

Chapter 3 Test

Multiple Choice

Identify the letter of the choice that best completes the statement or answers the question.

- _____ 1. The term that describes the numerical value where the interest rate and number of interest periods meet in a compound interest table is the
a. interest value.
b. multiplier.
c. periodic rate.
d. factor.
- _____ 2. Which of the following is NOT a heading in a check register?
a. interest rate
b. check number
c. balance
d. transaction
- _____ 3. Which of the following is the best example of an outstanding transaction?
a. A cancelled check that has been returned by the bank.
b. An ATM withdrawal that has not been recorded in the check register.
c. A check recorded in the check register that the bank has not yet received.
d. None of the above.
- _____ 4. Which of the following describes the length of time that money must be left on deposit in a CD?
a. term
b. APR
c. maturity date
d. length of deposit
- _____ 5. Which of the following services are typically available to customers with online banking?
a. Transfer money between accounts.
b. Have bills sent electronically instead of through the mail.
c. Have account access 24 hours a day, 7 days a week.
d. All of the above.
- _____ 6. Which of the following best describes how compound interest works?
a. Interest is calculated only on previously earned interest.
b. Interest is calculated and added to the previous balance to become the new balance.
c. Interest is calculated only at the end of the term.
d. The compound interest rate increases as the term progresses.

Numeric Response

7. Louisa's bank statement shows a balance of \$539.22. Checks outstanding are #656 for \$42.98, #657 for \$122.35, and #659 for \$13.90. She also has a deposit of \$660 outstanding. Reconcile Louisa's bank statement. _____
8. A deposit slip lists these items: (bills) 8 fifties, 22 twenties, 9 tens, 30 fives; (coins) 24 dimes, 18 nickels, 90 pennies; (checks) \$45.67, \$99.12. The depositor received no cash back. What total deposit was made? _____

9. Maya opened a savings account that pays 3.75% annual interest compounded semiannually. If she deposited \$2,000 into the account and made no other deposits or withdrawals, how much money did she have in the account after 1 year? _____
10. Pedro's check register showed a balance of \$550.94. His bank statement listed three items that did not appear in his register: earned interest of \$4.36, a service charge of \$5.50, and an ATM withdrawal of \$150. Reconcile Pedro's check register. _____
11. Find the effective rate of interest to the nearest hundredth percent if \$60.94 is earned in one year on a deposit of \$975. _____
12. On February 1, John deposited \$3,850 in a savings account that pays annual interest of 3.4% compounded quarterly. If he made no other deposits or withdrawals in the account, what interest would he earn by keeping his money on deposit until November 1? _____

Completion

Complete each sentence or statement.

13. A(n) _____ is the part of the checkbook in which deposits and checks are recorded.
14. Money paid to an individual or institution for the privilege of using their money is referred to as _____.
15. The process of using computers to transfer funds from person to person and bank to bank is called _____.
16. A(n) _____ is a monthly report sent out by banks listing account transactions.
17. The amount of money in a checking account is called the _____.
18. A(n) _____ is a deduction made by a bank for handling a checking account.

Short Answer

19. List three examples of ways by which customers can utilize electronic banking. _____

20. List the four items found on a checking account deposit slip. _____

