

Name:

Date:

Class:

## Lesson 16.3

### Practice Your Understanding

1. Interpret the following examples of consumer credit needs, and recommend the type of credit that works best for the described business. (16.3-1)
  - a. A furniture store needs to sell their expensive furniture in a timely manner and wants to offer options for consumer credit.

Answer:

- b. A car dealership wants to move their vehicles as fast as possible.

Answer:

2. Analyze each of the following statements to determine if it constitutes a risk or reward for the business by offering consumer credit. Explain your answer. (16.3-2)
  - a. Credit offers a steady income

Answer:

- b. Business received payment from the collection agency

Answer:

- c. A tire shop offers a proprietary credit card and extends credit to long-term customers

Answer:

- d. A customer fails to pay a bill on time

Answer:

- e. A customer has not paid their debts

Answer:

3. You operate a small clothing-design business and have decided to offer consumer credit. Determine the costs you will incur when accepting credit cards such as Mastercard and Visa, and explain why this might be the best method of using credit for your business. (16.3-3)

Answer:

4. Your business received a credit report on an individual who has completed a credit application. Point out the information that would not be included in a credit report. (16.3-4)
  - a. Where the applicant went to college

Answer:

- b. How promptly credit cards statements and loans were paid off in full

Answer:

- c. The number and types of credit accounts

Answer:

- d. The number of children the applicant has

Answer:

- e. If other bills, such as mortgage payments, were paid on time

Answer: