

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

MCQ Test 7

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 1. Which of the following is NOT a function of money?

- A Interest rates
- B Means of exchange
- C Legal tender
- D Unit of account

1 mark

0 2 Which of the following is NOT a method of saving or investment?

- A Premium bonds
- B Shares
- C Current account
- D Gilts

1 mark

0 3 Which of the following would NOT be taken into account by an insurance company when deciding whether or not to accept an application for a life insurance policy?

- A Age of applicant last birthday
- B The occupation held by the applicant
- C Number of children the applicant has
- D Whether the applicant is a smoker

1 mark

0 4 Which of the following sources of finance would be MOST suitable for a one-off or infrequent purchase, e.g. a TV or laptop?

- A Bank loan
- B Leasing
- C Hire purchase
- D Mortgage

1 mark

0 5 A DISADVANTAGE of using payday loans as compared to bank loans is:

- A Payday loans have to be paid back
- B A payday loan will not be given if you have a poor credit rating
- C The interest on a payday loan is higher than on a bank loan
- D A payday loan is only available for 3 months

1 mark

0 6 What do personal attitudes, life stages, culture and external influences affect?

- A The role of finance
- B The role of money
- C The role of a financial advisor
- D The role of a credit union

1 mark

0 7 Which of the following is the MOST important reason for an individual to avoid getting into unmanageable debt?

- A It might affect their credit rating
- B They will not be able to socialise
- C It might lead to arguments with loved ones
- D It might mean they have to sell assets to pay bills

1 mark

- 0 8** Inflation affects the value of money. If a meal costs £8.00 and you earn £8.00 per hour, an hour of work will get you a meal. If then the price of the meal increases by 10%, how long will you now have to work to pay for it?
- A 54 mins
 - B 60 mins
 - C 66 mins
 - D 70 mins

1 mark

- 0 9** Which of the following is NOT a method of payment that can be made from a current bank account?
- A Cheque
 - B Debit card
 - C Store card
 - D Direct debit

1 mark

- 1 0** A direct debit has many features. Which of the following is NOT a feature of a direct debit?
- A It is an agreement made with a bank allowing them to make regular transfers to another account
 - B It is an agreement allowing a third party to withdraw money from an account
 - C Withdrawals are made on a set day to pay for goods and services, e.g. bills
 - D Withdrawals are variable, e.g. a different amount can be taken each time

1 mark

- 1 1** Which organisation is appointed by the government to represent the interests of the consumer in disputes with financial service providers?
- A OFT
 - B FCA
 - C FOS
 - D FSCS

1 mark

1 2 What kind of current account would an individual with a poor credit rating be MOST likely to be offered?

- A Standard
- B Simple
- C Basic
- D Ordinary

1 mark

1 3 If an individual needed immediate funds to purchase a new boiler, which of the following would be LEAST suitable:

- A Bank loan
- B Credit card
- C Mortgage
- D Payday loan

1 mark

1 4 Which of the following is an ADVANTAGE of using a pre-paid card?

- A It can be used even when your account is overdrawn
- B It helps you to control spending
- C It can be used without a PIN
- D It is issued by a high street store

1 mark

1 5 Which of the following is a DISADVANTAGE of buying shares as an investment?

- A There is no guarantee that the share prices will fall
- B There is no guarantee that the company invested in will not commit fraud
- C There is no guarantee that the shares will pay dividends
- D Interest earned on the shares is taxed

1 mark

ANSWERS TO THIS MCQ TEST

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