

Global Financial Headlines: Geopolitical Shocks, AI's Rise, and Climate Risks

Global Finance · Answer Key · 20 Questions

1. The World Bank has warned that the ongoing conflict in the Middle East is significantly impacting global economic growth. What is the projected global growth rate for 2026 according to the World Bank's latest forecast?

- A) 2.5%**
- B) 3.1%
- C) 2.9%
- D) 3.2%

2. Which of the following is identified as a primary driver of the recent global inflation surge, alongside pandemic disruptions and accommodative policies?

- A) Increased demand for services
- B) Geopolitical tensions and energy prices**
- C) A shift towards digitalization
- D) Reduced government spending

3. Artificial Intelligence (AI) is increasingly being adopted across various sectors. In the financial services industry, what is a key area where AI is demonstrating significant benefits?

- A) Exclusively in back-office process automation
- B) Enhancing customer service and risk management**
- C) Replacing all human financial advisors
- D) Focusing solely on stock price predictions

4. Climate change poses significant risks to financial stability. What are the two main categories of climate-related financial risks?

- A) Market risk and credit risk
- B) Physical risk and transition risk**
- C) Operational risk and liquidity risk
- D) Interest rate risk and currency risk

5. Geopolitical risks, such as international military conflicts, have a notable impact on asset prices. How do stock valuations typically react to the involvement of a main trading partner country in such a conflict?

- A) Stock valuations increase by an average of 2.5%
- B) Stock valuations decline by an average of 2.5%**
- C) Stock valuations remain largely unaffected
- D) Stock valuations increase significantly due to increased defense spending

6. Cybersecurity threats are a major concern for financial institutions. Which type of cyberattack represents the largest percentage of reported threats at financial institutions?

- A) Web attacks
- B) Brute force and credential stuffing attacks
- C) DDoS attacks**
- D) Ransomware attacks

7. Emerging markets are crucial for global economic development but face unique challenges. Which of the following is a commonly cited challenge for emerging markets?

- A) Excessive infrastructure development
- B) Political stability and regulatory predictability**
- C) Rapid industrialization and declining middle class
- D) Low foreign investment

8. Central banks globally have been actively responding to inflationary pressures. What is the primary tool central banks use to manage monetary policy and influence inflation?

- A) Fiscal stimulus packages
- B) Setting trade tariffs
- C) Adjusting interest rates**
- D) Implementing foreign exchange controls

9. Venture capital (VC) funding has seen a significant surge, particularly in certain sectors. Which sector has been the biggest driver of this rise in VC funding in recent years?

- A) Healthcare and biotechnology
- B) Fintech
- C) Artificial Intelligence (AI)**
- D) Renewable energy

10. The conflict in the Middle East has had a substantial impact on global markets. What specific impact has this conflict had on energy prices and inflation?

- A) Caused energy prices to decrease and inflation to fall
- B) Triggered sharp energy price increases and renewed inflation**
- C) Had minimal impact on energy prices or inflation
- D) Led to a decrease in oil demand globally

11. The increasing adoption of Artificial Intelligence (AI) in financial services also brings potential risks. What is a key concern regarding AI's impact on financial stability?

- A) Over-reliance on physical assets
- B) Reduced data dependency
- C) Increased third-party dependencies and concentration risk**
- D) A decline in the speed of financial transactions

12. The World Bank's Global Economic Prospects report highlights a slowdown in global growth. What is the projected global growth rate for 2025 according to this report?

- A) 2.5%
- B) 3.1%
- C) 2.7%**
- D) 3.2%

13. Geopolitical events can significantly influence financial markets. Which of the following is a common impact of increased geopolitical tension on investor behavior?

- A) Investors tend to increase their risk exposure
- B) Investors move towards riskier assets like emerging market equities
- C) Investors flock to "safe haven" assets like gold and government bonds**
- D) There is no discernible change in investor behavior

14. Climate change impacts financial stability through both physical and transition risks. Which of the following best describes transition risk?

- A) Damage to infrastructure from extreme weather events
- B) The process of adjustment towards a low-carbon economy**
- C) Increased insurance losses due to natural disasters
- D) Erosion of the value of financial assets due to rising sea levels

15. Cyberattacks on financial institutions are a growing concern. What is a common method used in phishing attacks to deceive employees into revealing sensitive information?

- A) Sending encrypted messages
- B) Impersonating trusted individuals or entities**
- C) Using complex mathematical algorithms
- D) Demanding payment in cryptocurrency

16. Emerging markets are characterized by rapid growth and industrialization. Which of the following is a key characteristic of these economies?

- A) Declining middle class and reduced consumer spending
- B) High levels of political stability and predictable regulation
- C) Rapid economic growth and an expanding consumer base**
- D) A transition from industrialized to agricultural economies

17. Central banks globally are adjusting their monetary policies in response to economic conditions. Which of the following actions indicates a tightening of monetary policy?

- A) Lowering interest rates
- B) Increasing the money supply through open market purchases
- C) Raising interest rates**
- D) Reducing reserve requirements for banks

18. Venture capital investment has seen a significant increase, with AI companies attracting a substantial portion of this funding. Which of these companies has raised one of the largest private funding rounds, a record-breaking \$40 billion in 2025?

- A) SpaceX
- B) Databricks
- C) OpenAI**
- D) Google

19. The Iran war has had a significant impact on global commodity prices. Which commodity has seen substantial price increases due to disruptions in shipping lanes like the Strait of Hormuz?

- A) Agricultural products (like wheat) and fertilizers
- B) Industrial chemicals
- C) Oil and fertilizers
- D) All of the above**

20. Artificial Intelligence (AI) is transforming the financial services industry. According to a Deloitte report, what is a primary use case for AI in the financial services industry's back-office operations?

- A) AI-powered customer support
- B) Process automation**
- C) Personalized investment recommendations
- D) Fraudulent wire transaction detection