

# Maryland Banking School

## Fundamentals Curriculum Project

### First Year

#### Project Overview

The Fundamentals Curriculum area is designed to provide students with the theoretical base and practical tools to understand the workings of a bank and its interaction with the community and the economy.

Students are expected to complete an analysis of the introduction of a new product or service, or, the re-engineering of an existing product or service at the student's financial institution. **Please do not select a product or service that was previously launched or about to be introduced. (You may also choose to analyze one of the products or services offered by Maryland Bank Services\*.) You are encouraged to discuss the specific new product/service or re-engineered product/service with your senior executives before completing your project.** The student should prepare a typed, double-spaced paper, no longer than 6-8 pages, that contains their analysis. The paper should be organized and presented using the following outline:

#### Project Outline

- I. Write a brief (1-2 paragraphs) description of your institution (name, markets, location, size in branches, etc.) and its relevant history (mergers, growth, downsizing, etc.)
- II. Write an analysis of the sales and marketing strategy. Be sure to include (1 ½ - 2 pages):
  - A. A product or service description
  - B. The features and benefits of the product
  - C. A geographic and demographic definition of the target market (where and to whom are you selling?)
  - D. A proposed marketing strategy to include at least three unique strategies outlined during class
  - E. An advertising strategy to include at least two forms of media
  - F. A selling strategy to include customer clues to assist staff in selling the new product or service

**Note to students: This assignment is not intended to be a rehash of your bank's product manual or brochure. The students are expected to identify a marketing strategy that demonstrates a thorough knowledge of the proposed product or service and its intended benefits to a realistic segment of the banking marketplace. In addition, the paper should exhibit imagination and creativity in (1) identifying a target market, (2) uncovering a strategy to attract that market, and most importantly, (3) involving a sales force in the fulfillment and distribution of the new product or service.**

- III. Determine the financial impact of the new product or service. Be sure to include (1 ½ - 2 pages):
- A. A cost/benefit analysis (what additional costs incurred would derive what additional benefits)
  - B. What is the bottom line impact this will have on your financial institution for the next year as measured by:
    - Net Income
    - Return on Equity
    - Net Interest Margin
    - Non-Interest Revenue to Total Revenue
    - Efficiency Ratio
  - C. If the product is an interest earning asset or interest bearing liability, what is the potential impact on the financial institution's interest rate risk position? (increase/decrease variable rate assets/liabilities, etc)
  - D. Estimate the balance sheet growth (if any) that would be expected from the introduction of this product or service and through the next three (3) years.
  - E. Document the key assumptions used:
    - Impact of customer reaction on account balances
    - Marketing expenses/cost of customer notifications, etc
    - Technology expenses
    - Training costs
- IV. Assess how this product or service fits operationally into your institution. Be sure to include (1 ½ - 2 pages):
- A. How will the product or service be delivered to the customer?
    - Initial delivery and ongoing support
  - B. Can current technology and operational systems in place at your institution be used or will this require new systems? If new systems are required how will they interface with existing systems?
  - C. Are multiple delivery systems appropriate? If so, how will you deliver the product or service?
  - D. What operational changes will be necessary:
    - Training
    - Forms
    - Staffing
    - Back Office Support
  - E. Will you provide this service in-house or outsource through a partnership?

- V. Assess the current economic and interest rate environment. Be sure to include (1 ½ - 2 pages):
- A. What is the status of the local and regional economies and the prospects for growth?
    - Inflation
    - Unemployment
    - Job growth
    - New business/Lost business
    - Population growth
  - B. What is the forecast for interest rates? Is an expansionary or contractionary interest rate policy expected?
  - C. Based on your assessment of the economic climate and interest rates, what is the impact on your proposal and what are the risks of introducing the new product or service?
  - D. Are there any regulatory compliance issues?

### **Grading Criteria**

Sections II through V each have a maximum point total of twenty -five (25) points. So, there is a maximum point total of one hundred (100) points for these four sections of the paper. Each faculty member will assign a point total for their respective section of the paper and then each faculty member will assign up to twenty (25) points for the entire paper. The combined points from the four sections of the paper will be added to the combined points assigned for the entire paper. This total will be divided by two (2) to determine the final grade.

A= 90-100

B= 80-89

C= 70-79

D= 60-69

F= 59 or below

**DUE DATE: January 17, 2025**

\*Should you decide to analyze a product or service offered by MBA Solutions, please visit the MBA's website for more information.