

NAME: _____

DATE: _____

PRE-QUIZ

Financial Institutions & Services

What + Why: A quick, ungraded check on what you already know—your answers help shape the learning ahead. It's okay not to know— just give it your best shot.

Instructions:

1. Answer each question as best you can.
 2. Circle the best answer for each question.
 3. Submit it when you're done.
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1. Credit unions may offer higher interest rates on savings accounts because they _____.
 - a. are member-owned, not-for-profit financial institutions
 - b. are insured by a different federal program than banks
 - c. are allowed to take larger investment risks than banks
 - d. are required by law to offer higher interest rates
 2. When demand for loans increases, interest rates typically _____.
 - a. decrease because lenders want to encourage more borrowing
 - b. remain fixed because banks set rates in advance
 - c. increase because more borrowers are competing for available funds
 - d. decrease because economic growth lowers borrowing costs

3. Dexter keeps all of his money in a mobile payment app rather than a bank account. Which **risk** is most likely?
 - a. The funds may not be protected by deposit insurance if the platform fails.
 - b. The funds could lose value due to market fluctuations.
 - c. The account cannot be accessed using a mobile device.
 - d. The user will be charged interest for keeping money in the account.

4. Linsee receives a paper paycheck and cashes it at a check-cashing service instead of using a bank account. What is a common drawback of this choice?
 - a. The service usually charges a fee to cash the check.
 - b. The service often requires a long-term savings contract.
 - c. The service automatically deposits the money into a bank account.
 - d. The service prevents the user from accessing the money immediately.