



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 General Performance Indicators, Specific 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 10 minutes to make your presentation to the judge (you may have more than one judge), followed by up to 5 minutes to answer the judge's questions. All members of the team must participate in the presentation, as well as answer the questions.
- Turn in all of your notes and event materials when you have completed the event.

GENERAL PERFORMANCE INDICATORS

- Communications skills—the ability to exchange information and ideas with others through writing, speaking, reading or listening
- Analytical skills—the ability to derive facts from data, findings from facts, conclusions from findings and recommendations from conclusions
- Production skills—the ability to take a concept from an idea and make it real
- Teamwork—the ability to be an effective member of a productive group
- Priorities/time management—the ability to determine priorities and manage time commitments
- Economic competencies

SPECIFIC PERFORMANCE INDICATORS

- Explain forms of financial exchange.
- Describe sources of income.
- Describe the role of financial institutions.
- Explain the purposes and importance of credit.
- Explain the need to save and invest.
- Describe the relationship between economic conditions and financial markets.
- Develop personal budgets.



CASE STUDY SITUATION

You are to assume the roles of training specialists for LOVE FINANCIAL CREDIT UNION. The company has decided to hire ten bank tellers who have recently graduated from a local high school finance academy. The training manager (judge) has asked you to put together an overview of finance before conducting the actual training.

The training manager (judge) has provided you with an outline of information that you must be able to cover in your class:

1. Briefly explain three types of currency:
 - a. banknotes
 - b. government bonds
 - c. treasury notes
2. Describe three sources of income:
 - a. wages/salaries
 - b. interest
 - c. dividends
3. Describe the role of financial institutions:
 - a. credit unions
 - b. commercial banks
 - c. brokerages
4. Explain the purposes and importance of credit:
 - a. define a credit rating
 - b. what makes up your credit rating
 - c. why would you need credit score
5. Explain saving versus investing
 - a. definition of each
 - b. examples of each

The training manager (judge) has stated that since these are young high school graduates they will have very limited finance/banking background, therefore it is extremely important that you present the information as clearly and simply as possible.

You will present the information to the training manager (judge) in a small training room. Once you have finished the instruction; you must answer all of the questions from the training manager (judge). The training manager (judge) will conclude the training by thanking you for all your effort placed into this training overview.

JUDGE'S INSTRUCTIONS

You are to assume the role as a training manager at LOVE FINANCIAL CREDIT UNION. The company has decided to hire ten bank tellers who have recently graduated from a local high school finance academy. You have asked two training specialists (participant team) to present information to you in preparation for a training session with the ten bank tellers who were just hired by the credit union. You have asked the training specialists (participant team) to first present an overview of finance before conducting the actual teller training.

You have provided the training specialists (participant team) with an outline of information that they must cover on the first day in the class:

1. Briefly explain three types of currency:
 - a. Banknotes
 - b. Government bonds
 - c. Treasury notes
2. Describe three sources of income:
 - a. wages/salaries
 - b. interest
 - c. dividends
3. Describe the role of financial institutions:
 - a. credit unions
 - b. commercial banks
 - c. brokerages
4. Explain the purposes and importance of credit:
 - a. define a credit score/rating
 - b. what makes up your credit score/rating
 - c. why would you need credit score/rating
5. Explain saving versus investing
 - a. definition of each
 - b. examples of each

You have also informed the training specialists (participant team) that the newly hired tellers are young high school graduates and will have very limited finance/banking background, therefore it is extremely important that they present the information as clearly and simply as possible.

The training specialists (participant team) will present the information to you in a small training room. Once they have finished the instruction; you will ask the following questions of each participant team:

1. How does the stock market affect the economy?
2. How would you guide someone to set up a personal budget?

Once the training specialists (participant team) have answered your questions, you will conclude the meeting by thanking them for their work. You are not to make any comments after the event is over except to thank the participants.

SOLUTION

1. Briefly explain three types of currency:

A banknote is a type of negotiable instrument known as a promissory note. It is made by a bank and payable to the bearer on demand. Banknotes are often known as bill, paper money or simply a note.

A government bond is an instrument of indebtedness of the national government to the holders. Generally there is a promise to pay periodic interest payments and to repay the face value on the maturity date. Government bonds are usually denominated in the country's own currency.

A treasury note is a marketable U.S. government debt security with a fixed interest rate and a maturity between one and ten years. Treasury notes can be bought directly from the U.S. government or through a bank. When buying treasury notes from the government, you can place either a competitive or noncompetitive bid. With a competitive bid, you specify the yield you want; however this does not mean that your bid will be approved. With a noncompetitive bid, you accept whatever yield is determined at auction.

2. Describe three sources of income:

Wages/ salaries – A monetary compensation paid by an employer to an employee in exchange for work done. Payment is calculated as a fixed amount for each task completed or at an hourly or daily rate, or based on an easily measured quantity of work done. Payment by wage contrast with salaried work, in which the employer pays an arranged amount at steady intervals regardless of hours worked, with commission which conditions pay on individual performance, and with compensation based on the performance of the company as a whole.

Interest – Is a fee paid by a borrower of assets to the owner as a form of compensation for the use of the assets. It is notated as the price paid for the use of borrowed money, or money earned by deposited funds into a bank.

Dividends – A distribution of a portion of a company's earnings, decided by the board of directors to a class of its shareholders. The dividend is most often quoted in terms of the dollar amount of each share (dividends per share (DPS)). It also can be quoted in terms or percent of the current market price, referred as dividend yield.

3. Describe the role of financial institutions:

Credit unions – Are another alternative to regular commercial banks. Credit unions are almost always organized as not-for-profit cooperatives. Like banks and savings and loans, credit unions can be chartered at a federal or state level. Like savings and loans, credit unions typically offer higher rates on deposits and charge lower rates on loans in comparison to commercial banks.

Many times membership of a credit union is not open to the public. It is restricted to a particular membership group.

Commercial Banks – Accept deposits and provide security and convenience to their customers. In addition these banks make loans that individuals and businesses use to buy goods or expand business operations, which in turn leads to more deposited funds that make their way to the banks.

Brokerages – A brokerage act as a intermediary between buyers and sellers to assist in securities transactions. Brokerage companies are compensated via a commission or fee after the transaction has been successfully completed.

4. Explain the purposes and importance of credit:

Define a credit rating/score – A credit rating or score is a statistical method to pay back money within a specified period of time. The credit score or rating determines the likelihood of an individual paying back the money he or she has borrowed.

What makes up your credit rating/score? – The credit bureaus that issue these scores have different systems to evaluate on different factors. The primary factor that is used to calculate an individual's credit score are his/her payment history, current debts, time length of credit history, credit type mix and the amount of applications for new credit.

Why would you need a credit rating/score? - Good credit is necessary if you plan to make a major purchase, such as a car or a home, or want to be able to take advance of the convenience credit also extends beyond purchases. It may also be used by potential employers and landlords as part of the selection process.

5. Explain saving versus investing:

Savings – The process of putting cash aside and putting it in a safe (FDIC- federal deposit insurance corporation), and liquid account. It normally can be accessed in a very short amount of time. Savings could include certificates of deposits, checking, savings or United States Treasury Bills.

Investing – The process of using money to buy an asset that you think will generate a safe rate of return over time, making you wealthier with each year. An investment can include anything from a small business, fine art, rare coins, comic books to stocks, mutual funds, bonds, real estate and non-insured money market accounts.

ANSWERS TO JUDGE'S QUESTIONS

How does the stock market affect the economy? – There are several effects between the stock market and the economy:

1. Wealth Effect – people with a fall in their wealth will tend to spend less money and overall will lead to a fall in consumer spending particularly the housing market.
2. Effect on Pensions – Pension funds invest a huge part of their funds in the stock market. If share prices fall for a long time then the value overall will drop and the payout will be lower thus not promising what the funds were designed for.
3. Confidence – Lowers consumer confidence if the stock prices continue to fall and people will simply not invest.
4. Investment – Falling share prices can hamper firms ability to raise money on the stock market. Companies that are wishing to borrow will issue more shares.
5. Bond Market – A fall in the stock market can make other investments more attractive. People may move out of the stock market and move into investing in government bonds or commodities.

How would you guide someone to set up a personal budget? – There are several methods to help guide someone to setting up a personal budget but they all involve starting with income first and then listing expenses. Here is an overview of how the participants should answer the question:

1. Gather every financial statement that you can.
2. Record all of your sources of income.
3. Create a list of monthly expenses.
4. Break expenses into two categories: fixed and variable
5. Total your monthly income and monthly expenses
6. Make adjustments to expenses (if expenses are more than income. Remove wants/desires first).
7. Review your budget monthly.

JUDGING THE PRESENTATION

Team members, assuming the role as training manager for the business represented, will analyze a case situation related to the chosen occupational area. The team will make decisions regarding the situation, and then make an oral presentation to the judge. The role of the judge is that of an executive for the business.

Participants will be evaluated according to the Evaluation Form.

Please place the name and identification number label on the Scantron sheet (unless it has already been done for you).

Participants will have a 30-minute preparation period and may make notes to use during the role-play.

During the first 10 minutes of the presentation (after introductions), the team will present their analysis, their decisions and the rationale behind the decisions. Allow the teams to complete this portion without interruption, unless you are asked to respond.

During the next 5 minutes, you may ask questions of the team to determine their understanding of the situation presented. Each member of each team should respond to at least one question. To ensure fairness, you must ask each team the same questions. After asking the standard questions, you may ask other questions for clarification specific to the current team.

After the questioning period, please thank the team and state that they will be notified of your decision soon. Then complete the Evaluation Form, making sure to record a score for all categories. The maximum score for the evaluation is 100 points. The presentation will be weighted at twice (2 times) the value of the exam scores.

A maximum score of “Exceeds Expectations” in any category means that, in your opinion, the information is presented effectively and creatively; nothing more could be expected of an employee.

A “Meets Expectations” rating means that the information is presented well. Though there may be a few minor problems or omissions, they are not significant. Creativity, however, is not shown to any great degree. A combined total score of 70 or better on the written and presentation sections will earn the participant team DECA’s Certificate of Excellence at the international conference.

A “Below Expectations” score means that the information presented does not meet minimum standards of acceptability.

A “Little/No Value” score means either that some major flaw has been noted that damages the effectiveness of the presentation (this may be a major omission, a serious misstatement or any other major flaw) or that the information presented is of no value (does not help the presentation at all).

We hope you are impressed by the quality of the work of these potential managers. If you have any suggestions for improving the event, please mention them to your series director.

We thank you for your help.



FINANCIAL SERVICES TEAM DECISION MAKING, 2015

JUDGE'S EVALUATION FORM
SAMPLE SCENARIO 2015

INSTRUCTIONAL AREA
Financial Analysis

Participant: _____

Participant: _____

I.D. Number: _____

Did the participant team:

		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
PERFORMANCE INDICATORS						
1.	Explain forms of financial exchange?	0-1-2-3	4-5-6	7-8	9-10	
2.	Describe sources of income?	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.	Explain the purposes and importance of credit?	0-1-2-3	4-5-6	7-8	9-10	
5.	Explain the need to save and invest?	0-1-2-3	4-5-6	7-8	9-10	
6.	Describe the relationship between economic conditions and financial markets?	0-1-2-3	4-5-6	7-8	9-10	
7.	Develop personal budgets?	0-1-2-3	4-5-6	7-8	9-10	
21st CENTURY SKILLS						
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	
TOTAL SCORE						