

## Student Investor Challenge Regional Final 2011

### General Knowledge- 20

1. Which of the following will have the **greatest** influence on the cost of consumer finance?
  - a. **Bank rate.**
  - b. Exchange rate.
  - c. Inflation rate.
  - d. Unemployment rate.
  
2. Which of the following rates is quoted on all borrowing products in the UK?
  - a. AER.
  - b. AIR.
  - c. **APR.**
  - d. ARR.
  
3. Which of the following is responsible for the licensing of consumer credit businesses in the UK?

The:

  - a. Bank Licensing Authority.
  - b. Bank of England.
  - c. Financial Services Authority.
  - d. **Office of Fair Trading.**
  
4. English banknotes are all signed by who?
  - a. Queen Elizabeth II.
  - b. The Chairman of the Royal Mint.
  - c. The Chancellor of the Exchequer.
  - d. **The Chief Cashier of the Bank of England.**
  
5. Sir John Houblon is pictured on the back of a £50 note. Who was he?
  - a. First Chancellor of the Exchequer.
  - b. First Chairman of the Royal Mint.
  - c. **First Governor of the Bank of England.**
  - d. First Mayor of London.
  
6. Which of the following enables a person to borrow money from a current account?
  - a. Credit card.
  - b. Debit card.
  - c. Facility.
  - d. **Overdraft.**
  
7. How many coins and notes are **commonly** used in England?
  - a. 9.
  - b. 10.
  - c. 11.
  - d. **12.**
  
8. Which bank does the UK Government **not** have a major financial stake in?
  - a. **Barclays.**
  - b. Lloyds Banking Group.
  - c. Northern Rock.
  - d. RBS.

9. Which of the following is reputed to have played a significant role in triggering the global financial crisis?

- a. Consumer spending.
- b. Interest rates.
- c. Money laundering.
- d. Sub-prime lending.**

10. Who is Mervyn King?

The:

- a. Chancellor of the Exchequer.
- b. Chief Executive of RBS.
- c. Governor of the Bank of England.**
- d. Head of the Financial Services Authority.

11. Direct Line, Churchill and Green Flag are all owned by:

- a. Barclays.
- b. HSBC.
- c. Lloyds Banking Group.
- d. RBS.**

12. An annuity is commonly associated with which of the following?

- a. Borrowing.
- b. Fraud.
- c. Insurance.**
- d. Savings.

13. The main security method used to protect a credit/debit card fraud is known as which of the following?

- a. Chip and PIN.**
- b. CSC.
- c. Encryption.
- d. Signature strip.

14. Which of the following is **not** a money laundering offence?

- a. Acquiring.
- b. Concealment.
- c. Stealing.**
- d. Tipping off.

15. A mortgage which allows the borrower to use credit balances on one account to reduce the interest on their loan is known as which of the following?

- a. Credit mortgage.
- b. Offset mortgage.**
- c. Reducing mortgage.
- d. Variable mortgage.

16. The maximum amount that a person can borrow using their credit card is decided by which of the following?

Their:

- a. borrowing range.
- b. credit limit.**
- c. overdraft.
- d. savings.

17. Who owns a Credit Union?

- a. Its customers.**
- b. Its shareholders.
- c. The Post Office.
- d. The UK Government.

18. Tom has a large outstanding credit card debt and no savings. Which of the following would be of **most benefit** to Tom?

- a. Fall in inflation rate.
- b. Fall in interest rate.**
- c. Increase in inflation rate.
- d. Increase in interest rate.

19. Which of the following is quoted on overdrafts?

- a. AER.
- b. EAR.**
- c. IPR.
- d. ODR.

20. 'Security' is often required when:

- a. borrowing money.**
- b. investing in shares.
- c. investing in unit trusts.
- d. saving regularly.

## Savings- 5

21. Which of the following is a **unique** characteristic of Individual Savings Accounts (ISAs), compared with conventional savings accounts?

- a. Interest earned on ISAs is tax-free.**
- b. No notice is usually required.
- c. They can be accessed online.
- d. They can be used for small amounts.

22. Which of the following is likely to have the **greatest** impact on how much a person saves each month?

Their:

- a. aspirations.
- b. disposable income.**
- c. needs and wants.
- d. peers.

23. Which of the following is useful to help someone identify how much they can save each month?

- a. A budget.**
- b. An overdraft.
- c. Income tax.
- d. Their net pay.

24. The Annual Equivalent Rate can be used to compare which of the following?

- a. Credit cards.
- b. Mortgages.
- c. Overdrafts.
- d. Savings accounts.**

25. Money saved in Premium Bonds is increased by receiving:

- a. dividends.
- b. interest.
- c. prizes**
- d. tax.

### **Investments- 5**

26. When an investment increases in value, the investor makes which of the following?

- a. Capital gain.**
- b. Earnings growth.
- c. Interest.
- d. Yield.

27. Earnings from investments generally take the form of:

- a. dividends.**
- b. growth.
- c. shares.
- d. stock.

28. The relationship between the stock price and the earnings per share is known as which of the following?

- a. Dividend yield.
- b. Earnings growth.
- c. Earnings per share.
- d. P/E ratio.**

29. Spreading investment risk is known as which of the following?

- a. Averaging.
- b. Diversification.**
- c. Portfolio reduction.
- d. Risk aversion.

30. Which of the following is an example of political news which may impact the share price of specific companies?

- a. An announcement of a rise in VAT.
- b. New income tax thresholds.
- c. Tighter controls on MP's expenses.
- d. UK Government defence budget cuts.**

### Shares/Stock Market- 10

31. A bear market is one in which share prices are:

- a. falling.**
- b. fluctuating.
- c. rising.
- d. static.

32. Shares are also commonly known as which of the following?

- a. Bonds.
- b. Dividends.
- c. Equities.**
- d. Funds.

33. Shares in smaller companies may be traded on which of the following in the UK?

- a. AIM.**
- b. EPS.
- c. FTSE100.
- d. ISA.

34. Organisations whose shares are traded on the stock market are which type of companies?

- a. Equity.
- b. Private.
- c. Public.**
- d. Stock.

35. In addition to 'buy' and 'sell', which of the following is a recognised strategy for investors?

- a. Bargain.
- b. Defer.
- c. Dispose.
- d. Hold.**

36. 'Dividend yield' is:

- a. the cost per share less any dividends that are due to be paid.
- b. the ratio between the dividend per share and the stock price.**
- c. total amount of dividends paid by the company over the last twelve months.
- d. used to work out how frequently dividends will be paid in the future.

37. The FTSE100 is one of seven indices that make up the London Stock Exchange. Which of the following is also a FTSE index?

- a. FTSE200.
- b. FTSE250.**
- c. FTSE400.
- d. FTSE450.

38. The Dow Jones Industrial Average is a stock market index in which country?

- a. Australia.
- b. Japan.
- c. UK.
- d. USA.**

39. Which of the following statements about share prices is **true**?

- a. All company shares are quoted on the London Stock Exchange in the UK.
- b. Only the shares of UK owned businesses are traded on the London Stock Exchange.
- c. Share prices are fixed each morning and do not change during the day.
- d. Share prices can fluctuate many times during the day.**

40. The DAX Index relates to the stock market in which country?

- a. Denmark.
- b. France.
- c. Germany.**
- d. Italy.

#### **In the news- 15**

41. What was the FTSE100 Index at the close of business on 4 February 2011?

- a. 5983
- b. 5957
- c. 5997**
- d. 6000

42. Towards the end of 2010, RBS agreed to sell 318 of its branches to:

- a. Barclays.
- b. HSBC.
- c. Nationwide.
- d. Santander.**

43. On 9 February 2011 the London Stock Exchange merged with which other country's stock exchange?

- a. Australia.
- b. Brazil.
- c. Canada.**
- d. United States of America.

44. The Bank Rate reached its lowest ever figure of 0.5% on:

- a. 5 October 2008.
- b. 5 March 2009.**
- c. 5 August 2009.
- d. 5 February 2010.

45. Who sets the UK's Bank Rate?

- a. The Bank of England.**
- b. The British Bankers Association.
- c. The Financial Services Authority.
- d. The UK Government.

46. According to Link, approximately how many ATMs are there in the UK?

- a. 23,000
- b. 43,000.
- c. 63,000.**
- d. 83,000.

47. VAT was increased in the UK at the beginning of this year by how much?

- a. 2.5%**
- b. 10.0%.
- c. 17.5%.
- d. 20.0%.

48. In December 2010 the RPI in the UK was:

- a. 3.3%.
- b. 3.7%.
- c. 4.8%.**
- d. 5.3%

49. Who stood down as the Labour Shadow Chancellor in January 2011?

- a. Ed Balls.
- b. Peter Hain.
- c. Harriet Harman.
- d. Alan Johnson.**

50. The cash ISA limit for the tax year 2010/2011 is how much per person?

- a. £6,600.
- b. £5,100.**
- c. £6,475.
- d. £10,200

51. The European Central Bank is located in which city?

- a. Amsterdam.
- b. Brussels.
- c. Frankfurt.**
- d. Paris.

52. Which age group has the highest level of unemployment in the UK?

- a. 16-24 year olds.**
- b. 21-29 year olds.
- c. 25-35 year olds.
- d. 32-40 year olds.

53. International Consolidated Airlines Group was created in January 2011 when the Spanish airline Iberia merged with which other carrier?

- a. British Airways.**
- b. Europe Air.
- c. Lufthansa.
- d. Spanair.

54. Which of the following trade unions represents the majority of financial services employees?

- a. ATL.
- b. Equity.
- c. Unison.
- d. Unite.**

55. How many member states are there in the EU?

- a. 12.
- b. 15.
- c. 25.
- d. 27.**

#### **Definitions- 5**

56. Which of the following is a term for a transaction where shares are purchased or sold?

- a. Annuity.
- b. Bargain.**
- c. Leverage.
- d. Portfolio.

57. Which of the following is an intermediary in the sale of financial services products?

- a. Arbitrager.
- b. Broker.**
- c. Registrar.
- d. Shareholder.

58. Money that is invested in a company is known as:

- a. capital.**
- b. debt.
- c. finance.
- d. loans.

59. Stock markets that are based in developing countries that have a low national income per head compared with the developed world are known as:

- a. developing markets.
- b. emerging markets.**
- c. overseas markets.
- d. wealth markets.

60. The companies which make up the FTSE100 Index are reviewed:

- a. Weekly.
- b. Monthly.
- c. Quarterly.**
- d. Annually.

### **Just for Fun- 10**

**Anagrams- Can you work out the company from the following anagrams?**

61. Monetary Slang (6,7)- Morgan Stanley

62. Ant Stew (7)- NatWest

63. Elite Dot (8)- Deloitte

64. I Court Pig (9)- Citigroup

65. Coffee Pot Hits (3,4,6)- The Post Office

**Name the celebrity with a financial connection**

66. Who is this famous person whose surname is connected to the financial services industry?



**Tyra Banks**

67. Who is this fictional character whose surname is related to a financial term?



**James Bond**

68. Who is this singer whose name has a finance connection?



**50 Cent**

69. Who is this celebrity whose name has a finance connection?



**Goldie**

70. This man plays Gordon Gekko in Wall Street and Wall Street 2: Money Never Sleeps. Who is he?



**Michael Douglas**