TT TEXTBOOK TESTBANKS

Test Bank for Money Banking Financial Markets & Institutions 3rd Brandl

TEST BANK SAMPLE PREVIEW

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Name:____ Class:_________________________ Date:_____________

Chapter 1 Introduction

1. Financial assets include which of the following?
    a. Money, credit cards, and bonds
    b. Money, bonds, and stocks
    c. Credit cards, bonds, and stocks
    d. Savings accounts, money, and debit cards

ANSWER: b

2. Financial markets bring together __________ and __________.
    a. households; banks
    b. firms; households
    c. borrowers; lenders
    d. lenders; savers

ANSWER: c

3. Aliyah has had a portion of stock in an e-commerce company for some time. She is ready to resell her stock. In what market would she do this?
    a. After market
    b. Resale market
    c. Secondary market
    d. Liquidity market

ANSWER: c

4. Some of the most important central banks in the world include
    a. the People's Bank of China, the European Central Bank, and the Federal Reserve.
    b. the Deutsche Bundesbank, the People's Bank of China, and the Federal Reserve.
    c. the People's Bank of China, the Federal Reserve, and the Bank of England.
    d. the Federal Reserve, the European Central Bank, and the Bank of England.

ANSWER: d

5. Which of these entities are part of the so-called shadow banking industry?
    a. Insurance companies, credit review companies, and investment banks
    b. Finance companies, mutual funds, and insurance companies
    c. Savings and loan associations, large corporations, and mutual funds
    d. Savings and loan associations, credit unions, and credit review companies

ANSWER: b

6. Which of these statements most fully expresses why it is crucial to understand the basics of finance and economics?
    a. Failure to understand and implement sound financial practices can lead to personal bankruptcy.
    b. Failure to understand and implement sound financial practices led to the global financial crisis that started in 2008.
    c. Failure to understand and implement sound financial practices can lead to both personal and global financial collapse.
    d. Failure to understand and implement sound financial practices can lead to the failure of start-up companies and personal bankruptcy.

ANSWER: c

7. Which of these most accurately defines possible effects of fluctuating interest rates in the financial markets?
   a. Inflation
   b. Prices and levels of employment
   c. The rate of saving
   d. Risk levels

ANSWER: b

8. Commercial banks face competition from a variety of institutions, including
   a. central banks, private equity companies, and finance companies.
   b. government, central banks, and investment banks.
   c. mutual funds, investment banks, and private equity partnerships.
   d. government, finance companies, and mutual funds.

ANSWER: c

9. Financial assets include intangibles that can change in value, such as stocks and bonds.
   a. True
   b. False

ANSWER: True

10. In financial markets, what is meant by the term liquidity?

ANSWER: Liquidity is the ease with which a financial asset can be converted into another financial asset, in particular money, the most liquid of all financial assets.

11. Which of the following statements best summarizes why is it important for the current generation, Gen Z, to understand financial economics?
   a. Decisions made today will affect lives globally and in the future.
   b. Decisions made today will impact their financial futures.
   c. Decisions made today can undo decisions made by the previous generations.
   d. So they can adequately manage their personal finances which may include student loan debt.

ANSWER: a