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Topic Break Down

Topic	No. of Questions
Topic 1, Volume A	99
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QUESTION NO: 1

Which of the following is an advantage of a decentralized disbursement system?

- A. Local manager autonomy
- B. The elimination of idle cash balances at local banks
- C. The ease of obtaining cash position information
- D. Reduced operating costs

ANSWER: A

QUESTION NO: 2

Which of the following options would be BEST suited for a firm that wishes to pay no premium?

- A. Cap
- B. Collar
- C. Floor
- D. Swaption

ANSWER: B

QUESTION NO: 3

The exchange of a fixed interest rate cash flow for a floating interest rate cash flow with both interest rates in the same currency is an example of:

- A. a vanilla swap.
- B. an interest rate option.
- C. a basis-rate swap.
- D. an interest rate cap.

ANSWER: A

QUESTION NO: 4

A U.S. company wants to increase its cash turnover rate. It is finding that customers are not taking the offered discount terms of 3/15, net 35. What action might the company take in order to achieve its goal?

- A. Increase the days' sales outstanding.
- B. Obtain short-term financing.
- C. Factor the accounts receivable.
- D. Change inventory accounting from FIFO to LIFO.

ANSWER: C

QUESTION NO: 5

From a buyer's perspective, which of the following types of float would be eliminated if checks were replaced by electronic payment methods?

- A. Collection
- B. Invoicing
- C. Disbursement
- D. Lockbox

ANSWER: C

QUESTION NO: 6

Trade terms are renegotiated under e-commerce in order to:

- A. balance the payment.
- B. neutralize the float.
- C. quantify the savings.
- D. improve the seller's availability.

ANSWER: B

QUESTION NO: 7

One example of increased use of electronic payments for retail businesses to convert customer checks to cash at the counter more quickly is:

- A. BOC.

- B. POP.
- C. ARC.
- D. POD.

ANSWER: B

QUESTION NO: 8

The MOST common way that companies structure their treasury operations is as a:

- A. cost center.
- B. profit center.
- C. shared service center.
- D. in-house bank.

ANSWER: A

QUESTION NO: 9

A large retailer is preparing to accept credit cards and anticipates monthly credit card sales of \$1,000,000. If the terms with the acquiring bank include bundled allocated fees of 6% and the retailer wishes to delay fee payment as long as possible, what should the retailer do?

- A. Accept gross settlement.
- B. Place a hold on consumer credit limits.
- C. Receive net settlement.
- D. Delay funds transfer to card-issuing banks.

ANSWER: A

QUESTION NO: 10

Which of the following is considered an important factor when selecting a financial service provider?

- A. CAMELS score
- B. Expertise of bank personnel
- C. Country of origin
- D. Timely response to the RFP

ANSWER: B

QUESTION NO: 11

A netting system can be used for all of the following EXCEPT:

- A. intracompany transactions.
- B. giro payments.
- C. third-party payments or receipts.
- D. foreign exchange transactions.

ANSWER: B

QUESTION NO: 12

Which of the following are commonly used for financing accounts receivable?

- I. Factoring
 - II. Issuing credit cards
 - III. Revolving bank loans
 - IV. Letters of credit
- A. I and II only
 - B. I and III only
 - C. III and IV only
 - D. I, II, and III only
 - E. Factoring
 - II. Issuing credit cards
 - III. Revolving bank loans
 - IV. Letters of credit

ANSWER: B

QUESTION NO: 13

All of the following are differences between Fedwire and ACH EXCEPT:

- A. ACH per item transaction costs are less.

- B. ACH transactions have delayed settlement.
- C. ACH transactions involve more consumer payments.
- D. ACH items have no credit risk.

ANSWER: D

QUESTION NO: 14

Convertible securities consist of preferred stock and

- A. treasury stock.
- B. common stock.
- C. bonds.
- D. tracking stock.

ANSWER: C

QUESTION NO: 15

If a bank has a 10% reserve requirement, a 31-day month, and an earnings credit rate of 6.5%, which of the following is the approximate level of collected balances required to support \$1.00 worth of bank service charges?

- A. \$181
- B. \$199
- C. \$201
- D. \$206

ANSWER: C

QUESTION NO: 16

A U.S. exporter has agreed to export goods to a Canadian buyer with net 30 payment terms due in Canadian dollars. What type of risk is the exporter exposed to?

- A. Economic exposure
- B. Commodity exposure
- C. Transaction exposure
- D. Translation exposure

ANSWER: C**QUESTION NO: 17**

Which of the following are KEY issues to be considered when establishing a shared service center (SSC)?

- I. Selecting the location
 - II. Comparing an SSC structure to outsourcing of a process
 - III. Choosing and implementing the technology for SSC
 - IV. Choosing the collection bank
- A. I and III only
 - B. II and IV only
 - C. I, II, and III only
 - D. II, III, and IV only
 - E. Selecting the location
 - II. Comparing an SSC structure to outsourcing of a process
 - III. Choosing and implementing the technology for SSC
 - IV. Choosing the collection bank

ANSWER: C**QUESTION NO: 18**

A publicly held U.S. company has reported at the beginning of the year that it expects to increase shareholder value by 5%. The current expectations are for interest rates to remain steady with a decline in fourth quarter. Treasury policy requires that investments be 90 days or less and investment grade. How should the company invest excess cash to support this goal?

- A. Commercial paper
- B. High-yield bonds
- C. 16-week U.S. Treasury bill
- D. BB rated bond

ANSWER: A**QUESTION NO: 19**

This question is based on the following data describing a company's actual deposits.

Day	Deposit
1	\$95
2	\$100
3	\$85
4	\$85
5	\$85
6	\$110
7	\$125

If a five-day moving average is used, what was the deposit forecast for day six?

- A. \$75
- B. \$85
- C. \$90
- D. \$110

ANSWER: C

QUESTION NO: 20

Whether through an active or passive decision by management, a risk management policy of control without financing results in:

- A. risk retention.
- B. risk transfer.
- C. risk avoidance.
- D. risk indemnification.

ANSWER: A