



**CAREER CLUSTER**  
Finance

**INSTRUCTIONAL AREA**  
Financial Analysis

## **FINANCIAL SERVICES TEAM DECISION MAKING EVENT**

### **PARTICIPANT INSTRUCTIONS**

- The event will be presented to you through your reading of the 21<sup>st</sup> Century Skills, Performance Indicators and Case Study Situation. You will have up to 30 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 15 minutes to make your presentation to the judge (you may have more than one judge). All members of the team must participate in the presentation, as well as answer any questions.
- You will be evaluated on how well you demonstrate the 21<sup>st</sup> Century Skills and meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

### **21<sup>st</sup> CENTURY SKILLS**

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- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgments and decisions and solve problems.
- Communication and Collaboration – Communicate clearly and show evidence of collaboration.
- Creativity and Innovation – Show evidence of creativity.

### **PERFORMANCE INDICATORS**

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- Discuss the nature of debtor-creditor relationships.
- Discuss the role of ethics in finance.
- Describe the role of financial institutions.
- Make responsible financial decisions.
- Explain the purpose and importance of credit.
- Explain the responsibilities of finance professionals in providing client services.
- Describe techniques used to analyze customer financial information.

## CASE STUDY SITUATION

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You are to assume the roles of analysts for ONLINE BANK, an online financial institution. The president of the company (judge) has asked you to present information on providing a new buy-now-pay-later service.

ONLINE BANK provides standard financial services such as checking and savings accounts, mortgage loans, lines of credit and credit card services. Your team has been observing the trend of the buy-now-pay-later (BNPL) services being offered by other companies. Your team feels that ONLINE BANK is well positioned to provide this service. This service allows consumers to purchase a product from an online retailer on credit. The credit is provided by a BNPL company. This service benefits consumers that do not have a credit card or enough credit available for the purchase.

Your team is considering multiple options for BNPL consumers:

- Option 1: 0% APR with equal monthly payments for three months
- Option 2: 12% APR with equal monthly payments for nine months
- Option 3: 18% APR with equal monthly payments for 18 months

ONLINE BANK will also charge the online retailer a fee of 1%.

The president of ONLINE BANK (judge) has asked your team to present the following information:

- The payment amounts for each of the three options above assuming a customer makes a purchase of \$100 using BNPL. To calculate the payments, use the formula  $P(R/(1-((1+R)^{-N})))$  where P is the principal, R is the monthly rate and N is the number of months.
- How the service will benefit the consumer and the online retailers
- How the service will benefit the bank
- How this service differs from a credit card
- Potential costs of providing this service
- Ethical considerations of providing this service

You will present your analysis to the president (judge) in a meeting to take place in the president's (judge's) office. The president (judge) will begin the meeting by greeting you and asking to hear your ideas. After you have presented your analysis and have answered the president's (judge's) questions, the president (judge) will conclude the meeting by thanking you for your work.

## JUDGE INSTRUCTIONS

### DIRECTIONS, PROCEDURES AND JUDGE ROLE

In preparation for this event, you should review the following information with your event manager and other judges:

1. Participant Instructions, 21<sup>st</sup> Century Skills and Performance Indicators
2. Case Study Situation
3. Judge Characterization  
Allow the participants to present their ideas without interruption, unless you are asked to respond. Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant team.
4. Judge Evaluation Instructions and Judge Evaluation Form  
Please use a critical and consistent eye in rating each participant team.

### JUDGE CHARACTERIZATION

You are to assume the role of the president of ONLINE BANK, an online financial institution. You have asked a team of analysts (participant team) to present information on providing a new buy-now-pay-later service.

ONLINE BANK provides standard financial services such as checking and savings accounts, mortgage loans, lines of credit and credit card services. The team of analysts (participant team) has been observing the trend of the buy-now-pay-later (BNPL) services being offered by other companies. The team of analysts (participant team) feels that ONLINE BANK is well positioned to provide this service. This service allows consumers to purchase a product from an online retailer on credit. The credit is provided by a BNPL company. This service benefits consumers that do not have a credit card or enough credit available for the purchase.

The team of analysts (participant team) is considering multiple options for BNPL consumers:

- Option 1: 0% APR with equal monthly payments for three months
- Option 2: 12% APR with equal monthly payments for nine months
- Option 3: 18% APR with equal monthly payments for 18 months

ONLINE BANK will also charge the online retailer a fee of 1%.

You have asked the team of analysts (participant team) to present the following information:

- The payment amounts for each of the three options above assuming a customer makes a purchase of \$100 using BNPL. To calculate the payments, use the formula  $P(R/(1-(1+R)^{-N}))$  where P is the principal, R is the monthly rate and N is the number of months
- How the service will benefit the consumer and the online retailers
- How the service will benefit the bank
- How this service differs from a credit card
- Potential costs of providing this service
- Ethical considerations of providing this service

The participant team will present information to you in a role-play to take place in your office. You will begin the role-play by greeting the participant team and asking to hear about their ideas.

During the course of the role-play, you are to ask the following questions of each participant:

1. Do you recommend we offer the buy-now-pay-later service?
2. How can the buy-now-pay-later service help us build our clientele?

Once the team of analysts (participant team) have presented information and has answered your questions, you will conclude the role-play by thanking the team of analysts (participant team) for the work.

You are not to make any comments after the event is over except to thank the participant.

## SOLUTION

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- First the interest rates must be converted to monthly rates  
 Option 1:  $.12/12 = .01$   
 Option 2:  $.18/12 = .015$
- The payment amounts under the three options above assuming a customer makes a purchase of \$100

Options	Manual Calculation	Answer
Option 1	$100/3$	\$33.33
Option 2	$100(.01/(1-((1+.01)^{-9})))$	\$11.67
Option 3	$100(.015/(1-((1+.015)^{-18})))$	\$6.38

- **How the service will benefit the consumer and the online retailer**  
*Consumer:* allows the consumer to purchase a product now even if they do not have the cash to pay for it now. The consumer does not need an in-depth credit check and therefore, can get credit even if they have no credit or bad credit. This could allow a consumer to build their credit, even if they have been unable to get a credit card in the past. Credit is issued one purchase at a time, which could keep the consumer from building up too much debt that they cannot afford.  
*Online retailer:* allowing consumers to pay later increases sales revenue and customer loyalty.
- **How the service will benefit the bank**  
 The bank will form exclusive partnerships as the BNPL bank with online retailers. The ONLINE BANK brand will be visible on the retailer websites. ONLINE BANK will have an increased customer base and can advertise additional services to that base. ONLINE BANK will acquire personal data from the customer which could be sold or used for ONLINE BANK promotions. The bank will earn interest on accounts and revenue from the fees charged to the online retailers.
- **How this service differs from a credit card**  
 Credit cards usually require a more in-depth credit check, but BNPL will require a soft credit check. Credit cards have a credit limit, and the consumer can max out the credit card at many retailers. BNPL is per retailer and the credit is issued per purchase. Therefore, if a consumer does not pay for the purchases, ONLINE BANK will not issue credit again to that consumer.
- **List the potential costs of providing this service**  
 Some of the costs include setting up the online platform to sign up consumers for the service, advertising the service, marketing the service, and developing partnerships with online retailers.
- **Discuss ethical considerations of providing this service**  
 Not offering this service makes it so that some consumers cannot purchase items they need when they need them. By offering the service, the company might be increasing the debt of consumers that cannot afford to pay the debt. Charging a high interest rate just compounds this problem with consumers that cannot pay their debt.

## EVALUATION INSTRUCTIONS

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The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event. The maximum score for the evaluation is 100 points. The presentation will be weighted twice (2 times) the value of the exam scores.

### Evaluation Form Interpretation

The evaluation levels listed below and the evaluation rating procedures should be discussed thoroughly with your event director and the other judges to ensure complete and common understanding for judging consistency.

<b>Level of Evaluation</b>	<b>Interpretation Level</b>
Exceeds Expectations	Participants demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator.
Meets Expectations	Participants demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89 <sup>th</sup> percentile of business personnel performing this performance indicator.
Below Expectations	Participants demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69 <sup>th</sup> percentile of business personnel performing this performance indicator.
Little/No Value	Participants demonstrated the performance indicator with little or no effectiveness; a great deal of formal training would be needed immediately; perhaps the participants should seek other employment; would rank in the 0-49 <sup>th</sup> percentile of business personnel performing this performance indicator.



## FINANCIAL SERVICES TEAM DECISION MAKING 2022

**JUDGE'S EVALUATION FORM**  
DISTRICT EVENT

Participant: \_\_\_\_\_

**INSTRUCTIONAL AREA:**  
Financial Analysis

Participant: \_\_\_\_\_

ID Number: \_\_\_\_\_

Did the participant team:		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
<b>PERFORMANCE INDICATORS</b>						
1.	Discuss the nature of debtor-creditor relationships?	0-1-2-3	4-5-6	7-8	9-10	
2.	Discuss the role of ethics in finance?	0-1-2-3	4-5-6	7-8	9-10	
3.	Describe the role of financial institutions?	0-1-2-3	4-5-6	7-8	9-10	
4.	Make responsible financial decisions?	0-1-2-3	4-5-6	7-8	9-10	
5.	Explain the purpose and importance of credit?	0-1-2-3	4-5-6	7-8	9-10	
6.	Explain the responsibilities of finance professionals in providing client services?	0-1-2-3	4-5-6	7-8	9-10	
7.	Describe techniques used to analyze customer financial information?	0-1-2-3	4-5-6	7-8	9-10	
<b>21<sup>st</sup> CENTURY SKILLS</b>						
8.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
9.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
10.	Communicate clearly and show evidence of collaboration?	0-1	2-3	4	5-6	
11.	Show evidence of creativity?	0-1	2-3	4	5-6	
12.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
<b>TOTAL SCORE</b>						