Questions

1. Money markets typically have maturity period
   A. Less than 1 year
   B. 5 to 10 years
   C. More than 10 years

2. The branch of knowledge that studies the allocation of scarce resources in best possible manner is
   A. Sociology
   B. Economics
   C. Philosophy

3. A type of economy where individuals and private companies own the majority resources and make their own decisions on what and how to produce is called a
   A. Capitalist economy
   B. Socialist planned economy
   C. Neither A nor B

4. Land and property generally have ______ liquidity as compared to shares of a publically traded company
   A. Lower
   B. Higher
   C. Equal

5. Laws and regulations are generally made by
   A. Investment Banks
   B. Insurance companies
   C. Legislatives and agencies

6. A company’s accounting and internal controls are most likely evaluated by
   A. Analysts
   B. Brokers
   C. Auditors

7. Which of the following Investment industry individuals manage the investments of their high net-worth clients?
A. Institutional investors
B. Asset managers
C. Retail investors

8. Which of the following is a force driving the investment industry?
   A. Competition
   B. Globalization
   C. Both A & B

9. All the countries of the world have __________ level of care.
   A. Uniform
   B. Different
   C. Negligible

10. One of the benefits of investment industry to the economy is:
    A. Increase in risk
    B. Decrease in efficiency
    C. Increase in liquidity

Solution
1. A
   • Money markets are financial markets that have maturity < 1 year

2. B
   • Economics deals with the allocation of scarce resources in best possible manner

3. A
   • In a capitalist economy all individuals and private companies own the majority resources and make their own decisions on what and how to produce.

4. A
   • Land and property generally have lower liquidity as it is much easier to sell stock on a stock exchange quickly without affecting its value
5. C

- Laws are generally passed by legislative bodies
- Regulations are created by agencies

6. C

- Auditors evaluate a company’s accounting and internal controls
- Whereas, analysts analyze information and prepare detailed reports and brokers arrange transactions

7. B

- **Asset managers** are individuals who use their experience and knowledge to manage the investments of their high net-worth clients

8. C

- Key drivers of the investment industry are Competition, Technology, Globalization and Regulation

9. B

- Different countries have different requirements on level of care

10. C

- Investment industry provides liquidity by bring together buyers and sellers and reducing the time for matching them