

Exploring how simulation-based technology can enhance teaching and learning in Business Schools

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Abstract

This paper relies on the pedagogical approach of active learning that is founded on the theory of constructionism. A simulation banking environment is designed based on a software simulation technique (Cesim Bank Simulation Programme) that helps to apply learning into practice. Different teams of students are created; each team runs a virtual bank and each student is distributed a role. Decisions are taken on the basis of the assets and liabilities structure, liquidity targets, the investment planning, the dividend policy, the equity capital planning, and the risk-taking appetite of each bank. Each team manages its bank over a pre-specified time period, which is the virtual equivalent of an accounting quarter and corresponds to one teaching week. In the beginning of the first period, an initial endowment (a portfolio consisting of equity capital, fixed assets, and deposits) is allocated to each team. This initial endowment is equivalent to the size of each bank; that is, larger banks are given a bigger endowment. During each period, teams price loans and deposits, manage their portfolio of bonds, securities, and other products, measure the various risks, and ensure that their banks meet the regulatory criteria. Banks compete against one another for new business every quarter. The bank that optimises its asset portfolio is the champion. The tutor plays the role of incumbent and the regulator of the banking system, ensuring that the decisions of banks are in line with the regulatory environment and the real-life financial and economic conditions.

Keywords: Active learning; curriculum development; financial institutions; student employability; team working.