

FINC 4325—FALL 2017 SYLLABUS

COURSE NUMBER: FINC 4325.01

COURSE TITLE: Selling Financial Products

INSTRUCTOR: James B. Bexley PhD, Distinguished Professor of Finance and Chair, Smith-Hutson Endowed Chair of Banking

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OFFICE HOURS: Tu & Th 8:00 a.m. to 10:30 a.m.
Other times by appointment.

REQUIRED TEXT: *Selling Financial Products in Today's Environment 2* by James B. Bexley

DESCRIPTION OF COURSE: This course offers a study of the process and principals involved in selling financial instruments and services. It emphasizes the special aspects related to selling/marketing in the banking industry. Both financial products and services will be addressed. Special attention is given to selling implementation. Cases and research presentations will be used to amplify materials.

OBJECTIVES: The major objectives of this course are:

1. To acquaint students with the roles of selling in the financial services industry.
2. To introduce students to selling theory.
3. To introduce students to specific selling aspects specific to the financial services industry.

PREREQUISITES: Junior Standing

CLASS MEETINGS: Classroom BA 106 on Monday and Wednesday, 8:00 a.m. to 9:20 a.m. with the first class meeting on Wednesday, August 23, 2017, and the final exam Monday, December 4, 2017 from 8:00 a.m. to 10:00 a.m.

*Official University calendar will be final determinate of schedule.

TEACHING METHOD: The teaching methods utilized will be lecture, class discussion, problem analysis, case study, class research and presentations. To introduce an element of practicality into the learning experience, the class will be divided into groups for cases, research papers, and presentations. Students will be allowed to select topics, subject to approval of the professor. A written paper and an oral presentation will be required of each student in the group.

COURSE EVALUATION PROCESS: There will be three unit examinations and a final examination. In addition there will be outside assignments, a research paper to turn-in and an oral presentation to be made on the research paper. Grade weighting will be as follows:

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Examination #1	15%
Examination #2	15%
Case preparation and presentation and outside assignment (Cases 1-10 =8.5%, Case 13 = 16.5%, Cases 11,12, & 14 – 4% and Outside Assignment = 1%)	30%
Research paper/oral presentation	20%
Final Examination	20%

Course grades are determined by applying the following scale to a student's weighted average:

90 and above	A
80 to 89	B
70 to 79	C
60 to 69	D
Below 60	F

MAKE-UP EXAMS: No makeup exam will be given. If an exam is missed, a grade of zero (0) will be assigned for the exam. Each student will be allowed to drop the lowest exam grade and the weight of that exam will be added to the weight of the final exam. If more than one exam is missed, a score of zero (0) will be retained for those missed exams. Assignments must be turned in on the date due. **No late assignments will be accepted.**

AMERICANS WITH DISABILITIES ACT: SHSU adheres to all applicable federal, state, and local laws, regulations, and guidelines with respect to providing reasonable accommodations for students with disabilities. If you have a disability that may affect adversely your work in class, then I encourage you to register with the SHSU Counseling Center in the Lee Drain Building Annex, or by calling extension 4-1720 and to talk with me about how I can best help you. All disclosures of disabilities will be kept strictly confidential. **NOTE:** No accommodation can be made until you register with the Counseling Center.

STUDENT ABSENCES ON RELIGIOUS HOLY DAYS POLICY: Section 51.911 (b) of the Texas Education Code requires that an institution excuse a student from attending classes or other required activities, including examinations for observance of a religious holy day, including travel for that purpose. A student whose absence is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence. University policy 861001 provides the procedures to be followed by the student and the instructor. A student desiring to absent himself/herself from a scheduled class in order to observe (a) religious holy day(s) shall present to each instructor involved a written statement concerning the religious holy day(s). This request must be made in the first fifteen days of the semester or the first seven days of a summer session in which the absence will occur. The instructor will complete a form notifying the student of a reasonable timeframe in which the missed assignment(s) and/or examination(s) are to be completed.

ATTENDANCE: Class attendance will be checked for each scheduled class. Perfect attendance will earn 3 bonus points added to the grade computation described above. **Two class periods which equal 3 hours (each class is considered 1 and 1/2 hours) can be missed without penalty, except**

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examination days and presentation days. For each hour missed from the fourth through the seventh, 1-point will be subtracted from the final grade for each hour missed. All absences totaling eight hours or more will result in a grade of F for the course. For each group of three late class arrivals one point will be deducted from the final average.

TENTATIVE SCHEDULE: Set out below is a tentative schedule that is subject to change:

<u>DATES</u>	<u>SUBJECT</u>
Aug. 23rd	Administrative Issues & Introduction to Selling
Aug. 28th	Turn in Topics, Chapter 1 & Case 1
Aug. 31st	Chapter 2 & Case 2
Sep. 4th	Labor Day Holiday
Sep. 6th	Chapter 3 & Case 3
Sep. 11th	Chapter 4
Sep. 13th	Case 4 & Guest Bankers-Amegy Bank (Mandy Negrete & Telisa Shead)
Sep. 18th	Chapter 5 & Case 5
Sep. 20th	Chapter 6 & Case 6
Sep. 25th	Chapter 7 & Case 7
Sep. 27th	Outside Class Project
Oct. 2nd	Topic #1 Written Reports are Due & Chapter 8 & Case 8
Oct. 4th	Topic #1 Oral Presentations
Oct. 9th	Chapter 9 & Case 9
Oct. 11th	Exam #1 (Chapters 1-7, & Notes)
Oct. 16th	Topic #2 Written Reports Due & Chapter 10 & Case 10
Oct. 18th	Topic #2 Oral Presentations& Topic #3 Written Reports Due
Oct. 23rd	Topic #3 Oral Presentations & <u>Turn-in Outside Assignment</u>
Oct. 25th	Selling Lab—Assignment #1 and #2
Oct. 30th	Chapter 11 & Case 11
Nov. 1st	Chapter 12 & Case 12
Nov. 6th	Chapter 13
Nov. 8th	Exam #2 (Chapters 8-13. Lab, & Notes)
Nov. 13th	Case 13 Presented by all groups to Guest Bankers
Nov. 15th	Chapter 14 & Case 14
Nov. 20th	Selling Products to Guest Bankers
Nov. 22-24	Thanksgiving Holiday
Nov. 27th	Chapter 15
Nov. 29th	Review
Dec. 4th	8:00 a.m. to 10:00 a.m. FINAL EXAMINATION All Previous Materials

Case Presentation Instructions FINC 4325 August 2017

The class will be divided into groups of four or five individuals to prepare and present cases #1-#10 to the class. **Case #13** (in the textbook) will be presented by all of the groups on **November 13th**. Cases # 11, #12, and #14 will be written up and turned-in by group and one

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group will be selected to present the case. The purpose of these group sessions is to develop a team solution approach similar to what would be encountered in the actual workplace. Grading for each of the cases will be based upon the following:

Analysis of the problem	1/3rd
Answers to the case questions	1/3rd
Oral presentation	1/3rd

The due date for your cases is shown on the syllabus and must be turned-in on that date or a grade of “0” will be assigned for the case. **Each person should be able to present the case in the unfortunate event that one of the presenters does not make it to class. Failure to turn-in and present the case will result in a grade of “0” for all team members.**

In preparing your cases for the class, they should be typed, double-spaced. They should state or analyze the problem presented, give a brief summary of the case and facts, and answer the questions presented with the case (**See How to Present Case Below**). Normally 15 minutes will be allowed for the oral presentation of cases 1-10 and 5 minutes will be allowed for case 13. **The presentation should be in Power Point format and e-mailed to jbbexlev@shsu.edu by Midnight on the day before the case is due to be presented. It should be titled 4325-Case#__.ppt (your case # goes in the blank.) For the Marion State Bank Case it should be titled 4325cb-bb-group# .ppt (your group # goes in the blank) and submitted by e-mail no later than Midnight, November 11th.**

HOW TO PRESENT YOUR CASE SOLUTION

XYZ Bank Case

John Doe, Mary Smith, & Tom Adams

Case Description: In this area you should describe the subject matter for the case and any secondary issues that arise. As an example here is a sample case description for a case relating to a revolving line of credit-----*The primary subject matter for this case concerns the viability of making a revolving line of credit to an established company. Secondary issues involved in this case turn on analyzing credit issues such as evaluating ratios, evaluating strengths and weaknesses, proposing loan covenants, calculating eligible accounts receivable and inventory.*

Problems Presented in the Case: In this area you should address specific problems that you detect in the case. For example, in a case with credit quality issues you might see the following--*The case as presented shows a general weakness in the credit quality. Such items as the ratios are weak, earnings are not consistent, and there does not appear to be enough cash flow to pay existing debt as now structured.*

General Discussion of the Case: Here you should discuss the impact of risk, competition, profitability, or the other issues raised in the case. This should be approximately one page. For example, in a case with performance and risk issues you might see the following---

Competition

The banking industry is extremely competitive, and the profitability of the bank will depend primarily upon the bank's ability to compete in its market area. The bank competes with other

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commercial and savings banks, savings and loan associations, credit unions, finance companies, mutual funds, insurance companies, brokerage and investment banking firms, non-bank lenders and other non-financial institutions, including governmental organizations which may offer subsidized financing at lower rates than those offered by the bank. Simultaneously, consumers have more information regarding the terms offered by various service providers. This favors the low cost service providers, which may not be the traditional financial institution. The availability of traditional banking products from banks and non-banks on a national basis has put tremendous pressure on pricing margins.

SWBT has been able to compete effectively with other financial institutions by emphasizing technology and customer service, including local office decision-making on loans, establishing long-term customer relationships, building customer loyalty, and by providing customized products and services to its customers. The continued success of the company is dependent on the economic strength of the Houston metropolitan area.

SWBT will have to compete with financial institutions that have the ability to single source any financial product or service in a market area. The bank may discover that they lack adequate resources or efficiencies to compete against larger multinational or global banks and financial institutions. As a result, they may pursue acquisitions to further bolster or gain resources to improve efficiency in order to compete in an increasingly global financial market place.

Risks

The policies of regulatory authorities, including the monetary policy of the Federal Reserve Board, have a significant effect on the operating results of bank holding companies and their subsidiaries. Among the means available to the Federal Reserve Board to affect the money supply are open market operations in U.S. Government securities, changes in the discount rate on member bank borrowings, and changes in reserve requirements against member bank deposits. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid for deposits. Other risks faced by SWBT include unfavorable economic conditions in the Houston area. This could negatively impact the bank's customers, cause declines in the value of loan collateral, a reduction in loan demand, and an increase in loan losses.

SWBT follows a conservative approach to lending and credit relative to other Texas regional banks. Risk in terms of credit quality is minimal and is evidenced by a level Allowance for loan losses to total loans over the last four years. Also, net charge-offs to average loans has declined over the same period. With a climate of lower interest rates, and the possibility of an economic rebound, the bank may be able to benefit from cheaper sources of available credit.

The bank has a current ratio of 1.08 and is well capitalized. Core deposits make up 83% of the total deposits and the loan to deposit ratio is 80.9%. Given the low credit risk, strong capitalization, and high amount of core deposits, liquidity risk is minimal.

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Performance versus Peers

The bank's performance is comparable to other Houston area regional banks such as Compass, Sterling, Frost, Guaranty, and Woodforest. It competes favorably against the larger commercial banks such as Chase, Wells Fargo, and Bank America as measured by ROA, ROE, Net Interest Margin, Non Interest Expense, and Capital/Assets. In order for the bank to better compete and further differentiate itself from the other regional banks, SWBT can be more aggressive with its lending by slightly easing its credit standards given the amount of capital/assets and loans/deposits relative to the other regional banks. It can also be more competitive with the regional banks by broadening its menu of products and services to clients. Such efforts should focus on new services that generate fee-based income and diversify the bank's sources of revenue.

Solutions to Questions: Here you should list the question presented in the case and answer each question.

Term Paper Instructions FIN 4325 August 2017

As set out in your syllabus, there is one written topic time designated for turn-in and one time for presentation. Each student will make a written and an oral presentation at the time determined by the topic number. All topics must turned-in by **August 28th** and the turn-in date for those with **Topic #1**, the written research paper is **October 2nd** and the day oral presentations will be made is **October 4th**, and the turn-in date for those with **Topic #2**, the written research paper is **October 16th** and the day oral presentations will be made is **October 18th**, and the turn-in date for those with **Topic #3**, the written research paper is **October 18th** and the day oral presentations will be made is **October 23rd**. Any paper turned-in late will receive a grade of F. Following-up on the oral instructions given you in class, this set of instructions will give you firm, written directions concerning the written and oral assignments.

1. The term papers should be written in good manuscript form, utilizing proper grammar, spelling and punctuation. The topics are to be pre-approved by the instructor.
2. Your paper should be double-spaced with a normal margin and be a minimum of **six** typewritten pages and a maximum of **twelve** typewritten pages in 12 point times or times roman type font.
3. There must be a minimum of two research references, not including the FIN 4325 text, and only one may be from the Internet. References taken for journals and books from the Internet are acceptable—we don't want blogs or unsubstantiated information.
4. On the date your research paper is due, you will turn-in your research paper in hard copy (paper), and you will e-mail your oral presentation to jbbexley@shsu.edu with a title of 4325(Your Last Name).ppt and then you will deliver your oral presentation of the term paper to the class the assigned day **using Powerpoint**. The oral presentation will be no less than four

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minutes nor more than ten minutes. This presentation should clearly and concisely present the concepts advanced in your written presentation.

5. As you know, the combination of the term paper and the oral presentation will count 20% of your total final grade.

6. The following topics will be utilized unless the professor approves another topic in advance:

1. The Role of the Selling In the Bank of the Future.
2. How Selling Impacts the Bank's Performance.
3. Selling Deposit Products.
4. Closing the Sale.
5. Selling Commercial Lending Products.
6. Selling Mortgage Products.
7. The Value of Customer Calling Programs.
8. Prospecting for Bank Customers
9. Using Networking in Selling Financial Products.
10. Overcoming the Fear of Selling.
11. Overcoming Objections in the Selling Process.
12. Time Management in Selling.
13. Integrity in the Selling Process.
14. Good Listening in the Selling Process.
15. Developing Product Knowledge.
16. Sales/Market Research Methods/Techniques for Commercial Banks.
17. The Keys to Success in the Selling Process.
18. Presentation Styles for Success Selling.
19. The Importance of Customer Service In Selling.
20. Selling Unconventional Products In Banks.
21. Ethics in Selling Financial Products
22. Developing an Advertising Plan
23. Developing a Marketing Plan
24. Using Direct Mail to Develop Sales
25. Thinking Like Your Customer/Prospect to Maximize Sales
26. Why Customers Buy Products/Services
27. How Customers Perceive Value vs. Cost
28. The Value of Customer Relationships
29. Marketing to Ethnic Groups
30. The Power of Database Marketing
31. Using Contests and Sweepstakes in Selling
32. The Value of the Internet to Sell Products/Services
33. Product Packaging to Promote Sales
34. Affinity Marketing to Promote Sales
35. The Pros and Cons of Television in Selling
36. How Effective is Radio to Promote Sales?
37. How to Promote Sales Through Newspaper Advertising
38. Utilizing Surveys/Questionnaires in Selling Financial Products

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39. How Effective Is Team Selling in Marketing Financial Products?
40. What It Takes to Make the Customer Satisfied
41. How Effective Are Billboards in Selling Financial Products?
42. The Impact of Negative Media on the Selling Process
43. Does Excellent Service Influence Customers More Than Price?
44. Using Telemarketing to Market Financial Products
45. What Are The Best Training Methods To Become An Outstanding Salesperson?
46. Developing Selling Strategies
47. The Differences Between Selling and Marketing
48. Methods to Drive Market Share
49. Selling to Millennials

Outside Assignment FINC 4325 August 2017

On the first day of class for the Outside Assignment, you will be given instructions and five questionnaires that you are to have completed by area individuals (no more than one may be a college student). You will have until **October 23rd** to return the completed questionnaires and the signed instruction sheet.

You will have free class time on **September 27th** to complete the Assignment.

Selling Lab & Assignments 1-2 Instructions FINC 4325 August 2017 (Exercises from Carlaw & Deming)

When Selling Lab and Assignment appears on your syllabus, you are to bring an article relating to some form of selling. It can come from newspapers, books, etc. Additionally, you will turn in each of the Assignments when indicated on the syllabus and be prepared to discuss it in class. Your involvement in the discussions will impact your grade.

Assignment #1--As noted above bring an article about selling. In addition, turn-in a definition of "service quality"

Assignment #2-- As noted above bring an article about selling. This assignment relates to keeping customer problems from escalating. Therefore, answer the following seven questions:

1. You don't know the answer to the customer's question, how do you handle this?
2. You have to say no to the customer's request, what do you say?
3. Your computer is moving slowly or has a problem and the customer is getting impatient, how do you respond to this with the customer?
4. The customer has unreasonable expectations, what do you say to neutralize it?
5. The customer is skeptical about what you're telling him, how do you respond?
6. The customer is angry for no apparent reason, what do you say or do?
7. The customer refuses to give you all the information you need, how do you handle this?