

INTRODUCTION TO BUSINESS AND FINANCE
FINAL EXAMINATION KEY
FALL 2014

SECTION I
MULTIPLE CHOICE

From the following selections below, pick the BEST answer from the choices offered:

Community Bank

Jeffrey is the training manager for the Community Bank in Maryland. Jeffrey has developed a training program for all new employees that emphasizes understanding the basics of money. Jeffrey and the bank's management believe that if the employees understand the basics of money, they can utilize the information in their own personal finances as well as guide and answer questions from bank customers.

The bank recently hired Laila. She was hired at a high-level position because she brought with her extensive bank management experience. Laila's responsibilities included making sure that the reserve requirement would always be met and keeping track of the interest rate that the Federal Reserve System charged for loans to member banks.

1. Refer to Community Bank. In his training, when Jeffrey suggests that money should retain its value over time, which of the following characteristics is he referring to?
 - a. Difficulty of counterfeiting
 - b. Liquidity
 - c. Divisibility
 - d. **Stability**
 - e. Portability

2. Refer to Community Bank. In giving examples to new employees, Jeffrey has indicated that when customers put their money in a bank, some are looking to retain and accumulate wealth. This refers to which of the following functions of money?
 - a. Money as a measure of value
 - b. Money as a portable exchange
 - c. **Money as a store of value**
 - d. Money as a medium of exchange
 - e. Money as a clearinghouse

3. Refer to Community Bank. One employee asked Jeffrey how much money could be found in the whole country. Jeffrey indicated that the government tracks this type of information via supply of money. What are the main measures of the supply of money?
 - a. One: M_1
 - b. Four: M_1, M_2, M_3, M_4
 - c. **Two: M_1, M_2**
 - d. Five: M_1, M_2, M_3, M_4, M_5
 - e. Three: M_1, M_2, M_3

4. Refer to Community Bank. Because of her previous banking experience, Laila knows that a reserve requirement is
 - a. **the percentage of its deposits a bank must retain, either in its own vault or on deposit with its Federal Reserve District Bank.**
 - b. the percentage of its loans a bank must retain with its Reserve District Bank as deposits.
 - c. the percentage of its deposits a bank must send in taxes.
 - d. the percentage of its credit card balance a bank must retain in the customers' accounts.
 - e. certain accounts a bank must reserve for really wealthy customers.

5. Refer to Community Bank. One of Laila's responsibilities is keeping track of the interest rate that the Federal Reserve System charges for loans to member banks. Which of the following should Laila be tracking?
 - a. Federal rate
 - b. FRS rate
 - c. Reserve rate
 - d. **Discount rate**
 - e. System rate

M&B Bank

Ken is a senior manager at M&B Bank. Initially, he started as a front counter worker and slowly progressed up the career ladder. In his role as a senior manager, Ken is keeping a keen eye on the industry, the Federal Reserve System, and the bank's competitors. Ken's previous boss did not do that well, and as a result the bank had suffered.

Several employees have pointed out that many businesses are not aware of the procedures for or a systematic way to evaluate the creditworthiness of their customers, collect past-due payments from customers, and protect their businesses from such losses. Based on feedback from several employees, M&B has decided to offer credit-counseling workshops for individuals and small businesses.

6. Refer to M&B Bank. Ken was concerned about the method used by the Federal Reserve System to control the money supply. He believed this would result in the bank having less money to lend to customers. Which of the following methods refers to Ken's concern?
 - a. Increase the discount rate.
 - b. Decrease the reserve requirement.
 - c. **Sell government securities.**
 - d. Buy government securities.
 - e. Decrease the discount rate.

7. Refer to M&B Bank. M&B is chartered by the U.S. Comptroller of the Currency. M&B can be described as which of the following?
 - a. Non-commercial bank
 - b. Regional bank
 - c. State bank
 - d. Credit union
 - e. **National bank**

8. Refer to M&B Bank. As Ken keeps an eye on the industry, he notices many changes. Which of the following is *not* a change that Ken would have noticed or obtained information about?
- Importance of customer service**
 - Consolidation and mergers
 - Increased competition from nonbank competitors
 - Growth in online banking
 - Decrease in the use of credit cards and debit cards
9. Refer to M&B Bank. While offering the credit-counseling workshops, the facilitator lists the five Cs of credit. Which of the following refers to the borrower's attitude toward credit obligations?
- Capacity
 - Character**
 - Collateral
 - Capital
 - Conditions
10. A system of exchange in which goods and services are traded directly for other goods and services is called a(n) _____ system.
- monetary
 - barter**
 - exchange
 - mercantile
 - trading
11. The United States trades a shipment of wheat to Saudi Arabia in exchange for a shipment of oil. This type of arrangement is called
- an exchange medium.
 - barter.**
 - an auction.
 - a moneyless transfer.
 - electronic commerce.
12. Anything used by a society to purchase products and services or resources is called
- money.**
 - barter.
 - capital.
 - cash.
 - funds.
13. When Skye purchases a meal at Hardee's, she will probably use the most common form of money today, which is
- gold.
 - a credit card.
 - a debit card.
 - currency.**
 - bartering.

14. In many stores in Canada, U.S. currency is accepted for payment because the retailers know that their suppliers and other customers will also accept it. In this example, money serves as a
- medium of exchange.**
 - measure of exchange.
 - store of value.
 - foreign exchange currency.
 - measure of value.
15. In explaining *money* to his twelve-year-old, Mike, the president of a small business, said that money is “symbolic.” This should be correctly interpreted to mean that money is
- an artificial device that aids in the exchange of resources for products, services, and resources.**
 - a tangible asset.
 - meaningless.
 - abstract rather than practical.
 - beneficial to the buyer, not the seller.
16. A single standard that is used to assign value to or compare values of products or services is called
- a store of value.
 - barter.
 - a medium of exchange.
 - capital.
 - a measure of value.**
17. It is easy for Mark to compare the differences in price when he is shopping for a new truck because money is a
- measure of value.**
 - medium of exchange.
 - measure of exchange.
 - store of value.
 - standard intermediary.
18. Because it is the common denominator that we use to compare products and decide which ones we will buy, money functions as a(n)
- accepted resource.
 - commercial tool.
 - measure of value.**
 - instrument of socialism.
 - medium of exchange.

19. Ricardo Martinez collected \$300 last weekend for mowing yards. Rather than spending the money immediately, he set it aside in an interest-bearing account. He hopes to accumulate more than \$3,000 to offset his college expenses this fall. For Ricardo, money is serving as a
- measure of the current exchange rate.
 - medium of exchange.
 - measure of value.
 - store of value.**
 - barter
20. Usually money is used as a
- store of wealth.
 - means of payment.
 - medium of exchange.
 - measure of value.
 - All are acceptable uses of money.**
21. Money that is held and spent later represents a _____, or a means for retaining and accumulating wealth.
- denomination
 - near-money
 - common denominator
 - store of value**
 - standard unit
22. Vince is saving to buy his first car. The Mini Cooper he wants is \$28,000 right now, but it will take at least a year for him to accumulate the down payment. He also knows that although money is a store of value, he will probably need more than \$28,000 to buy the car next year because of
- bartering.
 - deflation.
 - low interest rates.
 - inflation.**
 - recession.
23. Which of the following statements is *false*?
- Inflation is a general rise in the level of prices.
 - Inflation can affect an individual's purchasing power when money is used as a store of value.
 - The consumer price index is based on two factors: the cost of housing and the cost of transportation.**
 - The consumer price index measures the changes in prices of goods purchased by a typical consumer.
 - The base amount for the consumer price index is 100.
24. Michael's total purchase at Subway is \$7.58. He pays with a ten dollar bill knowing he will receive the appropriate change because money is
- portable.
 - durable.
 - stable.
 - multipliable.
 - divisible.**

25. Along with stability, all of the following are characteristics of money *except*
- durability.
 - profitability.**
 - difficulty of counterfeiting.
 - portability.
 - divisibility.
26. Brian can easily carry \$100 in his wallet because money is
- the same as credit cards.
 - divisible.
 - stable.
 - portable.**
 - durable.
27. During periods of high inflation, money loses which essential characteristic?
- Divisibility
 - Portability
 - Stability**
 - Durability
 - Difficulty of counterfeiting
28. In her college economics class, Kelly will give a report on money. The title of her paper is "Money: It Doesn't Disintegrate When Handled or Melt in the Sun." Which of the five essential elements of money will she talk most about?
- Divisibility
 - Portability
 - Stability
 - Durability**
 - Difficulty to counterfeit
29. If a subcultural group in Africa started its own country, it should *not* use tissue paper to print currency because money should have
- divisibility.
 - portability.
 - durability.**
 - sustainability.
 - stability.

30. Jeff Becker is a truck driver for Eastside Distributors. As part of his job, he not only delivers merchandise but is involved in selling, inventory control, and collecting on accounts. Tuesday was a banner collection day for Jeff. He collected money on nearly every account. However, he did not take the time to count the cash carefully because he also had to take over another truck driver's route. He knew that according to company policy, he would have to make up any shortage. When he checked in for the day, the bookkeeper told him that one of his twenties was "no good." Jeff demanded a second expert opinion because money is
- divisible.
 - portable.
 - stable.
 - durable.
 - difficult to counterfeit.**
31. Amounts held on deposit in checking accounts are
- demand deposits.**
 - the M_2 supply of money.
 - time deposits.
 - near-monies.
 - transfer deposits.
32. Nancy Murray has \$6,000 in demand deposits with the Teachers Credit Union. This means that she has \$6,000 in
- savings accounts.
 - checking accounts.**
 - certificates of deposit.
 - IRA accounts.
 - Keogh accounts.
33. All of the following are time deposits *except*
- money-market mutual fund shares.
 - short-term government securities.
 - an interest-bearing savings account.
 - a checking account.**
 - certificates of deposit.
34. Thad deposits \$2,000 in an interest-bearing savings account. This means that Thad has \$2,000 in
- demand deposits.
 - time deposits.**
 - money supply.
 - checking accounts.
 - available accounts.
35. Time deposits include
- near-monies.**
 - demand deposits.
 - NOW accounts.
 - checking accounts.
 - negotiable order of withdrawal accounts.

36. Neal has \$25,000 invested in a money-market mutual fund. This type of fund is an example of
- near-monies.**
 - a demand deposit.
 - M₃.
 - a checking account.
 - an insurance policy.
37. Which of the following would *not* be included in the M₁ definition of money?
- Coins
 - Paper currency
 - Small-denomination CDs**
 - Travelers checks
 - Demand deposits
38. M₁ and M₂ are both measures of
- demand deposits.
 - gross domestic product.
 - reserve requirement levels.
 - the supply of money.**
 - inflation.
39. Dorothy Richards has a certificate of deposit for \$40,000 at a local bank. This \$40,000 would be included in
- M₁.
 - M₂.**
 - M₃.
 - M₁ and M₂.
 - M₁, M₂, and M₃.
40. The definition of M₂ includes M₁ (currency and demand deposits) plus savings accounts, certain money-market securities, and
- the value of stock owned by individuals.
 - the value of homes owned by individuals.
 - time deposits of more than \$100,000.
 - certificates of deposit of less than \$100,000.**
 - foreign currency deposited in U.S. banks.
41. A friend overhears your conversation with another friend, who is discussing his new job with “the Fed.” What does the term *Fed* stand for?
- Federal Education System
 - Federal Monetary System
 - Federal Reserve Board**
 - U.S. Congress
 - The executive branch of the U.S. government

42. The Federal Reserve System was organized in
- a. 1893.
 - b. 1933.
 - c. **1913.**
 - d. 1943.
 - e. 1981.
43. Your friend Elizabeth says that all the Fed does is lower or raise interest rates. You explain that the Fed's actual mission is to
- a. **maintain an economically healthy and financially sound business environment.**
 - b. set the rules and regulations with which all banks are required to comply.
 - c. prevent a recession at all costs.
 - d. manipulate the market through the regulation of reserve requirements.
 - e. buy and sell government bonds as part of open-market operations.

44. The Federal Reserve System is controlled by the
- a. **board of governors.**
 - b. president of the United States.
 - c. U.S. Senate.
 - d. member banks.
 - e. U.S. Treasury Department.

ANS: A PTS: 1 DIF: Difficulty: Easy
REF: p. 525 OBJ: LO: 18-2 NAT: BUSPROG: Analytic
TOP: The Federal Reserve System KEY: Bloom's: Knowledge

45. The seven members of the Federal Reserve System are
- a. elected in a general election.
 - b. appointed by the Senate.
 - c. **appointed by the president.**
 - d. employees of the U.S. Treasury Department.
 - e. appointed by the House of Representatives.
46. The Senate confirms the appointment of each member of the board of governors for a term of _____ year(s).
- a. one
 - b. five
 - c. eight
 - d. ten
 - e. **fourteen**
47. In the Federal Reserve System, there are _____ district banks.
- a. twenty-four
 - b. nineteen
 - c. fifteen
 - d. **twelve**
 - e. eight

48. How many branch banks are in the Federal Reserve System?
- Five
 - Seven
 - Twelve
 - Fourteen
 - Twenty-four**
49. During the recent economic crisis, the Fed took several important steps to attempt to minimize the effects of the crisis for both businesses and individuals. Which of the following was *not* a step that the Fed took during this time?
- Expanded its network of district banks to 18**
 - Provided liquidity
 - Supported troubled financial markets
 - Supported important financial institutions
 - Conducted stress tests for major banks
50. Of the following, which is *false* about the “stress” tests that were instituted and conducted by the Federal Reserve and other federal agencies?
- The tests were conducted in spring of 2009.
 - The tests measured how well banks could weather the economic crisis.
 - The tests were conducted with the 19 largest U.S. banks.
 - The banks that failed were provided non-recourse loans to help secure the banks’ survival.**
 - Banks that failed the test were required to obtain new capital through stocks and bonds or accept federal government funds.
51. What is commercial paper?
- A specific amount on deposit in a checking account that is owned by corporations
 - A synonym for near-monies
 - Interest-bearing bonds offered by large corporations
 - Long-term bonds issued by only the largest U.S. corporations
 - Short-term promissory notes issued by large corporations**
52. The primary function of the Fed is to
- charter national banks.
 - regulate the supply of money in the world to support capitalism.
 - appoint its board members.
 - charter district banks.
 - regulate the supply of money in the United States to maintain a healthy economy.**
53. All of the following are functions of the Federal Reserve System *except* to
- regulate the supply of money.
 - insure commercial depositors’ deposits when there is a bank closure.**
 - inspect U.S. currency.
 - set margin requirements.
 - be a clearinghouse for checks.

54. The percentage of deposits that a bank must retain for depositors is called
- the demand deposit.
 - a trust fund.
 - amortization.
 - collateral.
 - a reserve requirement.**
55. XYZ Bank has total time deposits of \$100 million. The Federal Reserve requires this bank to maintain 10 percent of its deposits. In this situation, the bank must maintain
- \$0.
 - \$1,200,000.
 - \$10,000,000.**
 - \$24,000,000.
 - \$100,000,000.
56. First State Bank has \$50 million in deposits, and the reserve requirement is 10 percent. How much can it lend?
- \$5 million
 - \$50 thousand
 - \$40 million
 - \$55 million
 - \$45 million**
57. Which of the following statements is *true*?
- The process of deposit expansion decreases the amount of money a bank can lend to borrowers.
 - The process of deposit expansion is forbidden by the Federal Reserve.
 - The Federal Reserve uses deposit expansion to counteract the effects of inflation.
 - The Federal Reserve uses deposit expansion to slow down the growth rate of the economy.
 - Deposit expansion can increase the amount of money a bank can lend to borrowers.**
58. At the bank where Natasha works, loans are made on the money that customers deposit and then in turn on what borrowers deposit, which allows the bank to make more loans. This is referred to as
- reserve requirements.
 - duplicate lending.
 - open-market operations.
 - margin lending.
 - deposit expansion.**

59. Which of the following methods does the Federal Reserve System *not* use to control the money supply and the economy?
- Buys government securities and bonds
 - Increases the reserve requirement
 - Increases the discount rate
 - Lends money to private businesses**
 - Sells government securities and bonds
60. When reserve requirements are low, there is
- an increase in the overall money supply.**
 - less money to lend customers.
 - a reduction in the overall money supply.
 - an economic slowdown.
 - None of these answers are correct.
61. Increasing the reserve requirement is a powerful _____ weapon that reduces the overall supply of money.
- depression
 - anti-government
 - inflationary
 - anti-inflation**
 - recessionary
62. The interest rate that the Federal Reserve System charges for loans to member banks is called the
- reserve requirement.
 - open-market rate.
 - margin requirement.
 - secured rate.
 - discount rate.**
63. When the Fed lowers the discount rate, money
- is as easy to obtain as before the action.
 - is easier to obtain.**
 - is harder to obtain.
 - cannot be obtained.
 - is not as easy to obtain as before.
64. Recall a time when the economy was very strong for several years, and business was booming. During that time, however, prices began to increase, and there was fear that the increase may have continued for an extended period of time. Which of the following actions could the Fed have taken to counteract the increasing prices?
- Raise the discount rate.**
 - Lower the reserve requirement.
 - Buy government bonds.
 - Increase the overall supply of money.
 - Decrease overall interest rates.

65. When the discount rate is increased,
- there is more money for banks to lend.
 - there is an increase in the overall money supply.
 - there is increased economic activity.
 - there is an economic slowdown.**
 - the banks will pay less interest to borrow from the Federal Reserve Bank.
66. The economy in the United States has been lagging and is in danger of falling into a recession or even a depression. Based on historical actions, which of the following is the Fed *most likely* to do as a primary means to control the economy?
- Lower the reserve requirement.**
 - Raise the discount rate.
 - Buy government securities.
 - Lower the prime rate.
 - Sell government securities.
67. The buying and selling of U.S. government securities by the Federal Reserve System for the purpose of controlling the supply of money is called
- tendering.
 - subscribing.
 - open-market operations.**
 - brokering.
 - discounting.
68. One method the Federal Reserve System uses to slow the economy is to
- sell government bonds to banks and other businesses.**
 - decrease reserve requirements.
 - decrease the discount rate.
 - buy government securities.
 - decrease salaries paid to the board of governors.
69. When the Federal Reserve wants to stimulate the economy, it is likely to
- increase the reserve requirement.
 - increase the discount rate.
 - buy government bonds from banks and other businesses.**
 - increase the margin requirements.
 - prohibit borrowing from commercial banks.
70. Which of the following pairs of tools both have the same effect on the economy?
- Increasing the reserve requirement and decreasing the discount rate
 - Buying government securities and increasing the discount rate
 - Decreasing the reserve requirement and selling government securities
 - Selling government securities and increasing the reserve requirement**
 - Buying government bonds and increasing the reserve requirement
71. When the Fed buys and sells securities, the goal is to
- sell as many 30-year government securities as possible.
 - increase or decrease the federal funds rate.**
 - reduce the national debt.
 - encourage businesses to borrow more money and hire more employees.
 - reduce taxes and encourage government spending.

72. Which of the following statements is *false*?
- The federal funds rate is the interest rate at which a bank lends funds to another bank.
 - The federal funds rate is determined by the open market.
 - The federal funds rate is established on a semiannual basis by the board of governors of the Federal Reserve.**
 - The discount rate is different from the federal funds rate.
 - The discount rate is the interest rate paid by a member bank to borrow funds from the Fed.
73. The U.S. government's bank is
- the Department of Commerce.
 - the Federal Reserve.**
 - Chase Manhattan of New York.
 - the World Bank.
 - the International Monetary Fund.
74. Maria Salvador from Dallas sighed as she wrote a check for her last payment to a Houston jeweler from whom she had bought a beautiful diamond. She anticipated that it would take four to five days for the check to reach the jeweler and for him to deposit it and another two or three days for the check to clear through the
- Federal Reserve System.**
 - Federal Reserve Board.
 - Federal Reserve Open Market Committee.
 - jeweler's bank.
 - Houston bank.
75. Kimberly writes a check from her checking account at Citizens' Bank for a new dress at a local dress shop, Capagallos. Capagallos's bank is the First National Bank of the local area. How does the check-clearing process work in this scenario?
- The check likely goes through a local clearinghouse since the banks are both located in the same town.**
 - The check will be sent to the main branch of Kimberly's bank and then sent through the Federal Reserve System to be cleared.
 - Kimberly will actually have to take her check to First National Bank in order to complete the transaction.
 - The check will travel immediately from Capagallos to the nearest branch of the Federal Reserve System and will be cleared there.
 - Kimberly will have to have her bank approve the check and then the check will go to First National Bank.
76. The typical dollar bill has an expected life span of
- less than two years.**
 - about six months.
 - three years.
 - five years.
 - seven years.

77. All of the following are responsibilities of the Federal Reserve System *except*
- serving as the government bank.
 - inspecting currency and destroying worn currency.
 - enforcing the Truth-in-Lending Act.
 - clearing checks and electronic transfers.
 - negotiating loans for the government.**
78. The ____ requires lenders to clearly state the annual percentage rate and total finance charge for a consumer loan.
- Equal Employment Opportunity Act
 - Equal Pay Act
 - Truth-in-Lending Act**
 - Civil Rights Act
 - Fair Credit Reporting Act
79. The minimum amount of the purchase price of certain stock transactions that must be paid in cash is called the
- down payment.
 - reserve requirement.
 - collateral.
 - margin.**
 - line of credit.

ANS: D PTS: 1 DIF: Difficulty: Easy
REF: p. 530 OBJ: LO: 18-2 NAT: BUSPROG: Analytic
TOP: The Federal Reserve System KEY: Bloom's: Knowledge

80. When the Federal Reserve System sets a new margin requirement, it is regulating the
- commercial bank industry.
 - credit unions.
 - buying of securities.**
 - savings and loan associations.
 - national banks.
81. With a margin requirement of 50 percent,
- a bank has to keep 50 percent of its deposits with its Federal Reserve District Bank or within its own vaults.
 - a bank can lend 50 percent of its deposits to individuals and firms.
 - an investor purchasing \$6,000 in stock must pay at least \$3,000 of it in cash.**
 - an investor purchasing \$6,000 in stock must pay at least \$50 of it in cash.
 - investors must invest in something yielding a 50 percent return on their investment.
82. If Jamie wanted to purchase Disney stock using borrowed money and had \$4,000 of her own money to use, what is the maximum amount of stock she can purchase with a margin requirement of 50 percent?
- \$2,000
 - \$4,000
 - \$0
 - \$8,000**
 - \$6,000

83. Which of the following is *not* considered a goal of new government banking and financial organization by the Obama administration?
- Provide economic growth in coordination with full employment.**
 - Provide a foundation for stable economic growth.
 - Require financial institutions to pay back bailout funds.
 - Curb high-risk investment strategies.
 - Protect families from unfair, abusive financial and banking practices.
84. Federal Savings Bank of Columbia is a for-profit organization that accepts deposits from all its customers, provides them with services, and makes loans. This is a(n)
- investment banking firm.
 - savings and loan association.
 - credit union.
 - brokerage firm.
 - commercial bank.**

ANS: E PTS: 1 DIF: Difficulty: Easy
REF: p. 531 OBJ: LO: 18-3 NAT: BUSPROG: Analytic
TOP: The American Banking Industry KEY: Bloom's: Knowledge

85. Like other businesses, a bank's primary mission is to
- store money.
 - supply money.
 - provide check-clearing services.
 - meet the needs of its customers while earning a profit.**
 - give financial advice.
86. Banks must meet certain requirements before they receive a charter, or permission to operate from authorities, because
- bankers can't be trusted.
 - they own lots of money.
 - they control the companies to which they make loans.
 - there are thousands of them in the United States.
 - they deal with money belonging to other individuals and firms.**
87. ____ banks are chartered by the U.S. Comptroller of the Currency.
- U.S.
 - State
 - National**
 - City
 - Commercial
88. There are approximately ____ national banks in the United States.
- 1,400**
 - 1,800
 - 2,500
 - 4,100
 - 6,300

89. Palmer Bank was chartered by the Illinois banking authorities. It has had both state and federal banking authorities stop by for unannounced inspections of its operations. Palmer Bank is a
- national bank.
 - state bank.**
 - credit union.
 - savings and loans association.
 - federal bank.
90. In 2011 the seven largest banks in the United States were
- mutual banks.
 - national banks.**
 - state banks.
 - credit unions.
 - savings banks.

SECTION II TRUE/FALSE

Select "A" on your Scantron sheet for "True" and "B" for "False"

91. . A barter system exists when one person trades goods or services to another person for money. **B**
92. Metal coins and paper bills, which generally are called currency, are the objects most commonly used for money. **A**
93. . Money serves as a measure of value when it is used as a yardstick to compare values of products, services, or resources. **A**
94. In an inflationary period, as prices go up, money gains value because it can buy more. **B**
95. Inflation is a general rise in the level of prices. **A**
96. The standard unit of money must be divisible into smaller units to accommodate small purchases as well as large ones. **A**
97. Five-, ten-, twenty-, fifty-, and hundred-dollar bills provide portability and make money easy to carry. **A**
98. When money does not retain its value over a period of time, people tend to lose faith in their monetary system and turn to other means of storing wealth. **A**
99. A nation's currency should be easy to imitate and copy in order to make it more stable for conducting transactions. **B**
100. On the first day of MGMT 5, Professor Harris played a hip-hop song which asked the question: "Who Do You Love?" Professor Harris answered that by the end of the semester your answer would be him. Was Professor Harris' statement true or false? **A**