

# **PFM-Game with Students (BA/MA)**

23.07.2018

# Procedure

## Introduction

- Short technical introduction without much background information
- Shortly describe procedures and motivation

## Round 1

- Play/observe a round of play without background information
- Collect questions and feedback to assess knowledge gaps
- Annotate the screenshots with knowledge gaps and questions
  - Differentiate between master (2x) and assessment (2x) level knowledge

## Round 2

- Maybe show some slides with background info. to get everyone on the same level?
- Play/observe another round of play and extend the annotations where reasonable
- Validate assumptions from first round

## Participants

- Team 1: Nik Zaugg (BA)
- Team 2: Ivana Dominkovic (BA)
- Team 3: Melwin Parodi (MA, with Investments course background)
- Team 4: Stephanie Zraggen (MA, with Investments course background)

## Legend

Problems encountered during the process. BA (bachelor students), MA (master students)

General comments.

Feedback and ideas from participants.

# Strategic Asset Allocation

## General Unclearities

- BA: What is a Strategic Asset Allocation?
- BA: When and how often is a SAA performed? Only once?
- How much money do we have initially?
- Ranges should be embedded in the application instead of using an external presentation sheet.
- SAA needs to lie within all ranges -> else the TAA can't be adjusted in the next period (unclear in visualization). Should it be visualized or might this help the students to understand the process?

All the decisions are based on predefined customer type ranges.

"Lead" by application instead of using a dropdown

Not obvious that customer "classes" can be and need to be switched.

What kinds of values are to be entered?  
Absolute or relative numbers?

Referenzwährung: CHF

Kundentyp: konservativ

Periode: 0

Team: Team Ste

ASSET	CHF	EUR	USD	GBP	JPY	EMD	TOTAL
Money Market							0.00
Bonds							0.00
Equity							0.00
Alternative Investments							0.00
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00

BA: What are Emerging Market Dollars?  
Which countries belong to Emerging Markets?

BA: What are Alternative Investments?

Give some kind of additional information  
/ hints with tooltips or similar methods.

Constraints (and violations) should be  
shown somehow within the application.  
=> validation

Decisions of the student are based on the currency  
exchange rate (forecast). Based on that they decide  
to invest in which country (amongst other factors).

Unclear, how summation is performed.  
Putting 10% in CHF/Bonds means that 10%  
of the OVERALL capital are allocated there.

Total summation is very unclear.  
Constraints need to be fulfilled on both  
dimensions (assets and currencies)

## Tactical Asset Allocation

## General Unclarities

- **BA:** What is a Tactical Asset Allocation?
- **BA:** When and how often is a TAA performed? Only once?
- How big should changes be? => **magnitude**
- Why can TAA not be performed in the first round? Especially unclear for bachelor students. Keep it or don't even show it in the beginning?

**Most points from SAA apply here too.**

[illegible]

# Depot Realization

Unclear that TAA is the target and "Bestand" the IS-state. SOLL/IST.

## General Unclearities

- Very unstructured, easy to miss stuff.
- Unclear where to start, what are targets? How do the students achieve to split their investments?

Do we need to achieve the total of each asset category, or are we able to shift percentage of assets to other asset categories? (e.g. from Bonds to Equity)

unclear: compare SAA

	CHF		EUR		GBP		JPY		EMD		TOTAL	
	TAA	Bestand	TAA	Bestand	TAA	Bestand	TAA	Bestand	TAA	Bestand	TAA	Bestand
Money Market	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Währungsabsicherung			SAA	(%)	SAA	(%)	SAA	(%)	SAA	(%)	SAA	(%)
Fremdwährung Hedgen?			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Referenzwährung: CHF

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Must be 100%? What happens otherwise?

When are we able to hedge? (Sometimes only possible for specific currencies). When should we hedge? Checkboxes not always clickable.

Markt: Markt Schweiz

What is Abs.%? (needs to be summed up to TAA decision asset category)

Scrolling would be helpful how much entries (assets)

## Anlagen

## Anlagenkategorie

## Bestand

## Entscheid

## Entscheid

BA: What is "all maturities" for bonds?

No one has known that an asset is clickable containing additional information

There are no forecasts for companies, only for sectors. Need to guess...

The new game will only use sectors (coarser granularity).

BA: What are ETFs?

What is VP%?

VP%

Abs. %

+/- %

What is the difference between abs. % and +/- %?

Why isn't it possible to have an overinvestment in the total (percentage) amount?

Constrained to 20% per item, constraint not obvious (annoying error).


"Overinvestment" should be temporarily possible => no immediate error if over 100%, but catch in validation.

Include how many entries are changed (and by how much?) such that a bank doesn't have too many (small) transactions => costs incurred for every single transaction.

What is a FoHF? Fund of Hedge Funds.

Anlagen	Anlagenkategorie	Bestand	Entscheid	Entscheid
Money Market CHF	Money Market	0.00	0.00	0.00
Bond CHF	Bonds	0.00		0.00
Bond CHF (1-3y)	Bonds	0.00		0.00
Bond CHF (3-7y)	Bonds	0.00		0.00
Bond CHF (7-10y)	Bonds	0.00		0.00
ABB	Equity	0.00		0.00
Adecco	Equity	0.00		0.00
Baloise	Equity	0.00		0.00
Credit Suisse	Equity	0.00		0.00
ETF Switzerland	Equity	0.00		0.00
Gurit	Equity	0.00		0.00
Holcim	Equity	0.00		0.00
Huber und Su	Equity	0.00		0.00
Jelmoli	Equity	0.00		0.00
Julius Baer	Equity	0.00		0.00

# Conditions and Fees

 **Entscheidungsformular III - Konditionen**

Periode: 0

Team: Team Ste

Gebührenmodell: ☒ all in  
☐ single tarif

BA: What is the difference between all-in and single tarif?

No one has chosen single tarif (everyone has decided to choose all in).

Vermögensverwaltungsgebühr (all in)	1	(%)		How much is reasonable? Practical? "Normal"?
Vermögensverwaltungsgebühr (single tarif)		(%)		
Courtage ( Money Market )		(%)		MA: What is a benchmark for these fees?
Courtage ( Bonds )		(%)		
Courtage ( Equity )		(%)		MA: When will those custodian fees be charged to our customers?
Courtage ( Alternative Investments )		(%)		
Depotgebühren(vom Depotvolumen)	2	(%)		MA: Are 1 and 2 charged cumulatively or separately? 1 only if actively managed, 2 only if passively?

BA: What is courtage?

BA: What is depot volume?

# Marketing / HR / Logistics

## General Unclearities

- How much money do participants have available to invest? Some kind of financial sheet should be included.
- What are generally reasonable numbers? How can they be calculated?
- **MA**: How long are working days?



## Entscheidungsformular IV - Marketing & Human Resources & Logistik

Periode: 0

Team: Team Ste

### MARKETING

Marketingausgaben Kundentyp konservativ	(Mio. CHF)	
Marketingausgaben Kundentyp dynamisch	(Mio. CHF)	
Imagewerbung pro Jahr	(Mio. CHF)	

### HUMAN RESOURCES

Einstellungen / Entlassungen	(+/-MA)	
Jahreslohn pro Mitarbeiter	(CHF)	
Bonusanteil vom Jahresgewinn	(%)	
Ausbildung (Schulungstage pro Mitarbeiter)	(Tage/MA)	

### LOGISTIK

Investitionen in IT	(Mio. CHF)	
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Difficulties deciding how much (absolute) money to invest if a student doesn't know how much money he/she has.

Is there an initial number of employees? Set to 800 currently.

**MA**: What about inflation?

What about fluctuation?

Why is there a minimum wage per year for an employee? Set at 75k currently.

What is the effect of IT on overall performance?

How important is education for employees?  
What effect does it have? How are costs calculated?