

Banking and Finance

Exam Information	Description
Exam number 235 Items 58 National Career Cluster Business Management & Administration Finance Certification available Yes	The Banking and Finance industry certification exam covers an understanding of the banking and financial industries. Learners are assessed on basic economics as the underlying basis of the transfer and growth of money in the financial services system. The exam assesses learners' understanding of the securities, banking, and insurance industries to become better consumers and gain the skills and knowledge to begin pursuing careers in various fields and/or prepare for college readiness.

Exam Blueprint and Performance Skills

Standard	Percentage of exam score
1. Financial Services & Economy	11%
2. Career Opportunities	9%
3. Credit & Lending Functions	17%
4. Basic Financial Concepts	11%
5. Securities Market	15%
6. Stock & Bonds	13%
7. Mutual Fund & ETFs	8%
8. Insurance	16%

*Includes performance skill evaluation

Standard 1 - Financial Services & Economy

Candidates 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.

Optional: Standard performance evaluations on the final page of this document

Standard 2 - Career Opportunities

Candidates 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.

Optional: Standard performance evaluations on the final page of this document

Standard 3 - Credit & Lending Functions

Candidates 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.

Optional: Standard performance evaluations on the final page of this document

Standard 4 - Basic Financial Concepts

Candidates 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.

Optional: Standard performance evaluations on the final page of this document

Standard 5 - Securities Market

Candidates 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 6 - Stock & Bonds

Candidates 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.

Optional: Standard performance evaluations on the final page of this document.

Standard 7 - Mutual Fund & ETFs

Candidates 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.

Optional: Standard performance evaluations on the final page of this document.

Standard 8 - Insurance

Candidates 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 permanent life insurance, including face amount, cash value, premium, etc.

Optional: Standard performance evaluations on the final page of this document.

Performance Skills Evaluation

Exam name: Banking and Finance

Candidate Name: _____

Performance assessments may be completed and evaluated any time before the certification is issued. The following performance skills can be used in connection with the associated standards and exam. The evaluator will function as the subject matter expert to determine if the candidate meets the skills requirements with a Yes/No for passing.

Standard 1 – Financial Services and Economy Explain the role of the Financial Services industry in our economy	Pass:
Standard 2 – Career Opportunities Identify multiple career opportunities in the financial services industry.	Pass:
Standard 3 – Credit and Lending Functions Understand the advantages and disadvantages of obtaining and extending credit.	Pass:
Standard 4 – Basic Financial Concepts Demonstrate competency using financial calculations in creation of wealth.	Pass:
Standard 5 – Securities Market - Explain the process of a securities transaction - Demonstrate the correct reading of a variety of securities quotes.	Pass:
Standard 7 – Mutual Funds and ETFs Explain the difference between mutual funds and other investment tools.	Pass:
Standard 8 – Insurance Explain insurance products and how it relates to the financial industry.	Pass:

Evaluator Name: _____

Date: _____