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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?​   |  |  | | --- | --- | | *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.​ | |