

## **Business and Personal Finance © 2012**

### **Chapter 14: Banking**

#### **Check Your Answers: Section Assessment**

##### **Section 1**

##### **Review Key Concepts**

1. For short-term needs: checking accounts and cashier's checks. For long-term needs: CDs and bonds, investment services, and budgeting.
2. Life insurance companies, investment companies, finance companies, and mortgage companies
3. Problematic businesses include pawnshops, checkcashing outlets, loan stores, and rent-to-own centers.
4. The Great Depression led to the failure of many banks and the creation of the FDIC.

##### **Higher Order Thinking**

5. Answers may vary but the students should realize that many banks offer free checking or savings accounts meaning you can cash a check for free.

##### **21st Century Skills**

6. **Access and Evaluate Information** Answers will vary. Students should compile information from three financial institutions and show reasoning.

##### **Mathematics**

7. **Checking Account** Bank A interest earned =  $\$500.00 \times 1.00\% = \$5.00$ ; Bank A fees =  $\$0.00$ ; Bank A net interest earned =  $\$5.00 - \$0.00 = \$5.00$ ; Bank B interest earned =  $\$500.00 \times 2.75\% = \$13.75$ ; Bank B fees =  $\$0.75 \times 12 \text{ months} = \$9.00$ ; Bank B net interest earned =  $\$13.75 - \$9.00 = \$4.75$ ; Bank A is the better choice.