# 12101 – Indicator Resource – Banking & Finance

Below each competency are sample indicators that LEAs can use:

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| **Benchmark 1.0: Describe and abide by laws and regulations for corporate finance transactions.** |
| 1.1 | Describe regulations governing corporate finance. |
|  | Discuss the Securities Act of 1933. |
|  | Discuss the Securities Exchange Act of 1934. |
|  | Discuss the Trust Indenture Act of 1939. |
|  | Discuss the Investment Company Act of 1940. |
|  | Discuss the Investment Advisers Act of 1940. |
|  | Discuss the Sarbanes-Oxley Act of 2002. |
|  | Discuss the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. |
|  | Discuss the Jumpstart Our Business Startups Act of 2012. |
| 1.2 | Explain laws and regulations pertaining to business finance. |
|  | Analyze five areas of government regulation of business. |
|  | Analyze government regulations for a small business. |
| 1.3 | Explain the nature of business taxation. |
|  | Define Business Tax and identify five (5) major types of business taxes. |
|  | Analyze corporate and LLC tax planning. |
| 1.4 | Describe regulations and laws governing ownership change transactions. |
|  | Define Change of ownership. |
| 1.5 | Discuss the impact of the U.S. Securities and Finance on business finance. |
|  | Analyze the impact of SEC Enforcement on public finance. |
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| **Benchmark 2.0: Describe and abide by laws and regulations for the banking services industry.** |
| 2.1 | Describe regulations governing banking services. |
|  | Define banking regulations. |
|  | Discuss which banking regulations affect the financial services industry. |
|  | Analyze FDIC and NCUA regulations. |
| 2.2 | Discuss electronic issues in banking services. |
|  | Define electronic banking. |
|  | Describe the different ways to access an online banking account. |
|  | Describe the common electronic banking services. |
|  | Analyze issues in banking services. |
| 2.3 | Discuss federal regulation of lending functions. |
|  | Analyze Fair Lending Laws and Regulations. |
| 2.4 | Discuss federal regulation of operations functions in banking services. |
|  | Analyze FDIC and NCUA regulations. |
|  | Analyze OCC regulations. |
| 2.5 | Discuss the responsibilities of regulatory agencies that oversee the banking and finance industry. |
|  | Discuss the role of the Federal Reserve System. |
|  | Discuss the role of the Consumer Financial Protection Bureau. |
|  | Discuss the responsibilities of the FDIC and NCUA. |
| 2.6 | Describe the provisions of bankruptcy law. |
|  | Discuss Chapter 7, 11 and 13. |
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| **Benchmark 3.0: Understand principals of Financial Analysis.** |
| 3.1 | Discuss the nature of relevant cash flow analysis. |
|  | Explain that the purpose of the cash flow statement is to provide information about a company’s gross receipts and gross payments for a specified period of time. |
| 3.2 | Explain the nature of the payback period. |
|  | Explain that the payback period is the length of time required to recover the cost of an investment. |
|  | Discuss how the payback period of a given investment or project is an important determinant of whether to undertake the position or project, as longer payback periods are typically not desirable for investment.  |
| 3.3 | Calculate the payback period. |
| 3.4 | Discuss the use of net present value (NPV). |
|  | Explain that an advantage of the net present value method involves its consideration of the time value of money to predict profitability of an investment. |
|  | Discuss how the value of money changes over time, especially during periods of high inflation or deflation. Therefore, a company cannot rely on money maintaining the same value in the future as it is worth today. |
| 3.5 | Explain the relationship between the internal rate of return and net present value. |
|  | Discuss how Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. By contrast, internal rate of return (IRR) is a calculation used to estimate the profitability of potential investments. |
| 3.6 | Calculate the net present value (NPV). |
|  | Discuss the difference between the present value of cash inflows and the present value of cash outflows. |
| 3.7 | Calculate the internal rate of return (IRR). |
|  | Discuss how the internal rate of return can be used to measure and compare capital projects, stock buyback programs, and investments to determine which will yield the most favorable return. |
| 3.8 | Discuss the financial planning process. |
|  | Define personal financial planning. |
|  | Identify steps in the financial planning process. |
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| **Benchmark 4.0: Career Planning Concepts: Utilize career planning concepts, tools and strategies to explore, obtain and develop in a corporate finance career.** |
| 4.1 | Discuss the fundamentals of finance and banking. |
|  | Explain that there are three major elements of banking. Savings, Lending and Investments.  |
|  | Explain a financial institution’s profit model. |
| 4.2 | Describe the nature of business finance and banking. |
|  | Explain that to effectively establish and run a business, you must acquire and utilize capital in order to carry out day to day activities without using important reserves. |
| 4.3 | Discuss the role of ethics in corporate finance and banking. |
|  | Explain that the role of ethics in banking is of the utmost importance for the economy to function effectively. Banks must comply with rules and regulations that govern their safety and soundness.  |
| 4.4 | Discuss business ethics. |
|  | Explain that it is the principal moral behavior within a business environment that differentiates right from wrong.  |
| 4.5 | Discuss corporate responsibility issues in business finance. |
|  | Define Corporate responsibility. |
| 4.6 | Describe the relationship of corporate governance and corporate finance. |
|  | Explain that both corporate governance and corporate finance occur in order to provide value for its stakeholders. Shareholders appoint the directors, which set up rules for how a company will directed, creating value. |
|  | Define corporate governance and corporate finance. |
| 4.7 | Discuss corporate governance issues in business finance. |
|  | Analyze Corporate board of director requirements for corporation structure.  |
| 4.8 | Describe the components of a well-governed company. |
|  | Board of Directors. |
|  | Reporting. |
|  | Transparency. |
|  | Internal and External audit functions. |
| 4.9 | Explain the roles and responsibilities for a variety of careers in finance and banking. |
|  | Define the responsibilities of a bank teller, a personal banker/retail banker, an investment banker, a commercial loan officer, a consumer loan officer and a mortgage loan officer. |
| 4.10 | Explain professional designations in the field of business finance. |
|  | CF-CFA-CCM-CTP-CFM, etc. |
| 4.11 | Create and maintain positive, ongoing relationships with banking customers in order to enhance the organizations image. |
|  | Analyze community banking. |
| 4.12 | Describe the manner in which banks generate profit. |
|  | Explain banking model requires the participation of customer deposits in order to lend money and charge interest. |
| 4.13 | Explain measures banks have taken to ensure profitability. |
|  | Explain that banks distribute risk by spreading loan participation in multiple well know financial environments and setting a ceiling. Analyze reserve requirement. |
| 4.14 | Utilize financial formulas commonly used in banking to aid in the growth and stability of banking services. |
|  | Define financial formulas: ROA, ROE, NIM. |
| 4.15 | Explain key ratios / terms in banking. |
|  | Define Key ratios: Loan to assets, Liquidity, Leverage, ROI. |
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| **Benchmark 5.0: Technology: Use tools-strategies and systems to operate banking equipment.** |
| 5.1 | Utilize banking technology to increase workplace efficiency and effectiveness. |
|  | Analyze technology that allows bankers to securely remote from anywhere, allowing bankers to work from non-traditional environments while maximizing work hours flexibility. |
| 5.2 | Discuss the impact of technology on the banking industry. |
|  | Explain that technology has improved, allowing for longer business day operations while reducing discrepancies in banker work by streamlining processes. Discuss how technology has allowed banks to carry less cash in vaults, reduced the need for frontline staff while shrinking salaries, all while allowing for faster customer service, 24/7. |
|  | Discuss how technology has changed customer account security. |
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| **Benchmark 6.0: Banking Security: Monitor banking organization and security plans.** |
| 6.1 | Describe how bank security programs minimize chance for loss. |
|  | Discuss how investments in security programs protect sensitive information while deterring crime from happening. |
| 6.2 | Discuss procedures for the secure handling of cash. |
|  | Analyze how technology improvements have helped combat crime, acceptance of counterfeit bills and lowered the need for cash onsite.  |
| 6.3 | Discuss the secure handling of checks. |
|  | Analyze the steps required for checks to be deposited or cashed. Explain how technology has reduced the time needed to ensure a checking account has the funds available. |
| 6.4 | Explain procedures for detecting and reporting counterfeit currency. |
|  | Analyze how technology has improved detection on the frontline.  |
| 6.5 | Describe crimes to which a bank could fall victim. |
|  | Analyze Pretexting, Dumpster diving, skimming, phishing, changing addresses. |
| 6.6 | Discuss the elements and role of a bank security program. |
|  | Analyze the Bank Secrecy Act and Bank Protection Act. |
| 6.7 | Describe cash processing activities. |
|  | Discuss Bank Internal Control Processes. |
| 6.8 | Discuss the role of the Federal Reserve System in banking operations. |
|  | Explain why the Federal Reserve was created by Congress. Define the primary functions of the Federal Reserve System and how it is structured across 12 districts and the Board of Governors. |
| 6.9 | Describe the nature of business continuity plans. |
|  | Analyze Disaster Recovery Banking processes. |
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| **Benchmark 7.0: Loan Application: Describe the Loan Application Process.** |
| 7.1 | Describe the loan application generating process. |
| 7.2 | Explain the process of credit analysis. |
|  | Define Credit Analysis and the 5 C’s of Credit. |
| 7.3 | Describe factors affecting loan pricing and loan structuring. |
| 7.4 | Discuss the nature of problem loan management. |
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| **Benchmark 8.0: Client/Business Relations: Understand and explain the significance of the client/business relations.** |
| 8.1 | Generate new business using sales techniques. |
| 8.2 | Describe the importance of selling in the finance and banking industry. |
| 8.3 | Cross-sell products and services. |
| 8.4 | Demonstrate the relationship-selling process. |
| 8.5 | Discuss how to assist a customer in the opening of an account. |
| 8.6 | Discuss calling on small business clients. |
| 8.7 | Interpret loan terms for a client. |
| 8.8 | Describe the nature of event-based selling. |
| 8.9 | Plan a sales campaign. |