# RMBI 4110/ISOM4840: Financial Service Operations Management

# Fall 2022

**Venue: Rm 2504**

**Class Time: MW 10:30-11:50**

**Instructor: Suri Gurumurthi (LSK 4040),**

**email: imsuri@ust.hk**

**Office Hours MW 12-1:30**

**TA: Jing JIA, LSK Room 4065; email: imjing@ust.hk**

**Office Hours By Appointment**

## Course Description

Financial activities are the most important and fundamental economic activity in any modern economy. We focus on the structuring of key financial service processes in different sectors and adopt a systems perspective. We consider a wide range of service and product fulfillment processes from different sectors including commercial banking, insurance, and other investment banking. Starting from key productivity and performance measurements, we will examine issues of quality control and operational risk in these various sectors. The course concludes with intersection of automation and customization of financial services and operations, and the resulting new development and trends in the industry. Examples include AI, blockchain, fintech, mobile payments, wealth management, and their fundamental value propositions.

# Course Learning Outcomes

After completion of the course, students will be able to:

1. List and explain important financial institutions (FI), and markets, that support the global economy
2. Identify and explain the major business processes and product delivery channels of FIs
3. Identify and describe the appropriate performance measurements for the business processes of FIs.
4. Compare and evaluate the performances of the business processes for continuous improvement of the FIs
5. Compare and evaluate the performances of the business processes with respect to some of the benchmarking regulations (like Basel II, and later Basel III).
6. Design and critique business processes for improving the productivity and service quality of the FIs.
7. Integrate and evaluate the different business processes in the organization to create competitive advantages for the FIs.
8. Innovations in financial service, Fintech, Payment (focus on mobile payment), wealth management, and new trends in financial services industry.

# Required Learning Materials

The main teaching and learning materials are lectures, reference articles, case presentations, and discussions during class meeting time. There is no required textbook for this course. We will use class slides and notes, cases, and articles to deliver the learning objectives. The cases can be downloaded from the Canvas Module titled "Case Materials". These are pre-authorized and paid for, and distribution is restricted to enrolled students in the class.

# Course Assessment

| Areas of assessment | Percentage |
|---|---|
| Class participation: Attendance, participation during lectures, case discussion and presentations | 5% (plus 3% top-up) |
| Case Discussions and Quantitative Assignments | 25% |
| Quantitative and Spreadsheet Assignments | 25% |
| Final examination | 45% |
| Total | 100% (plus 3% top-up) |

# Class Participation

Class participation requires attending most sessions and asking and responding to questions,  and posing interesting questions and sharing relevant comments. **For each case analysis, 1 point per case is reserved for individual class participation during the class discussion of the case.** There is a 5% top-up element to class participation, and students through attending and participation verbally in class can acquire these points. Attendance alone is not a guarantee of class participation points, but active engagement will be key. The instructor also reserves the right to examine the impact of the contributions and look at the consistency of the participation through the term to award these points.

# Case Discussions

There are 6 case discussions as outlined in the course schedule below.  For each case, (i) all students will be expected to read the entire case themselves, (ii) respond to the questions posed via Canvas Discussions page, and (iii) further be prepared to discuss the case issues in class.

# Quantitative Assignments

There will also be five spreadsheet exercises on analytical topics. These may take the form of following along a posted lecture recording and repeating the analysis on your own spreadsheet, to solving some problem sets on spreadsheets and turning them in via Canvas assignments.

## Final Exam

There will be a comprehensive final exam at the end of the semester. There will be a study guide posted based on the slides and class notes. The final exam will consist of 60 questions, all multiple-choice format, and will be conducted over 2.5 hours. Final exam will be open materials (slides, analysis or spreadsheets, or any other notes that I might have shared).

# Course schedule (Draft)

| Approx. Dates | Topic | Deliverables |
|---|---|---|
| Sept 5, 7 | Course Overview; Intro to Financial Services | |
| Sept 14,19 | Formulating Strategy for Financial Firms | Ant Financial Case **Discussion** |
| Sept 21,26 | Analyzing the Service Encounter; New Financial Service Development | Charles Schwab Case **Discussion** |
| Sept 28, Oct 3 | Responsive Financial Service Design | Bank of America Mobile Case **Discussion** |
| Oct 5,10 | Banking Service Facilities and Customer Workflows | Service Response Analysis **Spreadsheet**; Eastern Lotus Bank Case |
| Oct 12,17 | Comparing Performance Across Financial Networks and Peer Institutions; Data Envelopment Analysis | DEA **Spreadsheet** |
| Oct 19,24 | Lean Six Sigma and Financial Service Process Improvement | HSBC RegTech Case **Discussion** |
| Oct 26,31 | Financial Service Quality and Risk Management | Risk Management **Spreadsheet** |
| Nov 2,7 | FinTech Strategies and Trends | Visa Inc. Crypto Case **Discussion** |
| Nov 9,14 | Venture Capital Processes and Financial Models | Start-up Cash Flow **Spreadsheet** |
| Nov 16,21 | Blockchain and Applications | Maersk Blockchain Case **Discussion** |
| Nov 23,28 | Machine Learning, AI and other Trends | Machine Learning/Regression Models **Spreadsheet** |
| Nov 30 | Course and Exam Review | |