditional source of credit for businesses have been _____.

Answer: Commercial banks

3. _____ These companies are owned by a manufacturer and finance dealer inventory or grant loans to consumers to facilitate the purchase of its products.

Answer: Captive finance companies

4. The main categories of bank loans are: _____, _____ and _____ loans.

Answer: Consumer, Real Estate, Business loans, Government and government sponsored loans

5. Consumer loans are usually classified as : _____ or _____ and _____ or _____ loans

Answer: Open-end or revolving loans and closed end or installment loans

6. _____ loans: These loans have a specific amount and maturity date.

Answer: Close end loans

7. Two (2) of the most common types of business loans are: _____ and _____.

Answer: Revolving line of credit and term loans

8. The _____ Finance daily business trading activities and operational expenses.

Answer: Working capital loans

9. _____: This facility is supported by a loan agreement that includes the stipulation of a conversion of the line of credit into a permanent working capital loan.

Answer: Revolving line of credit

10. _____ The loan purpose of this credit facility is to finance the purchase of equipment, furniture, leasehold improvements or other fixed assets.

Answer: Term loan