Overview

Understanding how financial institutions operate is important to successful business ownership and management, as well as to personal financial success. This event provides recognition for FBLA members who have an understanding of and skills in the general operations of the various components of the financial services sector.

This is a team event composed of two or three members. This event consists of two parts: an objective test and a performance. The objective test is taken collaboratively by the team members and the top ten (10) teams scoring the highest on the objective test will advance to the final round and participate in the performance component.

Competencies and Task Lists

http://www.fbla-pbl.org/docs/ct/FBLA/BANKINGANDFINANCIALSYSTERMS.pdf

Web Site Resources

- Basics of Banking and Saving
  http://money.cnn.com/magazines/moneymag/money101/lesson3/index.htm
- FDIC Quick Links for Consumers & Communities
  http://www.fdic.gov/quicklinks/consumers.html
- Federal Reserve Education Page
  http://www.federalreserveeducation.org/
- Equifax
  http://www.equifax.com
- Experian
  http://www.experian.com
- Transunion
  http://www.transunion.com

BANKING & FINANCIAL SYSTEMS SAMPLE QUESTIONS

1. What is the difference between what a bank pays in interest and what it receives in interest?
   a. income
   b. profit
   c. spread
   d. revenue

2. A Coverdell ESA is an investment vehicle created for the purpose of what type of funding?
   a. retirement
   b. medical expenses associated with a major illness or a chronic condition that is expensive to treat
   c. the purchase of a home
   d. future education costs

3. Current income tax laws provide reduced tax rates for:
   a. short-term capital gains
   b. interest earned on money market accounts
   c. qualifying dividends from U. S. corporations
   d. self-employment earnings

4. The gold-colored U.S. dollar coin features the likeness of:
   a. Pocahontas
   b. Sacajawea
   c. Eleanor Roosevelt
   d. Susan B. Anthony

5. Nigel Smythe noticed that the price of British pounds in Hong Kong was lower than the price in Tokyo. He purchased two million British pounds in Hong Kong at $1.79 per pound, and he immediately resold them on the Tokyo currency exchange for $1.87 a piece. This transaction is an example of the financial practice known as:
   a. options exchanging
   b. arbitrage
   c. currency manipulation
   d. market speculation

6. People who do **not** want to have their individual federal and (in most states) state income tax returns prepared by a CPA or tax consultant can use software to do the job. These programs "interview" the users and guide them through the process of preparing the return(s). The two most popular individual tax preparation programs are:
   a. *TaxCut* and *Turbo Tax*
   b. *ProTax* and *Quicken for Taxes*
   c. *Microsoft Tax Advisor* and Commerce Clearing House's *Personal Tax Planner*
   d. *SimpleTax* and *Personal Tax Assistant*

7. Farrakesh Hassan of Top Flight Printing has seen his business insurance costs rise quickly over the past few years. He has struggled with the decision about whether or not to purchase a special rider for an old lithograph or use the money for other purposes. After some study, Farrakesh has decided that he can build a special storage area for the machine that will protect it enough to forego the additional insurance. Mr. Hassan has made the decision to:
   a. assume the risk
   b. assign the risk
   c. co-insure the risk
   d. alienate the risk

8. Sven Jonssen just received a bill from Higher Wattage Electric, a local electrician, for $600. This includes $175 for "completed" work that has been questioned by the local electrical inspector. Within a few days after the bill came, Sven wrote a letter to Higher Wattage stating that he does not believe that he should be billed for work that did not pass inspection. According to the Fair Credit Billing Act:
   a. Higher Wattage must respond to his letter within 30 days. Sven does not have to pay the $175, nor can finance charges be assessed on this amount, until the dispute has been settled.
   b. Within ten days, Higher Wattage is responsible for setting up a binding arbitration with Sven that will resolve the matter. Sven owes the $425 in the meantime, but Higher Wattage cannot collect the $175 until a neutral third party has arbitrated the matter.
   c. No amount is due until the dispute over the $175 is settled. However, if it is determined that Sven must pay the amount, finance charges can be accessed on the entire amount.
   d. Sven must still pay the $600, even if Higher Wattage responds to his letter within the required 60 days from the time the firm received Sven's letter.

9. Which one of the following is **true** about Treasury securities?
   a. The interest rate on Treasury bills is usually higher than that paid on Treasury bonds.
   b. Treasury bonds mature in less time than do Treasury notes.
   c. Treasury bills are usually sold in $1,000 and $10,000 denominations.
   d. Treasury bonds mature in more than ten years and are issued in minimum denominations of $1,000.

10. What type of companies are Charles Schwab, Ameritrade, E-Trade, and Scottrade?
    a. business insurance companies
    b. full-service stock brokerages
    c. national real estate firms
    d. discount securities brokerages

11. Recent banking legislation allows payees to convert the checks they receive when people pay their bills by check into:
    a. ATM cards
    b. electronic debits
    c. secured credits
    d. secondary endorsements

12. One of the characteristics of a "growth" stock is that:
    a. the corporation issuing the stock retains most, if not all, of its earnings so it can reinvest in the business
    b. stockholders usually receive a high percentage yield in the form of dividends that rise slowly but surely over time
    c. there are very large amounts of stock outstanding and the company issuing the stock has been in operation for a long time
    d. the price of the stock is relatively stable

13. Stockholders' equity is the difference between:
    a. current assets and long-term liabilities
    b. net sales and operating expenses
    c. assets and liabilities
    d. operating earnings and dividend payouts

14. The alternative minimum tax has become controversial because many more middle-income taxpayers have to pay it. The original purpose of the alternative minimum tax was to:
    a. allow those in the lowest tax brackets to pay taxes at a lower minimum rate than required by the calculation in the tax tables and rate schedules
    b. require those with substantial amounts of income either not taxed or taxed at lower rates to pay at least a minimal amount of income tax
    c. ensure that taxpayers with high itemized deductions (for such expenses as mortgage interest, property taxes, medical expenses not covered by insurance, and charitable contributions) pay their fair share
    d. help people in the highest income tax brackets reduce their tax liability

15. What was the most common medium of exchange in colonial America?
    a. coins
    b. checks
    c. paper money
    d. pieces of gold and silver

16. If there is too much money moving in the economy:
    a. prices may rise, causing inflation
    b. unemployment will probably rise
    c. prices will fall, causing widespread business failure
    d. unemployment will probably decline

17. Generally speaking, housing costs should **not** exceed ________ of gross monthly income.
    a. 10 to 15 percent
    b. 50 percent
    c. 25–28 percent
    d. 36–40 percent

18. The National Currency Act of 1863 did all of the following **except**:
    a. establish the basic banking system in use today
    b. establish standards for currency
    c. made the printing of state bank notes unprofitable
    d. taxed state banks

19. Which one of the following governing documents lists interest rates in effect at the time for various types of accounts?
    a. fee schedules
    b. deposit rate schedules
    c. account rules
    d. disclosure statements

20. Rules covering transactions conducted at ATMs, preauthorized transfers into and out of a customer's checking account, and involving a consumer's liability for unauthorized use of a debit card are established under:
    a. Electronic Banking Transactions Act
    b. Expedited Funds Availability Act
    c. Right to Financial Privacy Act
    d. Electronic Funds Transfer Act

21. A check that is dated six months or more before it is presented for payment or deposit is called a(n):
    a. stale check
    b. overdraft check
    c. post-dated check
    d. bounced check

22. Which one of the following features of a check indicates who is to receive the funds?
    a. the memo
    b. the payee
    c. the signature
    d. the bearer

23. A legal claim a lender has on property to secure a debit is called:
    a. collateral
    b. a lien
    c. an accelerated clause
    d. a garnishment

24. Which one of the following bank collection services allows accounts receivable payment to be sent directly to the bank?
    a. lockbox service
    b. zero-balance accounts
    c. automated clearing house network
    d. automatic draft

25. What is considered a result of competition among banks?
    a. more services are available to consumers
    b. consumers have less services available to them
    c. more banks exist now than a decade ago
    d. the trend toward mergers in the banking industry has slowed

26. Which one of the following accounts are you **least** likely to encounter at a modern bank?
   a. checking account
   b. passbook savings account
   c. money market account
   d. certificate of deposit

27. A trust officer of a bank is responsible for:
   a. administering probate, custody, and adoptions
   b. administering estate, custody, and individual trust accounts
   c. administering estate, probate, and individual trust accounts
   d. administering estate, adoptions, and individual trust accounts

28. When is a reverse mortgage is repaid:
   a. when the borrower dies
   b. in one single large payment at a specific time
   c. by the bank of the borrower
   d. over the term of loan

29. A(n) __________________ loan is a loan for which the amount of the payments, the rate of interest, and the number of payments are fixed.
   a. secured
   b. home equity
   c. installment
   d. business

30. __________________ is generally defined as the computer to computer exchange of business information through a standard interface.
   a. Automated Clearing House
   b. Electronic Funds Transfer
   c. Electronic Data Interchange
   d. Deposit Services

BANKING & FINANCIAL SYSTEMS SAMPLE INTERACTIVE CASE STUDY

Procedures for Case Study

- Review the Competitive Events Tips on pages 5-6 in the guide.
- Teams will be sequestered.

CASE STUDY SCENARIO

You are to assume the role of a college student applying for your first automobile loan. You have completed the loan application with Apolynn Bank. The application included your personal information, bank account information (checking and savings), and your job status and income.

Apolynn Bank is a locally owned bank in your town. The bank employs three (3) personal bankers who you will be working with to obtain your automobile loan. Although you have held a job at Walgreen's for three years, you do not have a credit rating (you have never taken out a loan or used a credit card). Also, you still live with your parents and intend on doing so until college graduation. You do not have student loans; however, you also do not have any other equity (real property). The car you have chosen is a new Chevrolet Camaro; the blue book value is $31,000 and your personal banker explains that the maximum the bank can loan is 80 percent of the blue book value (to compete with local banks Apolynn Bank has been known to extend loans of great value than their policy to compete with larger banks). You have saved $5,500 towards a down payment on your car. Your monthly payment would be $321 per month. Your gross income is $1,045 per month.
Your task is to explain to the banker(s) why you should be given an automobile loan from his/her bank. List the positives and negatives of the bank extending a loan to you at this time.

The banker (judge) will speak to the student(s) in his office. The banker (judge) will begin by asking you what reasons you can provide that would help the bank decide whether or not to take a risk by extending you a loan. Once you have completed your presentation and answered the banker's (judge's) questions, the banker will conclude the meeting by thanking you for your input.

Overview
An essential part of today's business world is commercial design and promotion; therefore, the preparation of computer-based digital art is paramount to the production of quality copy used for promotional purposes.

This is an individual or team event that consists of two-parts: a project is submitted prior to the NLC to be judged, and all eligible chapters will present the project at the NLC in a preliminary round.

Web Site Resources

- 99 Designs
  http://www.99designs.com
- AIGA (American Institute for Graphic Arts)
  http://www.aiga.org
- All Freelance
  http://www.allfreelance.com
- All Graphic Design
  http://www.allgraphicdesign.com
- Communication Arts
  http://www.commarts.com
- Creative Hotlist
  http://www.creativehotlist.com
- Green Light Jobs
  http://www.greenlightjobs.com
- Krop
  http://www.krop.com
- NAPP (National Association of Photoshop Professionals)
  http://www.napp.com
- SGIA (Specialty Graphic Imaging Association)
  http://www.sgia.org
- Smashing Magazine Jobs
  http://jobs.smashingmagazine.com
- The Creative Group
  http://www.thecreativegroup.com

Topic
The topic for the Digital Design & Promotion changes every year. Refer to the Guidelines section in the *CMH* to find the current topic for the event or look at competitive events under the FBLA tab at www.fbla-pbl.org.

Overview
This event recognizes FBLA members who demonstrate an understanding and mastery of the process required to develop and implement a new business venture.

This is a two-part event: a written project is submitted prior to the NLC to be judged, and all eligible chapters will present the project at the NLC in a preliminary round,

Project Purpose
The business plan must describe a proposed business venture. The business venture must also be currently viable and realistic and must not have been in operation for a period exceeding 12 months before the NLC.

Web Site Resources

- A Standard Business Plan Outline
  http://articles.bplans.com/writing-a-business-plan/a-standard-business-plan-outline/29
- Business Planning - Creating Plans
  http://www.businesstown.com/planning/creating.asp
- Business Plan Outline
  http://www.business-plan.com/outline.html
- Small Business Planner
  http://www.sba.gov/starting_business/planning/basic.html
- Technology Ventures Corporation
  http://techventures.org/resources/docs/Outline_for_a_Business_Plan.pdf
- TeenVestor: Writing a Business Plan
  http://www.teenvestor.com/entrepreneurs/Bizplans/bizplans.htm
- Templates for Your Business
  http://www.score.org/template_gallery.html

Overview

Owning and managing a business is the goal of many Americans. This event recognizes FBLA members who demonstrate the knowledge and skills needed to establish and manage a business.

This is a team event composed of two or three members. This event consists of two parts: an objective test and a performance. The objective test is taken collaboratively by the team members, and the top ten (10) teams scoring the highest on the objective test will advance to the final round and participate in the performance component.

Competencies

http://www.fbla-pbl.org/docs/ct/FBLA/ENTREPRENEURSHP.pdf

Web Site Resources

- Business Education Links
  http://lessonplans.btskinner.com/
- Entrepreneurship
  http://www.quickmba.com/entre/

ENTREPRENEURSHIP SAMPLE QUESTIONS

1. Taxes matched by both employers and employees are:
   a. unemployment taxes
   b. Social Security and Medicare taxes
   c. income taxes
   d. property taxes

2. Empowerment works best in work environments where:
   a. managers function as coaches not as bosses
   b. authority and responsibility are given out incrementally to the most trusted employees
   c. there is minimal training
   d. mistakes are quickly identified and punished

3. The choice of advertising medium is primarily determined by:
   a. what media the industry focuses on
   b. the target audience and the message
   c. what media the competition uses
   d. the unique selling proposition and budget

4. The most meaningful unique selling proposition:
   a. counters the strengths of the competition
   b. identifies as many product features as possible
   c. stresses price
   d. describes the primary benefit of the product

5. Which form of ownership generally has the least ability to accumulate capital?
   a. partnership
   b. S-corporation
   c. sole proprietorship
   d. corporation

6. The most critical disadvantage of the sole proprietorship is:
   a. limited skills and capacities of the owner
   b. unlimited personal liability
   c. lack of continuity
   d. limited access to capital

7. ________ are negative external forces that inhibit the firm's ability to achieve its objectives.
   a. Opportunities
   b. Threats
   c. Strengths
   d. Weaknesses

8. The form of ownership with the greatest ability to accumulate capital is the:
   a. corporation
   b. joint venture
   c. sole proprietorship
   d. partnership

9. The focus of the small company's marketing plan is:
   a. attracting capital
   b. an evaluation of key competitors
   c. the customer
   d. its product or service

10. One "natural" advantage small businesses have over large businesses, which can be a significant competitive advantage, is:
    a. their lower costs
    b. their ability to conduct market research
    c. their ability to serve many highly diverse target markets
    d. relationship marketing

11. One major advantage of the ________ is that once the owner has paid all of the company's expenses, he/she can keep the remaining profits (less taxes):
    a. sole proprietorship
    b. corporation
    c. limited liability company
    d. partnership

12. An online ad that changes the background of the page being viewed is a:
    a. banner ad
    b. wallpaper ad
    c. floating ad
    d. trick banner

13. Barker Industries makes an annual donation of $100,000 to local charities, and allows its top managers leaves of absence to serve charities involved in community service. What area of social responsibility is Barker demonstrating?
    a. community
    b. environment
    c. employees
    d. customers

14. Which trade agreement ended trade barriers between the United States, Mexico, and Canada?
    a. United States Department of Agriculture
    b. General Agreement on Tariffs and Trade
    c. South American Trade Agreement
    d. North American Trade Agreement

15. Which one of the following generally is not required by a Certificate of Incorporation?
    a. a statement of how stock proceeds will be used
    b. the names and the addresses of the incorporators
    c. a statement of the corporation's purpose
    d. the corporation's bylaws

16. The loan proposal portion of the business plan should include:
    a. a listing of anyone who owns more than 20 percent of the business
    b. three sets of forecasts: optimistic, realistic, and pessimistic
    c. a realistic time table for repayment or for investors to exit
    d. pro forma for two to three years

17. Discussion of profitability and anticipated profitability of firms in the market segment, along with the entry, exit, and merger of those firms, is all part of the ________ section of the business plan.
    a. business strategy
    b. company history
    c. marketing strategy
    d. business and industry profile

18. A significant advantage a franchisee has over the independent small business owner is participation in the franchiser's:
    a. profits
    b. policies
    c. centralized and large-volume buying power
    d. social gatherings

19. Which one of the following is **not** a part of the marketing mix?
    a. product
    b. potential
    c. price
    d. people

20. Which one of the following would most likely be accepted as collateral for a $25,000 secured loan?
    a. home equity of $12,000
    b. a $32,000 automobile that is paid for
    c. an apartment that you rent
    d. a $2,500 computer system

21. Which one of the following is **not** one of the three most important elements of a company's financial strength?
    a. liabilities
    b. assets
    c. payroll
    d. owner's equity

22. The Equal Employment Opportunity Act means that:
    a. there is a maximum number of hours employees can work each week
    b. employers must maintain safe working conditions for their employees
    c. business with 15 or more employees must accommodate the needs of employees with disabilities
    d. a person cannot be turned down for a job based on age, race, color, national origin, religion, or gender

23. When the employment relationship between a company and an employee is ended it is known as a:
    a. new hire
    b. transfer
    c. termination
    d. promotion

24. Which one of the following is **not** an organizational benefit of diversity?
    a. Individuals will feel they are respected and supported despite their differences.
    b. The company will have a broader base of knowledge and understanding when making decisions.
    c. Prospective employees and managers are drawn from the broadest possible employment pool.
    d. Prospective customers will have a more positive image of the company.

25. On the first day of business for your candy store, Rocky Mountain Fudge, a five-year-old girl comes in with $1 and wants to purchase a package of chocolate candy that costs $1. You explain to her that she does not have enough money to buy the fudge because she must pay:
    a. sales tax
    b. property tax
    c. income tax
    d. payroll tax

26. As the owner of a business, you will be responsible for collecting and paying taxes on the wages you pay your employees. This tax is:
    a. property tax
    b. payroll tax
    c. income tax
    d. sales tax

27. The promotion of human welfare through giving is:
    a. norms
    b. philanthropy
    c. ethics
    d. social responsibility

28. Which one of the following determines if an idea for a new business is practical?
    a. capitalism
    b. marketing plan
    c. business plan
    d. feasibility analysis

29. What information should be included in a business plan?
    a. financial plans
    b. marketing ideas
    c. all topics should be include
    d. business management and personal goals

30. Joni's Jellies has offered to sell Andy's Eatery two cases of homemade jelly for $100 each month for an entire year. Andy's Eatery responds by signing the offer and returning it to Joni's Jellies. Which of the following is **true**?
    a. An agreement has been reached.
    b. Capacity does not exist.
    c. Legality does not exist.
    d. Consideration has been exchanged.

ENTREPRENEURSHIP SAMPLE CASE STUDY

PARTICIPANT INSTRUCTIONS

1. You have 20 minutes to review the case and may take notes on the two note cards that were provided. The note cards will be collected following the presentation.
2. Presentation time is seven minutes. At six and seven minutes the timekeeper will stand. Five points are deducted if presentation goes over seven minutes.
3. The judges will have a three-minute question and answer period following the presentation.
4. All members of the team must participate in the presentation, as well as answer the questions.

CASE STUDY SITUATION

Sharon and Fred have owned Rev Coffee, a coffee shop in their neighborhood for the past two years. They opened Rev Coffee in a vacant shop adjacent to Fred's auto repair shop. Sharon manages Rev Coffee while Fred manages the auto repair shop. Rev Coffee is open from 6 a.m.- 6 p.m. seven days a week. In its first year, Rev Coffee did not make a profit, but was able to meet all its financial obligations. At the end of the second year, Sharon met with her accountant to review the balance sheet and income statements for Rev Coffee. Progress is being made in paying off the renovation of the building and all of the purchased equipment, and all debts should be paid off by the end of the third year. Although Rev Coffee did not make a profit in the second year either, it is not losing money. Sharon would like to increase revenue during the third year so that a profit can be realized.

Sharon manages Rev Coffee and is finding that she spends 70–80 hours a week at the coffee shop. She and Fred have two children ages 8 and 11, and Sharon would like to be able to spend more time with them. Other employees at Rev include the assistant manager, Andy, who has worked at Rev since it opened. He works Tuesday–Friday from 5:30 a.m.–5:30 p.m. Martha is another assistant manager and works Saturday–Monday from 5:30 a.m.–5:30 p.m. Although she does not stay at Rev all day, Sharon does open and close the shop every day. Two other full-time employees work the counter and cash register. Four other employees work part-time serving as cashiers and assist with clean up.

Rev is beginning to have problems with their inventory. Several times in recent months they have run out of Styrofoam coffee cups and the coffee beans for their house coffee. Sharon thought that she had ordered the supplies but could find no record of placing the order. She realizes that she needs a better system for tracking inventory and reordering when supplies are low.

Several customers have inquired recently about the Styrofoam cups that Rev uses. They have complained that these are not environmentally friendly and would like to see a change in the cups to a recycled paper cup. Sharon does not have any knowledge about environmentally friendly products but is interested in learning more about them.

Sharon and Fred have hired you to advise them about their business. What advice will you give Rev Coffee?

Overview
This event provides recognition for FBLA members who demonstrate an understanding of the American business enterprise system and its effect on consumers, employees, and entrepreneurs.

This is an individual objective test and is only for grades 9 and 10.

Competencies and Task Lists
http://www.fbla-pbl.org/docs/ct/FBLA/INTRODUCTIONTOBUSINESS.pdf

Web Site Resources
- Introduction to Business
  http://glencoe.mcgraw-hill.com/sites/0078747686/

INTRODUCTION TO BUSINESS SAMPLE QUESTIONS

1. Firms that have adopted __________ seek to do more than simply sell a product; they seek to learn as much as possible about their customers in order to satisfy and even delight them with goods and services over time.
   a. the marketing mix
   b. customer relationship management
   c. management by objectives
   d. nonprofit marketing

2. Which one of the following statements best reflects the concept behind the rule of indemnity?
   a. If a written contract exists between the insured and an insurance company, the insured is entitled to receive the maximum amount stated in the contract in the event of a loss.
   b. If a large number of people are exposed to the same risk, a predictable number of losses will occur during a given period of time.
   c. An insured person cannot collect more than the actual loss from an insurable risk.
   d. If an insurance company's premiums generate excess funds, these excess funds must be returned to the policyholders in the form of dividends or reductions in future premiums.

3. ______________ insurance replaces part of your income if you become unable to work for an extended period of time.
   a. Workers' compensation
   b. Product liability
   c. Disability
   d. Professional liability

4. The Fed uses ____________ to regulate the money supply.
   a. stock market investments
   b. the deposit requirement
   c. the political negotiation process
   d. the discount rate

5. A ____________ is an overall explanation of why an organization exists and where it is trying to head.
   a. corporate charter
   b. prime directive
   c. tactical plan
   d. vision

6. ____________ is the amount a business earns over and above what it spends for salaries and other expenses.
   a. Profit
   b. Revenue
   c. Dividends
   d. Interest

7. A _____________ represents a promise by a bank to pay a foreign company a given amount if certain conditions are met.
   a. bond indenture agreement
   b. certificate of deposit
   c. letter of credit
   d. callable option

8. After the interview, you should send a ___________ to the person who interviewed you.
   a. transmittal letter
   b. cover letter
   c. recommendation letter
   d. thank you letter

9. The level of management that is directly responsible for assigning specific jobs to workers and evaluating their daily performance is called:
   a. secondary management
   b. primary management
   c. supervisory management
   d. middle management

10. The last step in the marketing process often includes:
    a. collecting the cash
    b. developing a written report to summarize the results
    c. building relationships with customers
    d. deciding the best way to distribute the product

11. The Gross Domestic Product (GDP) is the total dollar value of all final goods and services produced in a country during one year and include three major categories. Which one of the following is **not** one of those categories?
    a. what businesses spend for buildings, equipment, and supplies
    b. what government agencies spend to pay employees and buy supplies
    c. what consumers spend for food, clothing, and housing
    d. what private and government agencies spend on foreign aide

12. Patrick lives in a capitalist country. He owns his own home and car, as well as his own business and building. Patrick is able to maintain ownership of these items under the right to:
    a. eminent domain
    b. freedom of choice
    c. freedom of competition
    d. private property

13. ___________ is choosing among two or more alternatives.
    a. Organizational selection
    b. Decision making
    c. Contingency planning
    d. Utility analysis

14. Doctors obtain ____________ insurance to cover claims from patients who have been injured as a result of the doctor's carelessness.
    a. malpractice
    b. disability
    c. workers' compensation
    d. product liability

15. The banking panic of 1907 and the resulting cash shortage led to the formation of the:
    a. gold standard for currency, and the establishment of a gold repository at Fort Knox
    b. FDIC
    c. Comptroller of the Currency
    d. Federal Reserve System

16. The American banking system serves two major types of customers:
    a. commercial clients and residential clients
    b. short-term borrowers and long-term borrowers
    c. secured creditors and unsecured creditors
    d. depositors and borrowers

17. The *Occupational Outlook Handbook* is a good source of:
    a. local businesses
    b. job description
    c. jargon
    d. employment agencies

18. Which one of the following would be used by a manager who wanted to fill a position using an internal source?
    a. help wanted ads
    b. private employment agencies
    c. public employment agencies
    d. promotion of a current employee

19. Communism is an economic system in which:
    a. all or most of the productive resources are owned by private businesses
    b. individual consumers make all economic decisions
    c. the government makes most of the major economic decisions
    d. the government and private citizens own equal shares of the economic resources

20. A compilation of samples of your work is called a:
    a. portfolio
    b. cover letter
    c. journal
    d. project

21. In an effort to increase customer loyalty, management at Palms International has worked to create a personal dialogue with their customers. This dialogue will enable Palms to offer products that exactly meet their customers' needs and provide personalized service before and after the sale. Palms International's new strategy illustrates:
    a. relationship marketing
    b. a production orientation
    c. personalized promotion
    d. niche marketing

22. Which one of the following is, in general, the best known magazine in the area of product quality?
    a. *Digest for Consumers*
    b. *Consumers Union*
    c. *Consumer Reports*
    d. *Scientific Information*

23. Which one of the following is the easiest way to become a business owner?
    a. purchase an existing business
    b. buy stock in a corporation
    c. start a business of your own
    d. become a business partner

24. Which one of the following is classified as a disadvantage of a sole proprietorship?
    a. the owner receiving all profits from the business
    b. the amount of owner-supplied capital can be limited
    c. the owner being his/her own boss
    d. the ease in starting the business

25. The abbreviation for an incorporated U.S. company is "Inc." Which one of the following is the equivalent abbreviation in England?
    a. GmBH
    b. S.A.
    c. Ltd.
    d. N.V.

26. During a career information interview, which one of the following would be the best question for the interviewer to ask?
    a. In what ways do you think your occupation is better than others?
    b. Can a worker move up the ladder quickly?
    c. How much money do you earn?
    d. How many hours a week do you work?

27. What is the term for payment made to employees based on their total number of hours worked?
    a. wages
    b. salary
    c. profit sharing
    d. commissions

28. Which one of the following is the purpose of antitrust laws?
    a. controlling inflation
    b. encouraging government regulation of prices
    c. encouraging monopolies
    d. preventing unfair business practices

29. Due to the large financial losses suffered by the victims of Hurricane Katrina, what has happened to insurance deductibles?
    a. They have decreased.
    b. They have been eliminated.
    c. They have become outdated.
    d. They have increased.

30. Which item below is a result of voluntary exchange in the marketplace?
    a. prosperity
    b. productivity
    c. inflation
    d. free enterprise