

FINC3023 Interactive oral video script, Investment tool recommendation V3

Scenario: An analyst is recommending an investment tool, **BhFS** (Behavioural Finance Services), to their manager. You work for a **financial customer protection agency**. In this scenario, you, as an analyst, will participate in a discussion (lasting a maximum of 15 min) with your manager. Roles.

- You (the student) will act as an analyst for a financial customer protection agency
- The lecturer/ assessor will act as a senior manager of the same agency

A typical IOA session will have this flow:

1. Description of the features, what it does (inputs, outputs), who publishes it (2-4 min.)
2. Evaluation of important features using the *behavioural decision-making framework* (6-11 min.)
3. Your recommendation: to approve or not approve the tool or system (2-4 min.)

Cast

- Manager- Jo Nash
- Student - Andre Lot

SCRIPT (black = manager, green = analyst/student, brown comments are for information only)

Video Title Slide Information (to include the title, scenario & roles)

Interactive Oral demo for finance

Scenario: An analyst is discussing a financial advice tool with their manager at a financial customer protection agency.

Roles.

- Analyst/ student: acts as an analyst who has reviewed a financial advice tool
- Manager/ assessor: acts as their manager who is being presented the tool for the first time

Section: Introduction and setup.

- Good afternoon, (student/analyst name). Thank you for your email about the **investment tool BhFS**. I wanted to meet with you to discuss it in more depth.

- As a **Financial Customer Protection Agency**, it's essential we recommend good-quality financial investment tools to the public, so I'm keen to hear what you, as a skilled financial analyst, have to say.
- I'd like to discuss three areas today
 - The tool's description and features, what it does
 - Evaluation of how the tools engine works to produce outputs
 - Your recommendation
- We only have limited time, so please be concise

Section: Description of the features and who publishes it (2-4 min.)

1. Please describe what the BhFS tool does, and its main features.
 - mention country; who makes it?
 - focus too much on minor features
2. I'm interested in the tool's **primary purpose**; what is it?
 - reply again focused on diagnostic and less on investor recommendation (which should be the priority)
3. Can you tell me more about the primary purpose? What is the outcome of using the tool? If an investor uses the tool, what will they get?
 - finally, answer that the tool has an investment recommendation

Section: inputs & outputs (inputs are part of the outputs)

4. Thank you. Let's now discuss BhFS's **outputs**. What does it produce for the user?
 - slightly clumsy and long answer that it makes tactical allocation (which is correct)
5. (**Interrupt the analyst as the answer is too long**). It's interesting that it makes tactical allocation; however, **I'm keen to hear more about the tool's outcomes**. Can you expand the outputs?
 - al allocation
6. I'd like to talk about the **engine** of the tool. Which **investor behavioural characteristics** does the tool focus on?
 - straight-forward answer on getting risk, loss and time preferences; plus experience with financial markets
7. Can you clarify -what it means to consider **experience with markets**?
 - partial answer on familiarity with financial asset classes, great point on risk knowledge and ability, then veers off to impatience and temperament

8. (Interrupts after analyst starts talking about impatience). Can you explain how (impatience and temperament) is related to experience with the markets?
 - wrong answer that implies experience means the ability to predict returns
9. Let's move on to **asset classes**. Does the tool (BhFS) consider new asset classes, such as crypto assets?
 - [pretend to check notes quickly] - the tool does not consider crypto-assets

Section – Pro's & Con's. Evaluation of important features using the *behavioural decision-making framework* (6-11 min.)

10. Thank you. Now I'd like to hear about your evaluation of the tool (the pros & cons) (keeping in mind the behavioural decision-making framework we use in this agency). Are there any particularly interesting **features** of the tool that are helpful to investors? (Pro's)
 - quick correct answer: it not only asks about preferences but explains immediately how that affects the allocation process
11. **Our agency is always concerned about a tool's limitations.** Do you have any concerns, or are there any limitations of the tool BhFS? (Con's)
 - wrong answer: does not allow investors to make their trades in the tool
12. Remember that a financial tool does not need trading capabilities. Can you expand on the limitations or concerns on the tool's usability?
 - short/medium pause, then mention that if unrealistic financial goals are entered, the tool gives no recommendations (it is a bit of a bug, but not a main limitation)

Section: Analysts' recommendation; to approve or not approve the tool or system 2-4 min.

13. Ease of use is always crucial. How easy is it for people to use the tool themselves?
 - may be easier in a structured setting; starts to think aloud a bit but not too distracting
- 14..I'm keen to hear if you **recommend** the tool for general use. Does the tool **help more than hinder** investors from making decisions?
 - slight hesitancy, then recommends the use because it helps investors reduce investment mistakes and considers their preferences (sidestep complexity of unassisted use)

Section: Wrap-up

- We have run out of time and should wrap up the meeting

- Thank you for sharing your insights as an analyst today; they will help ensure that we, as a **financial customer protection agency**, only recommend appropriate financial tools to the public.
- I appreciate the time you have put into your recommendation and will consider your thoughts.

Example of prompts:

- Tell me more about your solution number A,B,C
- Can you tell me more about how the theory/model XX, and how it helped you devise a solution for A,B,C
- When devising your plan did you consider.....
- How realistic and practical do you think your development plan is?
- You raised that point XXX, do you want to expand on it.
- You raise a really interesting issue XXX, can you tell me more about that.
- What would you recommend to resolve....

What is the behavioural decision-making framework?

With respect to behavioural decision-making, the idea is that a strategy or behavioural option being assessed and considered for possible enactment must meet a minimum evaluative standard or threshold before it may be further considered in the decision-making process.

Twist: (it is recommended that a “twist” is thrown at the students during the interactive oral, something unexpected, to see how they can respond on the spot). This morning, I got an email saying that; (choose one of the twist options)

- Company X had a data breach; how safe/ responsible is that company? Would you still recommend them?
- Other twist option (Andre to add)