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Self-Made Assignment - Advance Accounting

Introduction to Financial System

Answer The Following Multiple Choice Questions:

1. What is a financial system?
 - a) A system to produce goods and services
 - b) A network of transportation facilities
 - c) A network of institutions and markets that facilitate the movement of money
 - d) A government program to support small businesses
2. Which of the following is NOT a component of a financial system?
 - a) Financial institutions
 - b) Financial markets
 - c) Manufacturing units
 - d) Financial instruments
3. Which institution is an example of a financial intermediary?
 - a) Retail store
 - b) Bank
 - c) School
 - d) Police department
4. What role do financial markets play in the financial system?
 - a) Manufacture financial instruments
 - b) Provide storage for cash
 - c) Trade financial assets
 - d) Enforce financial laws
5. Which of the following is a financial instrument?
 - a) Invoice
 - b) Bond
 - c) License
 - d) Receipt
6. The stock market is an example of a:
 - a) Financial instrument

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- b) Financial institution
- c) Financial service
- d) Financial market

7. The primary purpose of the financial system is to:

- a) Collect taxes
- b) Promote exports
- c) Facilitate economic activities
- d) Reduce population

8. Which of the following provides financial services like investment advice and wealth management?

- a) Police department
- b) Investment companies
- c) Construction companies
- d) Hospitals

9. Savings in the financial system represent:

- a) Demand for funds
- b) Tax liabilities
- c) Supply of funds
- d) Business expenses

10. Which activity comes after savings in the flow of funds?

- a) Borrowing
- b) Investment
- c) Intermediation
- d) Reinvestment

11. What is the role of banks in the financial system?

- a) Act as regulators
- b) Collect and redistribute funds
- c) Manufacture currency
- d) Produce goods

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12. When funds are used for productive purposes like building factories, this is called:
- Intermediation
 - Saving
 - Investment
 - Liquidity
13. What encourages savers to continue investing in the financial system?
- Government subsidies
 - High tax rates
 - Returns on investments
 - Inflation
14. Insurance companies are examples of:
- Financial instruments
 - Financial markets
 - Financial institutions
 - Financial returns
15. A person depositing money in a savings account is an example of:
- Borrowing
 - Investment
 - Saving
 - Reinvestment

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