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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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 credit cards |

|  |  |
| --- | --- |
| *ANSWER:* | b |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2. Financial markets bring together \_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_.

|  |  |  |
| --- | --- | --- |
|   | a.  | ​households; banks |
|   | b.  | ​firms; households |
|   | c.  | ​borrowers; lenders |
|   | d.  | ​lenders; savers |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 3. Jenny has had a portion of stock in an e-commerce company for some time. She is ready to resell her stock. On what market would she do this?

|  |  |  |
| --- | --- | --- |
|   | a.  | ​After market |
|   | b.  | ​Resale market |
|   | c.  | ​Secondary market |
|   | d.  | ​Liquidity market |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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 |

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| 5. \_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_ are part of the "shadow banking industry."​

|  |  |  |
| --- | --- | --- |
|   | a.  | ​Insurance companies; credit unions; investment banks |
|   | b.  | ​Finance companies; mutual funds; private equity partnerships |
|   | c.  | ​Savings and loan associations; investment banks; mutual funds |
|   | d.  | ​Savings and loan associations; credit unions; investment banks |

|  |  |
| --- | --- |
| *ANSWER:* | b |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 6. ​Institutions that compete with commercial banks because they perform some but not all of the functions of commercial banks are said to be part of the \_\_\_\_\_\_\_\_\_\_ banking industry.

|  |  |  |
| --- | --- | --- |
|   | a.  | ​ghost |
|   | b.  | ​pseudo |
|   | c.  | ​shadow |
|   | d.  | ​competitive |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 7. One of the most important prices determined in financial markets is the \_\_\_\_\_\_\_\_\_\_ rate.

|  |  |  |
| --- | --- | --- |
|   | a.  | ​bond |
|   | b.  | ​stock |
|   | c.  | saving |
|   | d.  | ​interest |

|  |  |
| --- | --- |
| *ANSWER:* | d |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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 insurance companies. |
|   | d.  | ​government, finance companies, and mutual funds. |

|  |  |
| --- | --- |
| *ANSWER:* | c |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 9. Assets are things that are useful or things that have value.​

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

|  |  |
| --- | --- |
| *ANSWER:* | True |

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

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| --- | --- |
| *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.​ |

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