**BTEC National Business**

**Unit 3 Personal and Business Finance**

**Multiple Choice Question Test Bank**

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**MCQ Test 8**

**This MCQ test contains 15 questions covering the specification content for Section A: Personal Finance**

**Instructions:**

* **There are 15 questions in this test**
* **Your teacher will determine how long you have to complete this test and under what conditions**
* Only one answer per question is allowed.
* For each answer completely fill in the circle alongside the appropriate answer.
* If you want to change your answer you must cross out your original answer.
* If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 1 | Which of the following payment methods is MOST likely to lead to unmanageable debt? | | | |
|  |  | A | Debit card | 🖵 |  |
|  |  | B | Charge card | 🖵 |  |
|  |  | C | Credit card | 🖵 |  |
|  |  | D | Prepaid card | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 2 | Which of the following is NOT a type of current account? | | | |
|  |  | A | Premium | 🖵 |  |
|  |  | B | Standard | 🖵 |  |
|  |  | C | Everyday | 🖵 |  |
|  |  | D | Basic | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 3 | Which of the following does NOT provide information, guidance or advice to individuals? | | | |
|  |  | A | Debt counsellor | 🖵 |  |
|  |  | B | Payday Loan Company | 🖵 |  |
|  |  | C | Citizens Advice | 🖵 |  |
|  |  | D | Price Comparison Websites | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 4 | The MAIN risk associated with saving money in a bank or building society is: | | | |
|  |  | A | Inflation can reduce the spending power of savings in the future | 🖵 |  |
|  |  | B | Interest on savings is always taxed | 🖵 |  |
|  |  | C | There is no guarantee of dividends if the FTSE falls | 🖵 |  |
|  |  | D | You always have to give notice order to withdraw funds from savings accounts | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 5 | Which of the following is NOT a disadvantage of a mortgage as a method of borrowing? | | | |
|  |  | A | Failure to keep up with repayments may lead to repossession of the property being purchased | 🖵 |  |
|  |  | B | Penalties are often incurred if early repayments are made | 🖵 |  |
|  |  | C | If a tracker mortgage is used, interest rates may vary | 🖵 |  |
|  |  | D | A mortgage allows you to build equity in your home over time | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 6 | What kind of current account would come with no overdraft, no perks and no debit card? | | | |
|  |  | A | Student | 🖵 |  |
|  |  | B | Simple | 🖵 |  |
|  |  | C | Basic | 🖵 |  |
|  |  | D | Elementary | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 7 | Which of the following forms of borrowing is the LEAST short term? | | | |
|  |  | A | Bank loan | 🖵 |  |
|  |  | B | Overdraft | 🖵 |  |
|  |  | C | Payday loan | 🖵 |  |
|  |  | D | Mortgage | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 8 | Which of the following is an independent organisation with a remit to regulate the actions of providers of financial services, funded by membership fees charged to financial service providers? | | | |
|  |  | A | FCA | 🖵 |  |
|  |  | B | FSCS | 🖵 |  |
|  |  | C | OFT | 🖵 |  |
|  |  | D | Citizens Advice | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 0 | 9 | Which of the following popular high street organisations offers a range of services and account types, paying interest on credit balances on most types of accounts? | | | |
|  |  | A | Insurance companies | 🖵 |  |
|  |  | B | Building societies | 🖵 |  |
|  |  | C | Pension companies | 🖵 |  |
|  |  | D | Credit unions | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 0 | What method of saving or investment encourages an individual to save throughout their working life for retirement? | | | |
|  |  | A | Premium bonds | 🖵 |  |
|  |  | B | Pensions | 🖵 |  |
|  |  | C | Government gilts | 🖵 |  |
|  |  | D | ISA | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 1 | Which of the following is funded by compulsory fees charged to all regulated financial institutions and becomes involved in unresolved consumer disputes with financial institutions? | | | |
|  |  | A | Money Advice Service | 🖵 |  |
|  |  | B | Citizens Advice | 🖵 |  |
|  |  | C | Financial Ombudsman Service | 🖵 |  |
|  |  | D | Financial Services Compensation Scheme | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 2 | Which of the following is a government organisation that was established to regulate all markets, including financial markets? | | | |
|  |  | A | FOS | 🖵 |  |
|  |  | B | OFT | 🖵 |  |
|  |  | C | FSCS | 🖵 |  |
|  |  | D | FCA | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 3 | Which of the following is NOT a DISADVANTAGE of using price comparison websites? | | | |
|  |  | A | There is no guarantee they are 100% up to date | 🖵 |  |
|  |  | B | There is no guarantee they are 100% unbiased | 🖵 |  |
|  |  | C | There is no guarantee that all providers are listed on the websites | 🖵 |  |
|  |  | D | There is no guarantee someone will answer the phone when you call | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 4 | Which of the following is likely to have the HIGHEST annual percentage rate (APR) in terms of interest? | | | |
|  |  | A | Bank loan | 🖵 |  |
|  |  | B | Payday loan | 🖵 |  |
|  |  | C | Hire purchase agreement | 🖵 |  |
|  |  | D | Credit card | 🖵 |  |
|  |  |  | |  | 1 mark |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 5 | Which of the following is NOT an electronic method of payment? | | | |
|  |  | A | BACS | 🖵 |  |
|  |  | B | Direct debit | 🖵 |  |
|  |  | C | Cheque | 🖵 |  |
|  |  | D | CHAPS | 🖵 |  |
|  |  |  | |  | 1 mark |

**ANSWERS TO THIS MCQ TEST**

|  |  |
| --- | --- |
| **Q** | **CORRECT** |
| 1 | C |
| 2 | C |
| 3 | B |
| 4 | A |
| 5 | D |
| 6 | C |
| 7 | D |
| 8 | A |
| 9 | B |
| 10 | B |
| 11 | C |
| 12 | B |
| 13 | D |
| 14 | B |
| 15 | C |