

RMBI 4110/ISOM4840: Financial Service Operations Management

Fall 2020

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Venue: Online

Time: Tuesdays and Thursdays 9-10:20AM

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. Understand and explain the important financial institutions and markets in general.
2. Explain the business processes and product delivery channels of financial institutions (FI).
3. Explain and identify 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, 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	10% (5% top-up)
Case Assignments and Quantitative Assignments	30%
Term project (Team): Content and presentations	20%
Final examination	45%

Class Participation

Class participation requires attending all Zoom sessions and asking and responding to questions. Having your camera turned on, and audio muted until you must speak. Class participation also requires professional conduct and courtesy to your peers and to the instructor. You can expect the same in return. To minimize disruption, please have a Zoom video background so the class is not distracted by any movements of activity in your background. **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 Assignments

There are 5 case assignments as outlined in the course schedule below. Students will form teams of 4, soon after the end of the add-drop period. If you are unable to find a team-partner, the TA will help match the potential team-members. For each case, (i) all students will be expected to read the entire case themselves, (ii) support their team write-up, and (iii) further be prepared to discuss the case issues in class. There will also be a few spreadsheet exercises on analytical topics.

Course Project

We will play a so-called startup game towards your course project. More details will be provided in the first class. This will also be a group activity. We will play two rounds with the first round as practice and analysis/experimentation, while the second round will be competitive.

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 Canvas materials (slides, analysis or spreadsheets, notes that I might have shared). Final Exam will be conducted via Canvas Quizzes tab. You will log in to a Zoom session using your phone with your camera on. With your computer you will take the Final Exam "quiz" on Canvas.

Course schedule (tentative)

Week 1	8-Sep	Overview of Course;
	10-Sep	Introduction to Financial Services
Week 2	15-Sep	Fundamental Principles of Service Operations and Strategy
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Week 3	22-Sep	The Service Encounter and New Service Development in Financial Systems
	24-Sep	Charles Schwab Case (case write-up due Sept 23rd)
Week 4	29-Sep	Banking Service Facilities and Customer Workflows
	1-Oct	Holiday
Week 5	6-Oct	Bank of America Mobile Banking Case (case write-up due Oct 6th)
	8-Oct	Estimating and Planning for Workflow Delays - Review
Week 6	13-Oct	Eastern Lotus Bank Case (case write-up due Oct 12th)
	15-Oct	Distributed Banking and Networked Services
Week 7	20-Oct	Data Envelopment Analysis - Concept and Applications
	22-Oct	Principles of Financial Services Quality and Risk Management
Week 8	27-Oct	RegTech at HSBC Case (case write-up due Oct 26th)
	29-Oct	Lean Six Sigma and Service Process Improvement in Banking Institutions
Week 9	3-Nov	Fintech Strategies and Implications
	5-Nov	Ant Financial Case Discussion (case write-up due Nov 4th)

Week 10	10-Nov	Start-up Game First Round Overview and Start
	12-Nov	Supply Chain, Resilience, Contagion Risks, and Basel-III
Week 11	17-Nov	Big Data and AI Applications in Banking
	19-Nov	Blockchain and Applications (Startup Game Round 1 Analysis Due)
Week 12	24-Nov	Globalization Strategies
	26-Nov	Covid-19 Pandemic and Implications
Week 13	1-Dec	Start-up Game Second 2 Presentation & Analysis Due
	3-Dec	Course Review