

**BTEC National Business**  
**Unit 3 Personal and Business Finance**  
**Multiple Choice Question Test Bank**

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## **MCQ Test 10**

**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 is issued by a bank allowing customers to pay for goods directly from a current account?

- A Credit card
- B Gift card
- C Charge card
- D Debit card

1 mark

**0 2** Which of the following is NOT a type of borrowing?

- A Overdraft
- B Leasing
- C Hire purchase
- D Mortgage

1 mark

**0 3** Which of the following would be considered as the MOST risky form of savings or investment?

- A Buying shares in a plc
- B Putting saving in an ISA
- C Buying government gilts
- D Buying premium bonds

1 mark

**0 4** What is the FCA an abbreviation of?

- A Fair Conduct Association
- B Financial Compensation Association
- C Financial Conduct Authority
- D Financial Compensation Authority

1 mark

**0 5** Which of the following would be MOST suitable to fund the purchase of a high price item such as a car or to make home improvements?

- A Mortgage
- B Bank overdraft
- C Bank loan
- D Payday loan

1 mark

**0 6** Which of the following is a DISADVANTAGE of online banking?

- A There may be long queues at busier times of the day
- B It can be slow due to the postal system
- C It is not suitable for cash withdrawals
- D Full access may be limited to set hours

1 mark

**0 7** What does the abbreviation CHAPS stand for?

- A Clearing House Automated Payment System
- B Clearing House Automatic Payment System
- C Credit House Automated Payment System
- D Credit House Automatic Payment System

1 mark

**0 8** 'Phishing' is most likely to occur in which type of banking?

- A Branch
- B Telephone
- C Postal
- D Online

1 mark

**0 9** In which life stage are mortgage payments MOST likely to stop or become lower?

- A Old age
- B Young adult
- C Middle age
- D Adolescence

1 mark

**1 0** Which of the following is a government organisation set up to offer free and impartial financial advice in the UK?

- A Citizens Advice
- B Money Advice Service
- C Office of Fair Trading
- D Financial Conduct Authority

1 mark

**1 1** Traditional branch banking is in decline. The MAIN reason for this is:

- A The counter staff in branches are not very friendly so individuals are put off from going to them
- B Branches are not open at the weekend when everyone wants to do their banking
- C Some individuals prefer the convenience of online banking, so less people visit branches
- D Some individuals struggle to find good parking spaces near the branches

1 mark

- 1 2** Which of the statements below does NOT apply to credit cards as a means of payment and/or borrowing?
- A Interest is charged on balances not paid off within a month
  - B Penalties are charged for late payment
  - C Bonuses are lost if you use it too frequently
  - D Credit will be limited
- 1 mark
- 1 3** Which of the following does NOT apply to cash as a method of payment?
- A Physical, not virtual
  - B Can be lost or stolen
  - C Comes in a range of denominations
  - D Cannot be used online
- 1 mark
- 1 4** If debts are not paid or not paid on time, this will affect your credit rating. A poor credit rating will affect your ability to:
- A Borrow in the future
  - B Get a job
  - C Get a wife or husband
  - D Get a basic bank account in the future
- 1 mark
- 1 5** The role of the Bank of England is NOT to:
- A Protect the financial stability of the economy
  - B Set interest rates at a level designed to help achieve a stable economy
  - C Provide loans to the general public
  - D Provide loans to banks
- 1 mark

**ANSWERS TO THIS MCQ TEST**

<b>Q</b>	<b>CORRECT</b>
1	D
2	B
3	A
4	C
5	C
6	C
7	A
8	D
9	A
10	B
11	C
12	C
13	D
14	A
15	C