1. What is finance?

**Information**: Finance is the study of managing money and investments. It involves budgeting, saving, investing, and analyzing markets to achieve financial goals.

**Question**:

What is the study of managing money and investments called?

A) Mathematics

B) Finance

C) Accounting

Correct Answer: B) Finance

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2. What is a Budget?

**Information:** A budget is a financial plan that outlines income and expenditures over a specified period.

**Question:** What is the financial plan called that outlines income and expenses?

A) Profit Report

B) Budget

C) Invoice

Correct Answer: B) Budget

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3. Saving Money

**Information:** Saving is the act of setting aside money for future use. It helps prepare for unexpected expenses and achieve financial goals.

**Question:** What is it called when you set aside money for future use?

A) Saving

B) Spending

C) Investing

Correct Answer: A) Saving

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4. Types of Bank Accounts

**Information:** A savings account allows you to deposit money, earn interest, and access funds easily, whereas a checking account is used for daily transactions like paying bills.

**Question:** Which account is used for daily transactions like paying bills?

A) Savings Account

B) Checking Account

C) Investment Account

**Correct Answer: B) Checking Account**

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**5. What is Credit?**

**Information:** Credit allows individuals to borrow money to make purchases with an agreement to pay back over time, often with interest.

**Question:** What allows individuals to borrow money for purchases and pay back later?

A) Loan

B) Credit

C) Saving

**Correct Answer: B) Credit**

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**6. Loans and Interest**

**Information:** A loan is borrowed money that must be repaid with interest, which is the fee for borrowing the money.

**Question:** What is the fee you pay to borrow money called?

A) Tax

B) Interest

C) Capital

**Correct Answer: B) Interest**

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**7. Risk and Return**

**Information:** Investment risk refers to the uncertainty of earning a return on an investment. The higher the risk, the higher the potential return, and vice versa.

**Question:** What is the relationship between investment risk and return?

A) Higher risk, lower return

B) Higher risk, higher potential return

C) Risk does not affect returns

**Correct Answer: B) Higher risk, higher potential return**

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**8. What is Inflation?**

**Information:** Inflation is the rise in prices over time, decreasing the purchasing power of money.

**Question:** What happens to money during inflation?

A) It gains value

B) Its purchasing power decreases

C) Its interest rate increases

**Correct Answer: B) Its purchasing power decreases**

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**9. What is an Investment?**

**Information:** An investment is the act of allocating money in the hope that it will generate income or appreciate over time.

**Question:** What is it called when you allocate money to generate income over time?

A) Spending

B) Saving

C) Investing

**Correct Answer: C) Investing**

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**10. Stock Market**

**Information:** The stock market allows individuals to buy and sell shares of companies. Stock prices fluctuate based on company performance and market conditions.

**Question:** What do you buy and sell on the stock market?

A) Bonds

B) Shares of Companies

C) Savings

**Correct Answer: B) Shares of Companies**

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**11. What is Diversification?**

**Information:** Diversification is the strategy of spreading investments across different assets to reduce risk.

**Question:** What strategy involves spreading investments to reduce risk?

A) Specialization

B) Diversification

C) Consolidation

**Correct Answer: B) Diversification**

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**12. Compound Interest**

**Information:** Compound interest is the interest on both the initial principal and the accumulated interest from previous periods.

**Question:** What is interest on both the initial investment and the accumulated interest called?

A) Simple Interest

B) Compound Interest

C) Fixed Interest

**Correct Answer: B) Compound Interest**

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