(<u>Note:</u> this document was issued to all candidates prior to the examination as pre-reading material)

THE ON-LINE LOAN APPLICATION FACILITY CASE STUDY

1. Introduction

Asia Pacific Bank is a medium sized bank based in Singapore, but with branches in Malaysia, Thailand, China and Australia. Most of the IT applications are developed by the Asia Pacific Bank IT department (APBIT). Recently the Bank has been exploring the possibility of developing an on-line Loan Application Facility that can be used by customers to apply for and obtain a loan of up to $50,000 using an Internet Website. The *Asia Pacific Bank* board of directors now wishes to determine whether or not to proceed with this project.

2. Systems Description

This system will allow existing Asia Pacific Bank customers to apply for loans on-line. It will:

- Allow existing customers to identify themselves.

- Perform preliminary processing of the loan application.

- Route the application to the relevant staff in Asia Pacific Bank for review and approval/rejection.

- Provide updates on the status of the application to customers who have applied for loans.

- Prepare weekly and monthly reports for Asia Pacific Bank management and accountants.

3. Development Project Details

The system development will consist of five major phases:
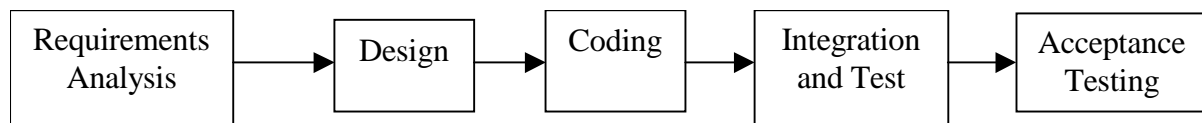
A team of two programmers and one project leader will be assigned to this project. The system will be written in Java, and is expected to comprise 20 web pages. The development team is highly familiar with the technology and language, but has low familiarity with the application domain.

The project team will work on the project full time from the start of requirements analysis to the end of acceptance testing. The average cost of a member of APBIT is

$500 per day (this cost includes the use of the IT development tools and environment).

4.   Other Project Costs

4.1   Software Deployment and Operational Costs

As well as the software development costs, there are additional activities and items that must also be costed. These are as follows:

Item/activity	Cost	Duration of activity (if appropriate)	When activity commences / when item must be purchased
Installation of the on-line Loan Application Facility software	5 days of an IT department staff member	5 work-days	After completion of systems development
Training of Asia Pacific Bank Loan Department staff	5 days of each Loan Department staff to be trained + 5 days of one APBIT staff. There will be 5 Loan Department staff that need to be trained	5 work-days	After systems installation
Purchase and installation of PC's and servers and utility software to host on-line Loan Application Facilty	$ 10,000	One calendar month	At project inception
Maintenance of the on-line Loan Application Facility software	10% of total development costs per year	Throughout operations	After completion of systems development
Hardware/Software utility maintenance	10% of Hardware /Software utility capital costs per year	Throughout development and operations	After hardware installation

Notes:

1.   A member of the IT departmental staff will cost $500 a day (this cost includes the use of the IT development tools and environment).

2.   A member of Asia Pacific Bank Loan Department staff will cost $200 a day.

3.   1 calendar month = 20 work-days.

4. No new staff would be hired to process loan applications; it was assumed that the staff processing on-line applications would do so as part of their current task, with no extra effort needed.

5. Project Benefits

After discussions with the Asia Pacific Bank Loan Department Manager a "best case" estimate of the benefits and a "worst case " estimate of the benefits were made.

5.1 Best Case

1. After system operation began there would be initially 1000 loan applicants.

2. This number would increase by 25% every quarter.

3. An average profit of $25 per quarter would be made per applicant.

5.2 Worst Case

1. After system operation began there would be initially 1000 loan applicants.

2. This number would increase by 15% every quarter.

3. An average profit of $15 per quarter.