**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**

|  |  |
| --- | --- |
| **Q** | **CORRECT** |
| 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 |