

# News No. 1

(Round 1, Quarter 1)

13 January 2013

**JA-YE Europe**  
Banks in Action Challenge



## EDITORIAL

Dear JA-YE Europe Banks in Action Challenge 2013 participants,

Please allow us to congratulate you for standing out from your peers and qualifying for this year's competition. There are a total of 265 teams from 9 countries who will be fighting for the right to be called the best virtual banking CEOs in Europe. The strongest of you will have to come a long way and to prove to be far-sighted, decisive, analytical and good team players in order to have a chance to compete in the Grand Final.

On your way to the top, you will always find support in these newsletters, which will be issued periodically, before each business quarter. The newsletter will be always divided into two main sections. The first one is called Editorial. It gives the outlook of the competitive environment after each quarter, presenting main market trends. Teams performing the best based on different performance dimensions will be acknowledged and highlighted through ranking tables. Banking Performance Index is the ultimate deciding factor of who will qualify for the next round, but other dimensions might be more important throughout the round. The second section is called Economic News. In this part you will be presented with the current economic trends and future forecasts, consumer habits and other data. You will sometimes find analysts' comments and opinions on recent developments in the country. Paying attention and regularly reading the Economic News section will give you competitive advantage against other teams, which take a more passive role in this competition. If you closely follow what is covered in this section you will have a better clue how the future will look like. The time you invest in reading the news, analyzing competitors' decisions and finding other ways how to perfect your performance will bring a return on investment. It will make you much more aware of how running a business looks like, you will learn how to work in a team, how to adapt to change, how to step into your competitors' shoes to predict what they are going to do and so on. These skills will help you when you finally substitute virtual simulation to a real business environment, while being employed or managing your own firm.

Before starting the first business quarter we will also remind you about the procedure of the contest. The competition engine is the JA Banks in Action simulation. There will be 3 Elimination Rounds with 6-7 business quarters, followed by the Grand Final in late May. Participating teams will be competing in four regional divisions with the two very best performers from each division advancing to the final. The best teams will be determined by the consolidated performance in simulation and Business Dilemma solution contest. Both the simulation and Business Dilemma will account for 50% of the final score. All teams are encouraged to participate in Business Dilemma contest regardless of their results in the simulation. The best real-life problem solvers, who will emerge as the winners of Business Dilemma contest, will be awarded a special prize. For more information about the competition, please visit the official website.

## BiAC SCHEDULE

Decision deadline for Quarter 1:  
**January 18 (Friday),  
16:00 CET**

Decision deadline for Quarter 2:  
**January 22 (Tuesday),  
16:00 CET**

Decision deadline for Quarter 3:  
**January 25 (Friday),  
16:00 CET**

Decision deadline for Quarter 4:  
**January 29 (Tuesday),  
16:00 CET**

Decision deadline for Quarter 5:  
**February 1 (Friday),  
16:00 CET**

Decision deadline for Quarter 6:  
**February 5 (Tuesday),  
16:00 CET**

Decision deadline for Quarter 7:  
**February 8 (Friday),  
16:00 CET**

*Please visit our web-site to see all important dates.*

## ECONOMIC NEWS

"Welcome on board" says the Director of Human Resources at your new job. You've been selected from many other top notch senior managers in the country by the world's leading headhunter agency Corn/Merry to become CEOs of biggest banks in these times.

The times your bank is operating in are known for increasing economic activity. Number of newly registered firms has been reported to increase for seven months in a row. Subsequent to creation of World Wide Web, a new era of internet based or otherwise computer based companies is set for a high start. Companies are offering goods and services to consumers in previously unseen and unconventional ways. Some analysts predict that those founders of tech start-ups as well as those going to invest in them are going to make a fortune. There are also a few bright minded economists who suggest taking a more conservative look and question whether the new companies are really of huge fundamental value. The time will show which side was right but the near future seems to be bright.

For most of the new recruits for CEO positions, this will be the first time experience to manage such large, complex and strictly regulated financial institution. Banks are one of the essential stakeholders in the country's economy. Thus, you can feel huge authority and power in your hands as you can really make an impact, good or bad, and shape the future of the country. Even with such responsibility you can calm down a little bit as your banks are located in one of the world's biggest economic powerhouses.

Trusting in the potential of new, internet based business models and the buzz in the public surrounding the emerging e-commerce, government feels confident in the short term economic progress and is willing to boost it by reducing the barriers to entry for the new start-ups. The number of bureaucratic steps to create a firm has been reduced, anti-trust agencies increased oversight of potentially anti-competitive actions of incumbent firms. Moreover, a new "Modern Economy" committee was established in the government. It has proposed tax exemption for internet firms for two years after the launch. On the other hand, the regular income tax is 25%, higher than in some other liberal economies. Therefore, the tax rate is a never ending debate in the government.

In recent years Central Bank has been striving for reasonably high money supply in the country and has kept the Reserve Deposit Rate at 3%, preventing commercial banks of keeping money in the reserves. However, the Reserve Loan Rate is still quite high at 13%, making it costly for commercial banks to run into shortage of financial resources at a particular point in time. Deposit Reserve Ratio and Capital Reserve Ratio are currently set at 10%.

As the country is well-developed and people possess high purchasing power, companies tend to seek for other ways to impact consumers choice aside from attractive prices. Advertising campaigns are even of higher importance both for the start-ups, whose primary goal is to build large network of users, as well as commercial banks, which try to compete with venture capitalists for business clients in growing start-up ecosystem.

## REGULATIONS

Decision	Min	Max
Credit Rate	Previous +/- 1%*	
Loan	Previous +/- 1%*	
Savings	Previous +/- 1%*	
Certificate	Previous +/- 1%*	
Marketing	50	20.000
R & D	50	20.000

\* - you can change your previous decision by no more than 1 percentage point

Parameters	
Reserve (CB) Loan Rate	13%
Reserve (CB) Deposit Rate	3%
Tax Rate	25%
Deposit Reserve Ratio	10%
Capital Reserve Ratio	10%

## CONTEST ANNOUNCEMENTS

Up until now all teams should have received the usernames and passwords in their e-mail addresses, provided in the registration form. If your team has not received the log-in information, please contact us via [justinas.noreika@ja-ye.org](mailto:justinas.noreika@ja-ye.org).

Teams are divided into 4 regions, based on the geographic location and the number of registered teams from each country. Teams proceed between Simulation Rounds according to the total number of teams in the region. Please look at the table below to find out how many teams participate and proceed in each Round in each region. For example, region Number 1 will be divided into 12 groups of 6-7 teams in Round 1 and four best teams in each group will proceed to Round 2.

Country	Region	# of teams in				Proceeding teams per group	
		Round 1	Round 2	Round 3	Finals	R1 → R2	R2 → R3
Bulgaria (61 teams)	No. 1	78	48	16	2	4	2
Greece (17)							
Romania (32)	No. 2	58	40	16	2	4	2
Serbia (26)							
Czech Republic (31)	No. 3	52	40	16	2	4	2
Italy (12)							
Slovakia (9)							
Lithuania (19)	No. 4	77	48	16	2	4	2
Poland (58)							