

RMBI 4110/ISOM4840: Financial Service Operations Management

Fall 2022

Venue: Rm 2504

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

Instructor: Suri Gurumurthi (LSK 4040),

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Office Hours MW 12-1PM

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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, and case discussion	5% (plus 3% top-up)
Case Discussions and Spreadsheet Assignments	30%
Midterm Exam	25%
Final examination	40%
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 a few 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.

Midterm Exam

There will be a midterm in the middle of the term. There will be a study guide posted based on the slides and class notes. The final exam will consist of 25 questions, all multiple-choice format, and will be conducted over 1 hour and 20 mins. The midterm exam will be open materials (slides, analysis or spreadsheets, or any other notes that I might have shared). No make-up midterm will be offered, but if you have a medical reason or emergency exception you may ask to shift the weight to the final exam.

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 45 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 (Approximate)

Approx. Dates	Topic	Deliverables
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Week 1	Course Overview; Intro to Financial Services	
Week 2	Formulating Strategy for Financial Firms	
Week 3	Analyzing the Service Encounter; New Financial Service Development	Ant Financial Case Discussion
Week 4	Responsive Financial Service Design	Charles Schwab Case Discussion
Week 5	Banking Service Facilities and Customer Workflows	Bank of America Mobile Case Discussion Service Response Analysis Spreadsheet; Eastern Lotus Bank Case
Week 6	Comparing Performance Across Financial Networks and Peer Institutions; Data Envelopment Analysis	DEA Spreadsheet
Week 7	Lean Six Sigma and Financial Service Process Improvement	HSBC RegTech Case Discussion
Week 8	Financial Service Quality and Risk Management	Risk Management Spreadsheet
Week 9	FinTech Strategies and Trends	Visa Inc. Crypto Case Discussion
Week 10	Venture Capital Processes and Financial Models	Start-up Cash Flow Spreadsheet
Week 11	Blockchain and Applications	Maersk Blockchain Case Discussion
Week 12	Machine Learning, AI and other Trends	Machine Learning/Regression Models

Week 13 Course Review