

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

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