

**Specification of Competency Standards**  
**for the Banking Industry**  
**Unit of Competency**

Functional Area - 7. Product Development and Brand Marketing  
(Key Function – 7.2 Product Portfolio Management)

Title	Develop measurement mechanism on ROI to assess effectiveness of investment in product development
Code	109413L5
Range	Developing measurement indicators and mechanism to calculate the ROI on product development. This applies to products and services of any kind.
Level	5
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Possess comprehensive financial accounting knowledge and apply it to evaluate different methods in calculating ROI and select a suitable approach after analysing the operations of the bank and specific product development projects.</li> </ul> <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Identify suitable performance indicators after analysing the project objectives, product features and development process, etc.;</li> <li>• Design a reliable analytic process to measure ROI since the commencement of product development so as to ensure risk justified investments for the bank;</li> <li>• Design and validate financial assumption and projection (e.g. cost, yield, profitability over time, etc.) of the ROI calculation methods adopted by the bank.</li> </ul> <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Evaluate different business case scenarios to make recommendations on ROI analysis;</li> <li>• Learn from the accuracy of historical approaches and make adjustment to the ROI development methods, especially in the case of emerging markets / products / client segments.</li> </ul>
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> <li>• Development of ROI measurement mechanism based on comparison of different methods and analysis of complex information including project objectives, product features and development process etc. The method should be able to allow the bank to assess the risks of different product development initiatives and potential profitability of individual product effectively;</li> <li>• Guidelines in interpreting ROI. The guidelines should be based on analysis of different business cases and should be able to provide a standard or reference in analysing the risks and profitability of different development projects.</li> </ul>
Remark	