EXAM INFORMATION
This exam was developed to enable schools to award credit to students for knowledge equivalent to that learned by students taking the course. The exam tests the knowledge of the role and kinds of money; commercial banks and other financial intermediaries; central banking and the Federal Reserve System; money and macroeconomics; U.S. monetary policy; and the international monetary system.

The exam contains 100 questions to be answered in 2 hours.

EXAM CONTENT OUTLINE
The following is an outline of the content areas covered in the examination. The approximate percentage of the examination devoted to each content area is also noted.

I. The Role and Kinds of Money – 5%
   a. Alternative definitions of money
   b. Money and other assets

II. Commercial Banks and Other Financial Intermediaries – 31%
   a. Deposit deregulation
   b. Structure of the banking industry
   c. Operation and management of financial markets and intermediaries
   d. Deposit insurance
   e. International banking

III. Central Banking and the Federal Reserve System – 18%
   a. Structure and organization
   b. Historical framework
   c. Current monetary management

IV. Money and Macroeconomic Activity – 21%
   a. Basic classical and Keynesian economics
   b. Monetarism and rational expectations
   c. Money and inflation

V. Monetary Policy in the United States – 18%
   a. Conducting monetary policy
   b. Targeting of monetary aggregates
   c. vs. interest rates
   d. Policy effectiveness
   e. Monetary vs. fiscal policy

VI. The International Monetary System – 7%
   a. International monetary institutions
   b. and the debt crisis
   c. International payments and exchange rates
   d. Monetary policy in conjunction with flexible exchange rates

REFERENCES
Below is a list of reference publications that were either used as a reference to create the exam, or were used as textbooks in college courses of the same or similar title at the time the test was developed. You may reference either the current edition of these titles or textbooks currently used at a local college or university for the same class title. It is recommended that you reference more than one textbook on the topics outlined in this fact sheet. You should begin by checking textbook content against the content outline provided before selecting textbooks that cover the test content from which to study.

Sources for study material are suggested but not limited to the following:


SAMPLE QUESTIONS
All test questions are in a multiple-choice format, with one correct answer and three incorrect options. These are samples of the types of questions that may appear on the exam. Other sample questions can be found in the form of practice exams by visiting our website at www.getcollegecredit.com/testprep.

1. A deficit in a country’s balance of payments tends to produce a fall in the exchange value of that country’s currency
b. a gold flow into that country  
c. an increase in the supply of foreign exchange  
in that country’s market  
d. deflation in that country  

2. The major purpose of the Federal Deposit  
Insurance Corporation (FDIC) is to  
a. absorb any excess profits made by insured  
banks  
b. provide subsidies to weaker bank  
c. protect insured banks against loss caused by  
actual or threatened withdrawals  
d. give prior approval to insured banks for any  
loans of $1 million or more  

3. Under the National Bank Act of 1863, the supply of  
National Bank notes was dependent on which of  
the following?  
a. decisions of the Board of Governors of the  
Federal Reserve  
b. the market value of certain types of United  
States government bonds  
c. restrictions set by the Federal Deposit  
Insurance Corporation (FDIC)  
d. annual decisions by Congress  

4. Which of the following would be included in the  
Gross Domestic Product (GDP) accounting for the  
current period?  
a. personal consumption of goods acquired by  
families in prior periods  
b. government purchases of goods and services  
produced in the current period  
c. business investment in financial instruments in  
the current period  
d. personal saving in the current period  

5. Which of the following is a component of Gross  
Private Domestic Investment?  
a. household savings  
b. Purchases of certificates of deposits issued by  
savings and loan associations  
c. Purchases of new automobiles by families  
d. Purchases of new equipment by businesses  

6. One advantage of monetary policy over fiscal  
policy is that monetary policy  
a. is more flexible  
b. directly influences spending  
c. is automatic in operation  
d. has no discriminatory effects  

7. Interest rates on long-term Treasury bonds are  
likely to be higher than on short-term Treasury bills  
when  
a. future short-term interest rates are expected to  
rise  

b. the general level of interest rates is expected  
to fall  
c. the rate of inflation is expected to fall  
d. a recession is anticipated  

8. In the United States, the largest commercial banks  
hold a larger proportion of their assets as primary  
reserves than do smaller commercial banks  
because the largest banks  
a. are subject to higher reserve requirements  
b. are quasi-public institutions seeking only  
modest profits  
c. have higher capital-to-deposit ratios  
d. have more conservative lending policies  

9. When a member country of the International  
Monetary Fund (IMF) uses the IMF credit facilities,  
that country ordinarily does which of the following?  
a. Makes a long-term loan to the IMF  
b. Puts in its own currency and takes out the  
currency desired  
c. Offers gold to the IMF in exchange for dollars.  
d. Borrows from the Federal Reserve System  

CREDIT RECOMMENDATIONS  
The American Council on Education’s College Credit  
Recommendation Service (ACE CREDIT) has  
evaluated the DSST test development process and  
content of this exam. It has made the following  
recommendations:  

<table>
<thead>
<tr>
<th>Area or Course Equivalent</th>
<th>Money and Banking</th>
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<tbody>
<tr>
<td>Level</td>
<td>Upper-level baccalaureate</td>
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<tr>
<td>Amount of Credit</td>
<td>Three (3) semester hours</td>
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<td>Minimum Score</td>
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<tr>
<td>Source</td>
<td>American Council on Education – College Credit Recommendation Service</td>
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</tbody>
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Answers to sample questions: 1-A; 2-C; 3-B; 4-B; 5-D; 6-A; 7-A; 8-A; 9-B.