

**ifs** Level 2 Certificate in Personal Finance (QCF) –  
500 / 9897 / 4 and the **ifs** Certificate in Personal  
Finance (SCQF Level 5)

**Unit 2: Money Management Solutions (MMS)**  
**D / 506 / 4842**

Specimen paper: B  
Length of examination: 30 minutes

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**Instructions to learners**

1. Open this question paper when instructed to do so.
2. Answer **all** questions.
3. Use the examination answer sheets provided for your answers. Please do **not** note your answers in this booklet, as they will **not** be recorded.
4. Read the instructions on both sides of the answer sheet carefully.
5. Before you leave the examination room you **must** hand in all the examination materials including the answer sheet and question paper.

**Information for learners**

1. Silent non-programmable (including scientific) calculators are allowed. Programmable calculators are not allowed.

**Section A**

1. When withdrawing cash from an ATM, what is the account holder required to input?

Their card and their:

- A account number and sort code.
  - B account number only.
  - C PIN and account number.
  - D PIN only.
2. What is a direct debit?
- A A method of making regular payments.
  - B A transaction that makes you overdrawn.
  - C A type of bank card.
  - D An instant transfer of money.
3. Which of the following is the customer provided with when they apply to set up internet banking for the first time?
- A Account number and sort code.
  - B Branch address and telephone number.
  - C Customer identification name and password.
  - D Special questions with the answers.
4. When you are speaking to someone from a bank's telephone banking call centre, they should **never** ask you for which of the following?
- Your:
- A account number.
  - B address.
  - C full password.
  - D name.

5. A debit card **cannot** be used to obtain cash from which of the following?
- A A shop.
  - B An ATM.
  - C An internet store.
  - D The customer's bank branch.
6. Barbara has a credit card, which she uses frequently. How often will Barbara be required to make payments to the credit card issuer?
- A Weekly.
  - B Fortnightly.
  - C Monthly.
  - D Quarterly.
7. A credit card **cannot** be used for:
- A making online payments.
  - B obtaining cash from an ATM.
  - C paying for items in shops.
  - D paying money into an account.
8. Karin can purchase items in shops and benefit from an interest-free period, but she would be charged if she withdrew cash from an ATM. What type of card is she using?
- A Cash card.
  - B Credit card.
  - C Debit card.
  - D Gift card.

9. Which of the following statements is **correct**?
- A store card is:
- A a good method of saving for the future.
  - B a safe and effective way of storing money.
  - C like a credit card but is issued by a specific shop.
  - D usually the cheapest way of borrowing money.
10. Which of the following is used to calculate the cost of borrowing money?
- A AER.
  - B APR.
  - C RPI.
  - D VAT.
11. To encourage people to pay in advance, train season tickets are **usually**:
- A discounted.
  - B free.
  - C premium-priced.
  - D sold online only.
12. Which of the following is the **main** purpose of insurance?
- A Danger management.
  - B Dividend yield.
  - C Investment return.
  - D Spreading risk.

13. Why is motor insurance a legal requirement for drivers?

To:

- A ensure your car is properly maintained.
- B entitle you to roadside assistance if you break down.
- C pay for the building of new roads
- D protect the interests of others.

14. Legally, people are allowed to insure their spouse against death. This is due to the legal principle of:

- A agency.
- B indemnity.
- C insurable interest.
- D utmost good faith.

15. Which of the following shows details of transactions into, and out of, a bank account?

A bank:

- A deposit.
- B flow.
- C receipt.
- D statement.

16. Josh receives his bank statement and notices that a **minus** sign is showing in front of the balance. This means that the account is:

- A a joint account.
- B a student account.
- C in credit.
- D overdrawn.

17. Which of the following is **most likely** to be listed as non-essential expenditure on a budget?
- A Buying food.
  - B Fashion accessories.
  - C Loan repayments.
  - D Paying rent.
18. Citizens Advice is which of the following?
- A A charity.
  - B A limited company.
  - C Funded by the Financial Conduct Authority.
  - D Run by the Financial Ombudsman Service.

**Section B begins on page 8**

**Section B**

**Case Study 1**



Answer the following **three** questions:

19. When buying items in a shop, using a debit card, it is possible to obtain cash from the shop at the end of the transaction.

This is known as:

- A cashback.
  - B extra payment.
  - C money off.
  - D special offer.
20. Which of the following interest rates, if any, applies **directly** to a debit card?
- A None.
  - B AER.
  - C APR.
  - D EAR.



21. What is the **main difference** between a debit card and a credit card?

Only a debit card:

- A can be used to obtain cash from an ATM.
- B can be used to pay for items in shops.
- C is a method of paying for goods online.
- D is linked directly to a current account.

**Case Study 2****Loans****Pegasus Bank plc's advertisement for a loan of £7,500 over five years**

	<b>APR (Typical)</b>	<b>Monthly Cost</b>	<b>Total Payable</b>	<b>Cost difference*</b>
Our rate	6.1%	£144.90	£8,694.00	-
Casterbridge Bank	7.9%	£150.87	£9,052.20	£358.20
Satyr Bank plc	9.9%	£157.92	£9,475.20	£781.20
* Compared to the cost of our rate				

Look at the above table and answer the following **three** questions:

22. Which of the following would be the **most** suitable purpose for a personal loan?
- A Buying a car.
  - B Purchasing a house.
  - C Reducing your mortgage debt.
  - D Remortgaging.
23. What is an unsecured loan?
- A loan:
- A from an unregistered company.
  - B that is not backed by an asset.
  - C that is uninsured if it is stolen.
  - D that need not be paid back.
24. What is the total cost that you would pay per year on a £7,500 loan over five years if you banked with Satyr Bank plc?
- A £457.50.
  - B £742.50.
  - C £1,738.80.
  - D £1,895.04.

**Case study 3 begins on page 12**

### Case Study 3



Answer the following **three** questions:

25. Bill and Maggie are just about to buy a new house. They must pay the money for it to their solicitor by lunchtime tomorrow, so they can move in tomorrow afternoon.

Which of the following is the **best** way for them to make the payment?

- A Bacs.
  - B Cash.
  - C CHAPS.
  - D Cheque.
26. Bill and Maggie need to buy some furniture for their new house, but they do not have the money in their current account to pay for it.

Which of the following methods of payment are they **most likely** to use?

- A CHAPS.
- B Cheque.
- C Credit card.
- D Debit card.

27. As soon as they move in, Bill and Maggie will have to notify their gas and electricity providers. The amounts of some of these bills will vary from month to month. They want to pay all their bills monthly, as it will help them to budget.

They are **most likely** to pay these bills by:

- A charge card.
- B direct debit.
- C PayPal.
- D standing order.

**Case Study 4**



Answer the following **three** questions:

28. Paul is worried about his finances. He is spending more than he earns and his debts are getting out of control.

Which of the following would be the **most appropriate** for Paul to go to for impartial debt counselling?

- A A Citizens Advice bureau.
  - B A restricted financial adviser.
  - C A solicitor.
  - D An independent financial adviser.
29. What should Paul do **first**, before attending his first counselling meeting?
- A Cut up his credit cards.
  - B Prepare a budget.
  - C Sell his car.
  - D Take out a new loan.

30. Which of the following is Paul **most likely** to be advised to do?
- A Increase his essential expenditure.
  - B Increase his savings.
  - C Reduce his income.
  - D Reduce his non-essential expenditure.
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