

Banking Exam Practice Test Questions and Answers

1. What is the primary function of the Federal Reserve System?

- A) To regulate state banks only
- B) To serve as the central bank and regulate monetary policy
- C) To provide loans to individuals
- D) To insure bank deposits

2. What does FDIC insurance protect?

- A) Investment losses in the stock market
- B) Bank deposits up to \$250,000 per depositor per bank
- C) Credit card debt
- D) Mortgage payments

3. What is a Certificate of Deposit (CD)?

- A) A type of checking account
- B) A time deposit with a fixed interest rate and maturity date
- C) A credit card
- D) A type of loan

4. What does KYC stand for in banking compliance?

- A) Keep Your Cash
- B) Know Your Customer
- C) Key Yearly Calculation
- D) Keep Your Credit

Answers: 1-B 2-B 3-B 4-B

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