CAREER AND FINANCE

CHAPTER 16

BANKING AND CREDIT

TEXTBOOK QUESTIONS

P385 - Taking Action

1. A checking account can help Nancy because it can help her establish a credit history.

2. Establishing a credit history is important because it can help you make transactions easier in the future.

P386 - What Would You Do

I would go to the bank and ask what would happen to my checking account and funds, along with the upcoming changes and policies.

P391 - 16-1 Assessment

1. The four major types of financial institutions are commercial banks, which can offer customers many financial conveniences and services, Then, a mutual saving bank provide the same services as commercial banks and they pay a slightly higher rate of interest than commercial bank. Moreover, S&Ls are for people who pool their savings so other people can borrow money. Credit unions are nonprofit savings and loan cooperative associations.

4. The FDIC is responsible for regulating banks and insuring bank deposits.

P392 - What Would You Do

I would call or go to my bank to tell them that my checkbook has been stolen, and then grab a new one.

P401 - 16-2 Assessment

1. The two main advantages of having a checking account is convenience since they provide a safe way to pay the bills. Furthermore, checks make it easier to keep good financial records.

3. You would write the date, signature, written amount, numerical amount and the person who you are paying to on a check.

7. Banks are required to provide you with printed monthly statements and paper copies of your checks because of EFTs. Banks should summarize any EFTs that happened during each month.

P403 - What Would You Do

I would pay for the insurance and warranty even if they add a few dollars to my monthly fees. This is because if there comes a time when something happens, then I would be glad I had it covered.

P404 - Proofreading Numbers

1. Skill in proofreading numbers can help you with your career by helping with managing money and not make mistakes.

2. Skill in proofreading numbers can help you with your personal life since it can help you keep track of your expanses.

P406 - 16-3 Assessment

1. The two basic types of credit are loan credit and sales credit. Loan credit involves borrowing money to buy something. Sales credit lets you borrow money and allows you to purchase services and goods directly with delayed pay.

2. The three main types of sales credit are open charge accounts, revolving charge accounts, and installment accounts.

3. Finance charge include the cost of credit and are the total dollar amount you pay for using credit.

4. The practical purpose of the APR is used to compare credit cards and unsecure loans.

P407 - Your Credit History

1. A merchant would want to review your credit file because it contains major types of personal information of yours crucial for employers.

2. You should review your credit file annually since you have to keep your information up to date.

P409 - Think Critically

22. An advantage of electronic banking is the efficiency and hastiness of transfers. A disadvantage would be a data leak or somebody stealing your account.

23. I do think that a time would come for a society that will have a currency system that is moneyless and checkless. Credit cards and debit cards have made it more useful and available to spend money anywhere efficiently.

24. The safest and greatest consumer protection payment method is a credit card since it offers insurance and rewards for purchasing items.