Operations

Your operations represent the back office activities required to provide customer service and process retail banking transactions, such as:

Operating Budgets	Customer Service	Retention Rates	Expenses
↗	↗	↗	↗
As you increase your Operating Budgets…	…customer service improves…	…leading to higher retention rates…	…but your operating expenses will go up

- Processing payments and deposits
- Settling trades for investment management clients
- Processing credit card transactions, statements and payments
- Processing mortgage and consumer loan transactions and statements
- Handing calls in the call centers

These operational activities generate compensation, occupancy and equipment costs.

In the simulation, you set the service levels you want to provide to your customers (ranging from 80% to 100%). Setting your service levels at 100% will allow your bank to fulfill all of your customers' expectations for operations. For example, setting your Deposits service level at 100% ensures all of your checking account and savings account customers receive their monthly statement on a specific date each month. However, service levels of 100% does maximize your operational costs.

If you set your service levels to less than 100%, you can reduce your bank's back office operational costs, lowering your bank's overall operating expenses. However, lower service levels can lead to customer service problems. For example, setting your service level to low in Deposits may create problems processing monthly statements for your checking account and savings account customers.

So, the key to success in Operations is to invest enough to meet customer service expectations while not over investing in an effort to control operating costs.

If you set your service levels to 100%, you will realize the following costs:

Operations Costs (per Account)	New Accounts	Existing Accounts (Previous Year's Total)
Deposit Accounts	$40	$10
Investment Management Accounts	$5,000	$500
Card Card Accounts	$650	$200
Consumer Loan Accounts	$650	$200
Mortgage Loan Accounts	$5,000	$500

See Sample Calculation R-18 for an example.