Essay on finance management options for the firm: service fee model v. holding ba...

[Business](), [Company]()

Introduction

The outlook for the financial services industry has endured a profound transformation. As Finance Manager, the responsible selection for the firm's best option in banking models, is imperative. Risk, security, and liquidity in terms of a company's business exhibit three primary foundational concerns for choosing the Service Fee Banking model versus the Holding Balance model of banking practice. Obviously, the concept of evaluation and decision-making in choosing the most proficient model usage, guides an acceptably well-informed choice. Since the company needs to avoid any blatant embarrassment to its reputation, and the impropriety of any legal faux pas, it is important to explore and research all opportunities possible. The task herein involves choosing between these models. From one respect, the process itself is challenging because the literature cannot keep up all the changes in the financial world of today. Scholarly investigation into the situation is a must, as is thinking creatively outside-the-box. Also, in the course of this discussion, mention of the Technology Acceptance Model (TAM) is worthy of a brief review, since banking today involves the routine use of Internet banking for commercial customers. This essay shall argue in favor of the benefits of the Service Fee Banking Model, as Finance Manager for the company in question.

Body

One thing is clear. People are willing to pay for good secure service in banking, with a financial institution providing security in transactions, timely access to liquid capital, and approaching structural regulatory practices with ethics. While it may be true that the Holding Balance Banking Model initially holds the promise of savings on fees, the weight of always keeping a minimum amount of assets parked outside the company could be stressful in seasons of dry prosperity. Given the global climate of competitive business, the company may need to access funding in the form of liquid capital assets to repair, fix, or add to its infrastructure. For example, an urgent sudden need to revamp its IT security protocols may involve the company's need to quickly withdraw funds, in order to fortify its software, cloud, and mobile networks accessibility. With myriad banking reforms occurring in the age of electronic digitalization, the Service Fee Banking Model helps to provide the company peace of mind and assurance that ongoing cost tests will be provided bi-monthly. In this manner, the company will not be charged any unforeseen ' fees' while the bank continually upgrades its standards in response to marketplace regulations, and environments.

In the Holding Balance Banking Model, any major changes in federal reporting, protocols, or changes in tenured capital that affect the bank's commercial activities and holdings, could change the company-client's standing. For example, if the bank needed to instill an overhaul in its Internet cloud and mobile telephone security system, it may be sneaky and decide to pass that cost along to its commercial customer in the form of a “ one-time fee” or simply decide to increase the amount of required balance. Another reason why the selection of the Service Fee Banking Model is ideal is because most business people are exhaustively busy, trying to stay abreast of running their corporations, and keeping up with all the minute-by-minute reactions in social media, and more. When as a Finance Manager one can confidently advise the company as to the clear-cut advantages of maintaining timely fees for services, with no surprises. Companies have enough on their plates juggling business decisions and realities, without worrying about the safety and reliability of their banking activities.

Another issue to consider, given the selection of a bank or banking model, with the intent to do business, is the current online banking status of the contemporary world of finance. There is no hiding or denying that international fund transfers, and electronic mobile banking is here to stay. Therefore, the choice of the Service Fee Banking Model, should be inclusive of all Internet usage and cloud-mobile usage costs and fees. As Finance Manager, the company must choose a banking system which has seriously considered all risk variables in quantitative measurements – in terms of both accessing private financial information, personal users’ authentication codes/passwords, and extra layers of web-protection for the companies it serves. For example, Lévy Mangin, et al. (2014) recommend the enhanced application that a bank addresses “ perceived” risk especially, because this factor alone “ could hamper the use of the internet banking” (p. 2).

Reputation and loss of confidence is already an issue, making companies suspicious of the banking sector as it is.

For example, it does not take a brain surgeon to note the insalubrious practices demonstrated by corporations like Enron to be aware that perhaps not all banking institutions are equal. When a company engages with the Holding Balance Banking Model, its principals may feel insecure and always wondering what hidden fees might be forthcoming. See the problem? One senior economist in the financial markets sector, Gert Wehinger (2012) emphasizes the importance of the restoral of investor confidence in the banking sector, commenting that in light of banking's structural flaws in operations, " Misconduct is still widespread in the financial services industry," and that what matters is not so much the size of the banking institution so much, as the " soundness" of its activities (p. 80-81). According to one Harvard Business Review report by Spenner and Freeman (2012) people like to keep things simple (" Keep Customers, Keep it Simple"). Company CEOs and executives are people, too. When they only have a clear-cut fee to pay in banking, this helps them free up valuable time to concentrate on business matters. Another support to make the case for the Service Fee Banking Model as preferred, comes from a real-life situational report. The CEO of one bank, Michael Mandel (2010) indicated that their stability and growth did not happen accidentally, and that the successful bank should refrain from " half measures when it comes to its products and services" (p. 2). Wehinger (2012) suggests that current banking models are outdated, that these " conventional economic models" are unsuitable to modern financial climates (p. 83). Therefore, the Service Fee Banking Model would need to be integrated with a plethora of resilient, innovative, and risk-resistant assurances within its mode of operations.

Conclusion

Communication is always and foremost in any worthwhile business relationship. Along with various and necessary research reports, analysis PowerPoints, phone calls, and memos to company stakeholders the Finance Manager must continually reach out to the bank's officers. The old adage ' out of sight, out of mind' holds true in the hustle-and-bustle of world finance. Keeping an attitude of learning is vital. One peer-reviewed journal article by Burrow and McIver (2012) encourages students to improve " communication skills," and to develop the " lifelong" habit of learning (p. 124). It is no different for Finance Managers, because criteria and regulatory policies are always changing quickly. Therefore, the Service Fee Banking Model is the best. It is also imperative to conjoin the idea that Lévy Mangin, et al. (2014) posit, that the TAM Model is important to consider because " Many changes have been taking place in the way people make their bank transactionscustomers quietly do [their transactions] from their home computer" (p. 2). The approach is dynamic, interactive, and creative by nature.

References

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