SIMULATION GAME

FINANCIAL MARKETS

Description
The simulation game illustrates the basic mechanisms affecting the decision making of banks. This way, the dynamics of the financial markets, which increasingly seem to have become opaque and intertwined, should be brought closer to the participants. Two different banks compete for various financial products. At the same time they need to agree on new ethical guidelines until the next general meeting. In the wake of the financial crisis both banks had to face losses in capital, as well as in trust; both are to be recovered in their new business plan. Especially their private customers are upset since the crisis, as their deposits were used to bail for serious losses of risky bankers.

Scenario & Procedure
In the first step the four board members discuss the next investment of the bank. There are 20 different products available, from which they can select 12, and the participants compete for the most lucrative ones. Here applies the principle “first come, first serve”, which puts the board members under additional time pressure. In the next stage the market is closed and no more investments can be done. Both groups of actors are now preparing for the general meeting, where they present their decisions to the respective other group. After having presented them internally, the chairman of the board and of the supervisory board do a mutual presentation for all participants.

Objectives
The focus of the simulation game is mainly to convey the basic mechanisms of financial markets in order to give the participants a sense for the global and complex relationships in the financial markets and to show how they are interdependent. Furthermore the topics ethics and profit-oriented economy, limits to growth and the working methods of a bank are illustrated. In addition the simulation game demonstrates the dynamics of capital market oriented action.

Learning targets:
• Development of a fundamental understanding of the mechanisms in the financial markets
• General understanding of how the global banking system works
• Critical discussion of topics of the financial and banking world

Target-Group: Minimum age 15 years, a similar level of knowledge is beneficial.
Participants: 18 to 36
Duration: 1 day
Type: semi-realistic
Languages: English and German

Different financial products are presented and discussed

Different financial products have different effects