



# THE EXECUTIVE SUITE BANKING SIMULATION™

PSI's Financial Services Business Simulation

*The Executive Suite Business Simulation™* provides your professionals with the opportunity to manage a large financial services institution. In this simulation participants experience the challenges faced by senior executives, including:

- Setting a business strategy for their financial institution
- Executing strategy through business and IT decisions
- Evaluating the impact of decisions on bottom-line profitability
- Understanding the interrelationships between various business units

Simulations are extremely powerful learning tools. Participants are immersed in feeling the day-to-day pressures experienced by senior industry executives. This experience of “playing the role of top management” provides professionals with an experiential understanding of the business needs and goals at a contemporary financial services institution.

Our professionals at PSI have unparalleled experience creating effective, well-structured business simulations for financial services education. This document has been created to help you better understand *The Executive Suite Banking Simulation™* and includes:

- [Learning Objectives](#)
- [Course Agenda](#)
- [Simulation Decisions](#)
- [Simulation Reports](#)



## LEARNING OBJECTIVES

Upon completing the *Executive Suite Banking Simulation™ and Workshop*, participants will be able to:

- Discuss key strategic decision-making from management's perspective
- Identify the various market-related decisions made by financial institutions, including:
  - Customer segments to target
  - Product and service configuration
  - Appropriate distribution channels to employ
- Explain how financial institutions manage risk, including:
  - Profitability management
  - Market risk
  - Credit risk management
  - Interest-rate management
- Discuss operational issues financial institutions need to manage, including:
  - Technology and operational infrastructure
  - Budgeting
  - Aligning operational support with business strategy
  - Controlling operational risks and costs
- Explain the basics of treasury and balance sheet management, including:
- Identify the interrelationships between the different business units within a financial institution
- Discuss the impact of business decisions on financial performance, and how institutions are measured by management, the investment community and customers, including:
  - Profitability measures
  - Credit quality measures
  - Market measures
  - Regulatory measures
  - Customer satisfaction measures
  - Competition
- Discuss current events and competition shaping the evolution of the industry
- Analyze a bank's performance



Ultimately, your professionals will gain a richer understanding of financial services and the difficult task that management faces. By completing the simulation, participants will be able to:

- Apply that understanding to their real-life responsibilities
- Understand the importance of learning their client's strategy and competition
- Contribute more to their client's success through a greater appreciation of the big picture
- Improve their ability to make decisions that align with their client's strategic goals and realities

#### **PROGRAM PREREQUISITES**

Learner should have an understanding of financial services terms. If learner does not possess that understanding, learner should complete PSI's Inside Financial Services – Overview online program.

#### **PROGRAM LEVEL**

Intermediate.

#### **ADVANCE PREPARATION**

Read the Overview section (pages 1-22) of the Executive Suite Banking Simulation Guide.

#### **DELIVERY METHOD**

The program is delivered in a live, group study setting.

#### **RECOMMENDED CPE**

For participants that complete the entire program shown on the agenda on the following page, 20 CPE credits will be earned.



## PROGRAM REGISTRATION REQUIREMENTS

Contact your training administrator for registration details. [PSI works with individual clients to arrange entire classes and does not hold open sessions or register individuals.]

## COURSE AGENDA

The *Executive Suite Banking Simulation™* is best delivered in a workshop setting to maximize the learning that takes place as participants compete with each other and share lessons learned.

The three-day agenda is shown below:

	DAY ONE	DAY TWO	DAY THREE
8:30	<b>Course Introduction</b>	<b>Analyzing Bank Performance</b>   <i>Key Reports &amp; Ratios</i>   <b>Simulation Reports</b> <i>Reports Presentation</i>	<b>Analyst Meetings</b>
9:00	<b>Simulation</b> <i>Introduction</i>		<b>Round 2 Results</b>
10:00	<b>Analyze SimStart</b>		<b>Round Three Banking Business Decision-Making</b>
11:00	<b>Simulation Strategy Development</b>		
	<b>Simulation Decisions</b> <i>Decisions Presentation</i>		
NOON	<i>Decisions Presentation</i>	<b>LUNCH</b>	<b>LUNCH</b>
	<b>LUNCH</b>		
1:00		<b>Round 1 Results</b>	<b>FS Industry Issues</b>
2:00			
3:00	<b>Round One Banking Business Simulation Decision-Making</b>	<b>Round Two Banking Business Simulation Decision-Making</b>	<b>Final Results &amp; Awards</b>
4:00			
5:00			

The core modules are listed below. We can however add modules to cover your specific needs.

### Course Introduction

In this opening presentation, the objectives and agenda of the course are reviewed and instructor and participant introductions are completed.



### **Simulation Introduction**

In this opening presentation, participants are introduced to *The Executive Suite Banking Simulation™*. Topics covered include:

- Simulation Objectives
- Simulation process
- Scoring measures

This is the first step in preparing participants for their simulated experience!

### **Analyze SimStart**

Participants will then analyze the financial institution they are inheriting in the simulation to learn more about the strategy, strengths and weaknesses of the institution. To answer the specific questions posed in the exercise, participants review:

- The institution's financial performance over the last 2 years (balance sheet and income statement)
- Previous management's strategy and objectives
- Key financial indicators

The Facilitator leads a class debrief, ensuring all teams reach the same conclusions regarding the starting position of the simulation.

### **Simulation Strategy Development**

Building on the previous analysis, each team determines their simulation strategy. Using a framework we provide, the teams begin to identify the:

- Customer segments they will target
- Products and services they will emphasize
- Pricing strategy
- Risk management strategy
- Distribution channel strategy
- Customer service strategy
- Asset/liability management implications

### **Simulation Decisions Presentation**

The Facilitator then leads a detailed review of the decisions available to each team. This review includes:

- Revenue/cost implications associated with each decision
- Background information to evaluate
- Impact on other areas of the institution
- Simulation reporting

Throughout this presentation, your simulation instructor reinforces and teaches the fundamental aspects of the financial services business.



### **Round One Banking Business Decisions**

Participants will then spend the remainder of Day One making their Round One decisions.

For most of this time, participants will work with their teammates around small tables. This approach forces them to discuss strategy, competition, customers and the effects on their simulated institution. Repeating this process three times helps participants internalize and learn all about financial services. They are also motivated to win which enhances the learning process.

After Round One decisions are completed, each team will type their decisions into the PC to complete the round.

Overnight, the Facilitator will run Round One results based on the decisions input by the teams and prepare the Round One Debrief.

### **Analyzing Bank Performance**

We tailor this workshop segment specifically for you.

In this segment, the fundamentals of financial statements and ratios are discussed, breaking down the barriers of understanding to these complex issues. Your PSI instructor will present each topic using an easy-to-understand approach. Content areas covered include:

- Balance Sheet and Income Statement
- Key ratios including:
  - Profitability/earnings ratios
  - Credit and portfolio ratios
  - Share data and market ratios
  - Capital ratios

### **Simulation Reports Presentation**

In this segment, the facilitator reviews the reports participants will receive after each round. This helps the participants understand the reports and more importantly the implications those reports have on their performance. This also presents another opportunity for the facilitator to teach participants about various aspects of the business.

### **Round One Results and Debrief**

The facilitator then reviews the results from Round One, including:

- Overall simulated market results
- Individual team's results and standings
- Lessons learned (reinforcing the fundamentals of the business at every opportunity)
- Objectives and opportunities to consider for the next round

Detailed simulation reports, customized for each team are handed out to each participant.



### **Round Two Banking Business Decisions**

Participants will then make their Round Two decisions. Again, participants will work with their teammates around small tables. After all of their decisions have been completed, each team will enter their decisions into the PC to complete the round.

Once all of the teams have finished, the Facilitator will run Round Two results.

### **Analyst Meetings**

We encourage each team to make a brief “presentation” to industry analysts.

In this presentation, each team is asked to discuss their strategy, performance, and decision-making with industry analysts (played by the Facilitator and class). This forces participants to "talk the talk" and helps begin the debriefing of the simulation as participants learn about all the strategies that are at work in the class. As a result, it creates a more competitive Round Three. This module also provides an important opportunity for the facilitator to gauge understanding and stress key points after each presentation.

### **Round Two Results and Debrief**

The Facilitator will review the results from Round Two, including:

- Overall simulated market results
- Individual team’s results and standings
- Improvements from Round One
- Lessons learned (reinforcing the fundamentals of the business at every opportunity)
- Objectives and opportunities to consider for the next round

Detailed Simulation Reports, customized for each team are handed out to each participant.

### **Round Three Banking Business Decisions**

Participants will then make their decisions for the final round.

Once all of the teams have finished, the Facilitator will run the final results.

### **FS Industry Issues**

This class discussion is intended to provide participants with an understanding of some of the "hot" issues driving the financial services industry (e.g., profitability, competition, e-commerce issues). It also covers the strategies and tactics financial institutions are using to manage risks in the industry.



### **Improving Our Strategic Focus**

If you choose this optional exercise, we will debrief the simulation and ask participants to apply the information learned in the simulation to their “real-life” responsibilities.

- This exercise is customized for each of our clients.

***Other Options:*** For some of our clients, we’ve also had participants prepare and deliver various industry presentations.

### **Final Debrief and Results**

The Facilitator will then review the final results of the simulation, including:

- Market results
- Each team’s results
- Lessons learned
- Distribute the final awards and prizes

Detailed Simulation Reports, customized for each team are handed out to each participant.



## THE EXECUTIVE SUITE BANKING SIMULATION™ DECISIONS

Each team will organize itself into three functional roles:

- Retail Banking
- Corporate Banking
- Asset Liability Management (ALM)

*Retail Banking* is responsible for developing the retail banking strategy, attracting new retail customers, configuring the institution's products and services, as well as staffing the institution's sales force as needed. It is also responsible for defining customer service, managing credit risk and managing the retail operations infrastructure (i.e., branches, ATMs, on-line services, IT budgets etc.). Products and services managed by *Retail Banking* include:

- Checking accounts
- Time deposits
- Brokerage accounts
- Mutual funds
- Term life
- Credit cards
- Mortgage loans (fixed and variable)
- Personal loans (installment and home equity)

*Corporate Banking* is responsible for developing the corporate banking strategy, attracting new corporate customers, configuring the institution's corporate products and services and staffing relationship managers. Corporate banking decides on the quality of the investment research staff and the investment banking services the bank offers. It is also responsible for managing credit risk and the entire corporate operational infrastructure (i.e., operational budgets, IT budgets, processing capabilities, etc.). Products and services managed by *Corporate Banking* include:

- Corporate and Institutional Services
  - Corporate finance
    - Term loans
    - Lines of credit
    - Underwriting (debt, equity and M&A)
  - Treasury services (cash management, payment and trade finance)
  - Trading services



*ALM* is responsible for risk management (e.g., credit risk, interest rate risk etc.) across the organization, managing the institution's overall balance sheet, including funds management and investment management and securitization. Decisions include:

- Reconciling sources and uses of funds
- Securitization
- Issuing debt
- Managing the investment portfolio (money market instruments, mortgage-backed securities, debt and equities)

All three roles are required to interact with their peers across their simulated institutions to carryout a consistent strategy.

## **SIMULATION REPORTS**

Each team will make their decisions across three rounds of activity. At the end of each of three rounds, the decisions of all teams are entered into the simulation and the results are produced. Each team will receive the following reports:

- Scoring Report
- Key Indicators Report
- Income Statement
- Balance Sheet
- Retail Services
  - Deposits Report (customers, retention rates, balances)
  - Consumer Lending Report (customers, retention rates, balances, delinquency rates, write-off rates)
  - Mortgage Lending Report (customers, retention rates, balances, delinquency rates, write-off rates) Investment Management Report (customers, retention rates, balances, activity)
  - Operations Report (processing volumes, customer service standards)
- Corporate and Institutional Services
  - Commercial Lending Report (clients, balances, delinquency rates, write-off rates, fee income)
  - Investment Banking Report (clients, fee income)
  - Treasury Services Report (clients, volumes, fee income)
  - Trading Report (client trade execution, proprietary trading)
  - Operations Report (processing volumes, customer service standards)
- Treasury Reports



In addition, each team will receive “plain-English” commentary of their performance. This Performance Analysis provides participants with:

- Performance graphics
- Guidance on how to improve (or maintain) their performance
- Links to specific reports for gathering more information on their own performance

All of our reports that are issued each round reinforce and emphasize solid financial services strategies and practices.

The *Executive Suite Banking Simulation™* will provide your professionals with a solid understanding of the decisions and thought processes that financial services executives complete. With this understanding, your professionals will be much more effective in carrying out your strategy and focusing on the needs of your institution.

### **Complaint Resolution**

If you are not completely satisfied with your delivery, contact Chris Lawton at 973-895-6061 and discuss your complaints. All incoming complaints are documented and forwarded to the Administrator. After resolution, documentation is kept in a complaint file for five years and it is used for consideration during course updates and improvements.

PSI’s contact for complaints is Christopher Lawton (or David Tompkins in Chris’ absence). Chris may be reached by telephone at either 1 (866) GOTO PSI (choice # 3) or (973) 895-6061. Chris can also be reached at [clawton@goto-psi.com](mailto:clawton@goto-psi.com) or by fax at (973) 895-4238.

### **Refund Policy**

If you wish to discuss PSI’s refund policy in advance of booking your training, please contact Christopher Lawton at either 1 (866) GOTO PSI (choice # 3) or (973) 895-6061. Chris can also be reached at [clawton@goto-psi.com](mailto:clawton@goto-psi.com) or by fax at (973) 895-4238. A refund policy will be discussed and agreed-upon. PSI would like to make sure that you are fully satisfied with our services and will refund your money if you are not entirely satisfied.

Performance Solutions International (PSI) is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to National Registry of CPE Sponsors, 150 Fourth Avenue, Suite 700, North, Nashville, TN 37219-2417. Website: [www.nasba.org](http://www.nasba.org).