EXAM INFORMATION

Exam Number
235

Items
58

Points
74

Prerequisites
NONE

Recommended Course Length
ONE SEMESTER

National Career Cluster
BUSINESS MANAGEMENT & ADMINISTRATION
FINANCE

Performance Standards
INCLUDED (OPTIONAL)

Certificate Available
YES

DESCRIPTION

Students will gain an understanding of the banking and financial industries. The course will include an understanding of basic economics as the underlying basis of the transfer and growth of money in the financial services system. Students will gain an understanding of the securities, banking, and insurance industries. This will include information that will not only help them to be better consumers, but to gain the skills and knowledge to begin pursuit of careers in the various fields and/or allow for college readiness.

EXAM BLUEPRINT

<table>
<thead>
<tr>
<th>STANDARD</th>
<th>PERCENTAGE OF EXAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Financial Services and Economy</td>
<td>11%</td>
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<tr>
<td>2- Career Opportunities</td>
<td>9%</td>
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<tr>
<td>3- Credit and Lending Functions</td>
<td>17%</td>
</tr>
<tr>
<td>4- Basic Financial Concepts</td>
<td>11%</td>
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<tr>
<td>5- Securities Market</td>
<td>15%</td>
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<tr>
<td>6- Stocks and Bonds</td>
<td>13%</td>
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<tr>
<td>7- Mutual Funds and ETFs</td>
<td>8%</td>
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<tr>
<td>8- Insurance</td>
<td>16%</td>
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STANDARD 1
STUDENTS WILL UNDERSTAND THE ROLE OF FINANCIAL SERVICES IN THE ECONOMY.

Objective 1 Introduce and describe the various financial products and services available (deposit accounts, investments, insurance).

Objective 2 Describe how a financial institution makes money (the fractional reserve system); the role of savers and borrowers; and how the money supply impacts global economies.

Objective 3 Describe common deposit accounts offered by financial institutions (savings, CDs, checking, money market).

Objective 4 Identify the various interest rates (prime, discount, etc.), their relationships, and their impact on the economy.

Objective 5 Define inflation, deflation, recession, and economic cycles and their impact on the economy.

Objective 6 Explore the current and past legislative and regulatory changes affecting financial services and products.

Standard 1 Performance Evaluation included below (Optional)

STANDARD 2
STUDENTS WILL UNDERSTAND TERMINOLOGY WITHIN THE FINANCIAL SERVICES INDUSTRY AND THE AVAILABLE CAREER OPPORTUNITIES.

Objective 1 Identify the differences between banks, credit unions, and other financial services institutions.

Objective 2 Define the roles and purposes of the Federal Reserve as a central bank.

Objective 3 Identify career opportunities in the financial services industry.

Objective 4 Explain the importance of ethics and the fiduciary duty between financial service professionals and their clients.

Standard 2 Performance Evaluation included below (Optional)

STANDARD 3
STUDENTS WILL UNDERSTAND CREDIT AND LENDING FUNCTIONS AND PRODUCTS WITHIN THE FINANCIAL SERVICES INDUSTRY.

Objective 1 Distinguish between open and revolving loans vs. closed and installment loans.

Objective 2 Understand what a mortgage is, and types of mortgages, mortgage fees, and how to compare mortgages.

Objective 3 Describe the process of applying for a loan.
Objective 4  Describe the requirements of lending institutions for credit approval (e.g., character, capacity, collateral, capital, conditions).
Objective 5  Identify ways to establish and maintain a good credit rating, the role of credit bureaus, and the debt-to-income ratio.
Objective 6  Describe current and past laws and regulations that relate to lending, including payday/title loan lenders.

Standard 3 Performance Evaluation included below (Optional)

STANDARD 4
STUDENTS WILL UNDERSTAND BASIC FINANCIAL CONCEPTS.

Objective 1  Explain the concept of compound interest and simple interest and the importance of time in accumulating wealth (APR should be included in discussion.).
Objective 2  Explain amortization and how interest rates affect the costs of loans, including usury laws.
Objective 3  Explain the risk/reward rule and identify potential exceptions and consequences as a result of understanding the rule.
Objective 4  Discuss the time value of money and the Rule of 72.
Objective 5  Understand tax implications of different financial products and services.

Standard 4 Performance Evaluation included below (Optional)

STANDARD 5
STUDENTS WILL UNDERSTAND THE STRUCTURE OF THE SECURITIES MARKETS.

Objective 1  Identify the various securities products and offerings.
Objective 2  Explain the role of FINRA, SEC, and the Federal Reserve in regulating securities activities, insider trading, and securities fraud.
Objective 3  Identify the various securities exchanges and the differences between them including New York Stock Exchange (NYSE Euronext), American Stock Exchange (AMEX), National Association of Securities Dealers Automated Quotation system (NASDAQ), and Chicago Board of Trade (CME group), over-the-counter (OTC) and penny stocks, and regional exchanges.
Objective 4  Identify international securities exchanges and the international foreign exchange market (FOREX).
Objective 5  Study the basics of the global currency markets and their impact.
Objective 6  Explain the importance and role of various tracking devices and indexes in the securities market (DJIA, S&P, Russell, etc.).
Objective 7  Describe the process of executing a stock transaction and tracking your portfolio.
Objective 8  Identify the difference between a bull and a bear market.

Standard 5 Performance Evaluation included below (Optional)
STANDARD 6
STUDENTS WILL UNDERSTAND THE PROCESS OF VALUING AND SELECTING STOCKS AND BONDS BASED ON RISK/TOLERANCE.

Objective 1 Discuss the various measurements of valuing a public company, including price earnings (PE) ratio, dividends, earnings per share (EPS), etc.

Objective 2 Identify the differences between common and preferred stocks (growth, value, penny, blue chip, etc.).

Objective 3 Define margin and short selling strategies.

Objective 4 Explain why stock prices change (supply, demand, stock splits, and current events).

Objective 5 Explain how to read and understand a stock quote.

Objective 6 Explain the concept of dollar-cost-averaging and its use to minimize risk.

Objective 7 Describe the characteristics of corporate bonds, convertible bonds, treasury bills and bonds, savings bonds, municipal bonds, and junk bonds.

Objective 8 Explain the process of a company choosing to issue stocks.

STANDARD 7
STUDENTS WILL UNDERSTAND THE BASICS OF MUTUAL FUNDS AND/OR ETF’S AS FINANCIAL SERVICE PRODUCTS.

Objective 1 Explain how to buy and sell mutual funds and/or EFTs as opposed to investing directly via individual stocks.

Objective 2 Describe the different fees associated with investing and owning mutual funds and/or EFTs.

Objective 3 Describe the net asset value (NAV) as it relates to the daily valuing of a mutual fund.

Objective 4 Compare and contrast EFTs and mutual funds (e.g., ease of trade, fees) through the securities markets.

Standard 7 Performance Evaluation included below (Optional)

STANDARD 8
STUDENTS WILL UNDERSTAND THE ROLE OF INSURANCE IN THE FINANCIAL SERVICES INDUSTRY.

Objective 1 Define insurance as it relates to the transfer of risk from one party to another.

Objective 2 Describe the regulatory environment of the insurance industry and explain the role of the State Insurance Commission.

Objective 3 Identify and describe different types of insurance, including, but not limited to: disability, auto, health, supplemental, Medicare, Medicaid, Social Security, product liability, errors and omission, life, credit, homeowners, renters, title, and mortgage.

Objective 4 Define basic terminology, including, but not limited to, premium, grace period, riders, endorsements, deductibles, liability, claims, insurance fraud, insurable interest and beneficiary.
Objective 5  Describe the benefits and restrictions of term life insurance.

Objective 6  Describe the characteristics of permanents life insurance, including face amount, cash value, premium, etc.

Standard 8 Performance Evaluation included below (Optional)
Banking and Finance Performance Standards (Optional)

Performance assessments may be completed and evaluated at any time during the course. The following performance skills are to be used in connection with the associated standards and exam. To pass the performance standard the student must attain a performance standard average of \textbf{8 or higher} on the rating scale. Students may be encouraged to repeat the objectives until they average \textbf{8 or higher}.

Students Name_________________________________________________________________

Class_________________________________________________________________________

<table>
<thead>
<tr>
<th>Performance Rating Scale</th>
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**STANDARD 1 Financial Services and Economy**  
- Explain the role of the Financial Services industry in our economy  

**STANDARD 2 Career Opportunities**  
- Identify multiple career opportunities in the financial services industry.

**STANDARD 3 Credit and Lending Functions**  
- Understand the advantages and disadvantages of obtaining and extending credit.

**STANDARD 4 Basic Financial Concepts**  
- Demonstrate competency using financial calculations in creation of wealth.

**STANDARD 5 Securities Market**  
- Explain the process of a securities transaction.  
- Demonstrate the correct reading of a variety of securities quotes.

**STANDARD 7 Mutual Funds and ETFs**  
- Explain the difference between mutual funds and other investment tools.

**STANDARD 8 Insurance**  
- Explain insurance products and how it relates to the financial industry.

**PERFORMANCE STANDARD AVERAGE SCORE:**

Evaluator Name __________________________________________________________________

Evaluator Title ___________________________________________________________________

Evaluator Signature ________________________________________________________________

Date __________________________________________________________________________
Banking and Finance Vocabulary

Adjuster
Agent
AMEX (American Stock Exchange)
Auto Loans
Bank Manager
Bank Loan Officer
Bank Teller
Bear Market
Beneficiary
Bonds:
- Convertible
- Corporate
- Municipal
- Savings
- Treasury
Bull Market
Cash Value
Co-signer
Collateral
Collision Coverage
Common Stock
Compound Interest
Comprehensive Coverage
Convertible Bond
Corporation
Credit
Credit Rating
Credit Union
Debt: Income Ratio
Deductible
Discount Broker
Dividends
DJIA (Dow Jones Industrial Average)
Discount Rate
Dollar Cost Averaging
Dow Jones Industrial Average
Family of Funds
FDIC (Federal Deposit Insurance Corporation)
Federal Reserve
Financial Institution
Financial Planner
Front Load
FSLIC
Full Service Broker
Grace Period
Group Health Insurance
Homeowners Insurance
Individual Health Insurance
Inflation
Initial Public Offering (IPO)
Insider Trading
Insurance
Interest Rate
Liability Limits - 100/250/100
Liability Coverage
Life Insurance
Limited Liability
Load
Loans
Management Fees
Margin
Market Maker
Municipal Bond
Mutual Funds
NASDAQ (National Association of Securities Dealers)
NASDAQ (National Association of Securities Dealers Automated Quotation system)
NCUA (National Credit Union Association)
NAV (Net Asset Value)
No Fault Insurance
Non-taxable Income
NYSE (New York Stock Exchange)
OTC (Over the Counter Market)
Payment
Penny Stocks
Preferred Stock
Premium
PE Ratio (Price Earnings Ratio)
Prime Rate
Principal
Property Casualty Insurance
Prospectus
Requirements for a loan
Riders/Endorsements
Risk/Return
Savings Bond
SEC (Securities and Exchange Commission)
Short Selling
Specialist
Spread
S&P 500 (Standard & Poors 500)
State Insurance Commission
Stock Split
Stock Options
Tax Free
Tax Deferred
Tax Deductible
Tax Exempt
Term
Term Life
Ticker Tape
Time Value of Money
Treasury Bill
Universal Life
Voluntary Compliance
Whole Life Insurance