

International Finance Challenge

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CASE

IFC-2026-01

SEPTEMBER 2026: STRATEGIC ADVISORY CASE

Meridian Financial Group

A bank is losing money on every dollar it holds.

Two plans. One decision.

Released 1 September 2026. Submissions close 15 October, 23:59 JST.

The brief is on the next page.

The Brief

Released	1 September 2026	Results	29 October 2026
You have	About six weeks	Questions	Four, answer all
Deadline	15 Oct, 23:59 JST	Length	4 pages, PDF
Enter as	Solo or teams ≤ 4	Cost	Free

What to do

1. Read the whole case before you start writing. Parts One to Three set out the situation; Part Four is the assignment.
2. Answer all four questions, in one continuous report.
3. Open with a single paragraph stating your recommendation: that is what gets read first.
4. Submit one PDF, four pages maximum, in type no smaller than 10pt. Tables and charts you make count towards the limit.
5. Name the file IFC2026-01_YourName.pdf and email it to arihant97@smis.ac.jp, subject line *IFC 2026-01 Submission*.
6. In the email, give your name, school, country and year group, plus your teammates' names if you are entering as a team.
7. Say whether you used AI tools, and what for. Declaring costs you nothing. Not declaring does.

Good to know

- No finance background needed. Every term is defined in the word list in Part Five, which also has a five-step guide for anyone who doesn't know where to start.
- Calculators, spreadsheets and outside research are all fine, encouraged, in fact. Cite anything you rely on.
- Meridian is a fictional company built for this competition. Every figure you need is printed in Part Three.
- Scoring is out of 100 across four criteria, set out in full in Part Four.
- Questions about the case can be emailed until 8 October. Anything useful gets sent to everyone.
- One entry per person; you can't submit solo and on a team. Late entries aren't accepted.

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You do not need any finance background to do this case. Everything you need is in this document.

There are five parts: the situation, the two plans, the numbers, your assignment, and a help section at the back with a word list and a step-by-step guide.

If you have never looked at a company like this before, skip to *Where to start* on the last page and read that first. It walks you through the whole case in five steps.

Meridian is not a real company. We made it up for this competition, using patterns from real American banks. Don't try to look it up; every number you need is here.

You *can* research the real world: how banks work, what's happening with interest rates, what other banks have done in similar spots. Good submissions usually do.

Part One: The Situation

The company

Meridian Financial Group is a bank in Columbus, Ohio, founded in 1954. It has 142 branches across four states, 640,000 customers, and 2,850 employees. It holds \$18.4 billion in total assets, which makes it mid-sized: much bigger than a local bank, much smaller than Chase or Bank of America.

Its slogan, unchanged since 1998, is “the bank that knows your name.”

How a bank makes money

This is the one thing you need to understand before anything else makes sense.

A bank does not sell a product. It makes money on a gap. Customers deposit money in the bank, and the bank pays them a little interest for it. The bank lends that same money out as mortgages and business loans, and charges a lot more interest. The bank keeps the difference.

- Meridian earns **5.2%** on the money it lends out.
- Meridian pays **2.5%** for the money it holds.

The gap, **2.8% after costs**, is called the *net interest margin*, or NIM. It is the single most important number for a bank.

That gap is 79% of Meridian’s revenue. The other 21% comes from fees: account charges, credit card fees, and money it earns managing rich clients’ investments. Fees are useful because they don’t depend on interest rates at all.

What’s going wrong

Meridian’s gap is closing. Two years ago it was 3.6%. Last quarter it was 2.8%, and it has fallen three quarters in a row. Other banks its size are at 3.3%.

A shrinking gap means shrinking profit. Meridian earned \$189 million in 2024. Over the last twelve months it earned \$137 million. There are three reasons.

1. Customers’ money used to be free. Now it isn’t. Some bank accounts, ordinary checking accounts, pay 0% interest. That money is free for the bank to lend out. In 2022, 31% of Meridian’s deposits were in these free accounts. Today it’s 22%. Customers noticed that interest rates went up and moved their savings into accounts that actually pay them. Meridian now pays 2.1% on average for money that used to cost it almost nothing.

2. The bank’s investments are stuck at old, low rates. Banks don’t lend out all their money; they put some into safe government bonds. Meridian bought \$3.6 billion of bonds back in 2020 to 2021, when rates were near zero. Those bonds pay just 3.05% a year, and they’re locked in for years.

The same bonds bought today would pay 5.15%. Meridian could sell the old ones and buy new ones, but because rates went up, its old bonds are now worth \$310 million less than it paid. Selling means taking that loss for real.

3. Online banks are winning the competition for deposits. Banks that exist only as an app have no branches and no branch costs, so they can pay depositors much more. They advertise 4.35% on savings.

Meridian advertises 1.85%. Anyone comparing the two on a phone picks the app.

Why the board is worried

The board's real fear isn't this quarter. It's that Meridian is slowly becoming a bank for old customers only.

- Only 38% of Meridian's customers use its app or website. At comparable banks it's 61%. The app is rated 2.9 out of 5. You still have to walk into a branch to open most accounts.
- The average Meridian customer is 57 years old. Last year the bank gained 19,000 new customers and lost 26,000.
- Branch visits are down 41% since 2019, but the branches still cost \$147 million a year. Eighteen of the 142 branches are almost empty.
- The stock trades below what the company is worth on paper. Meridian's assets minus its debts work out to \$34 per share. The stock trades at \$28.40. Investors are betting the bank is worth less than the sum of its parts.

The people in the room

Sandra Lim, CEO.

Hired in 2023 from a much bigger bank, with a mandate to modernize. She wrote both plans in Part Two. She has told the board that doing nothing is the riskiest option available.

Robert Ellsworth, Chairman.

His family has been on this board since 1961. He says "the branch is the balance sheet," and has blocked every proposal to close branches since 2019.

Larkspur Capital, an activist investor.

A hedge fund that bought 6.4% of the company in March and then published a letter arguing Meridian is too small to survive alone and should sell itself to a bigger bank.

The deadline

The board meets on October 15, 2026. One week later, Lim has to tell investors publicly what Meridian is going to do. She has asked for outside advice before then.

You are the outside adviser.

Part Two: The Two Plans

Plan A: Go Digital. Spend heavily on technology, close a third of the branches, and compete with the online banks directly.

Plan B: Buy Fee Income. Buy an investment management firm, so less of Meridian's income depends on interest rates at all.

Plan A: Go Digital

Spend \$240 million over three years replacing Meridian's ancient computer systems and building a proper app. Pay for it by closing 46 of the 142 branches (the smallest ones) and cutting 520 of 2,850 jobs. Then launch an online savings account, advertised nationally, to bring in new deposits from anywhere in the country.

Plan A: What management projects

US\$ millions	2027	2028	2029
One-time cost of closing branches & layoffs	(85)	—	—
Technology spending	(52)	(46)	(32)
Money saved on branches & staff	18	44	58
Net effect on profit	(119)	(2)	26
Cost to earn \$1 of revenue	72¢	64¢	56¢

Today Meridian spends 66¢ to earn each dollar of revenue. Its competitors spend 59¢. Getting to 56¢ would make it one of the most efficient banks its size.

What the plan doesn't mention

- Some customers will leave with their money. The 46 branches hold \$2.8 billion in deposits. Consultants think \$340 to \$620 million of it walks out of the bank entirely when the branches close. Replacing that money online costs Meridian more than those customers did.
- Fourteen of the 46 branches are in low-income neighborhoods. US law requires banks to serve their whole community, and regulators specifically watch branch closures in poorer areas. A bad rating would block Meridian from making acquisitions or opening branches for years.
- Three similar banks have tried this since 2021. One hit its targets. Two missed badly and had to do a second round of cuts.
- \$240 million doesn't buy anything unique. It buys an app as good as everyone else's. And the customers an online savings account attracts are, by definition, the ones chasing the highest rate: they'll leave the moment someone offers more.

Plan B: Buy Fee Income

Buy Cardinal Trust, a firm in Cincinnati that manages \$9.4 billion of investments for 3,200 wealthy families. Cardinal charges its clients a small percentage of whatever it manages, which earns it \$86 million a year in revenue and \$27 million in profit. That income has nothing to do with interest rates.

The price is \$340 million, part cash and part Meridian shares. It would take fee income from 21% of Meridian's revenue to 30%.

Plan B: What management projects

	Year 1	Year 3
Cardinal's profit	\$27M	\$34M
Savings from combining the two firms	\$12M	\$12M
Accounting and financing costs of the deal	(\$19)M	(\$19)M
Added profit	\$20M	\$27M
Effect on profit per share	about flat	+7%
Fees as share of revenue	21% → 30%	32%

What the plan doesn't mention

- It makes each share worth less on paper. Meridian is paying \$340 million for a company whose actual physical assets are worth far less than that; it's paying for relationships. On the balance sheet, book value per share drops from \$34 to about \$27. It would take Meridian roughly six years of the extra profit to earn that back. Most bank investors won't accept more than three.
- It uses up Meridian's spare capital. Banks must hold a safety cushion of capital. After this deal Meridian's cushion is right at its own internal minimum, leaving nothing spare if loans start going bad.
- Cardinal's income depends on the stock market. It gets paid a percentage of what it manages. If markets drop 20%, so does Cardinal's revenue.
- The clients belong to the advisers, not the firm. Twelve advisers control 58% of Cardinal's money. If they leave, the clients follow.
- It doesn't fix the bank. The branches, the app, the old bonds and the deposit problem are all exactly where they were.

You don't have to pick A or B

The board wants a recommendation, not a vote. You can pick a plan, combine them, change one, or propose something else entirely. Three ideas that have come up in board meetings and never been properly examined:

Sell the old bonds anyway.

Take the loss, buy new bonds at 5.15%, and earn the difference back in about three years. It doesn't close a single branch.

Buy back the stock.

Meridian is allowed to spend \$150 million buying its own shares. Since the shares trade below what the company is worth on paper, this makes every remaining share more valuable. It's also what a company does when it can't think of anything better.

Sell the whole bank.

Larkspur's idea. Similar banks have sold recently for prices that would mean \$39 to \$49 per share versus today's \$28.40. But buyers pay up for healthy banks, and Meridian is the least profitable in its peer group.

Whatever you recommend, say why you rejected the others. Judges notice.

Part Three: The Numbers

Five tables. Everything you need to answer the case is here.

Table 1: Meridian's results

US\$ millions	2023	2024	2025	Now
Interest earned on loans & bonds	704	838	891	912
Interest paid to depositors	(168)	(289)	(357)	(398)
The gap (net interest income)	536	549	534	514
Fee income	129	133	136	138
Running costs	(401)	(414)	(425)	(432)
Money set aside for bad loans	(21)	(29)	(38)	(46)
Profit	192	189	164	137
Net interest margin (the gap, as a %)	3.7%	3.6%	3.2%	2.8%
Cost to earn \$1 of revenue	60¢	61¢	63¢	66¢
Profit per share	\$4.18	\$4.14	\$3.60	\$3.03
Company value per share, on paper	\$30.90	\$32.05	\$33.40	\$34.14

“Now” means the twelve months ending June 30, 2026. Notice that interest earned went up every year, and the gap still shrank. Table 2 explains why.

Table 2: What happened to deposits

	2022	2023	2024	2025	Now
Share of deposits in free (0%) accounts	31%	28%	26%	24%	22%
Average rate Meridian pays depositors	0.1%	0.7%	1.3%	1.8%	2.1%
Same figure at comparable banks	0.1%	0.6%	1.1%	1.5%	1.8%

Meridian has had to raise rates faster than its competitors to keep customers' money. That is the whole story of this case in one line.

Table 3: Where Meridian's money sits

US\$ billions	Amount	Rate it earns / costs
Loans to customers	\$12.8	earns 6.0%
Bonds bought in 2020 to 2021	\$3.6	earns 3.1%
Cash	\$1.1	earns 4.6%
Total money invested	\$17.5	earns 5.2%
Deposits paying interest	\$11.4	costs 2.6%
Deposits paying nothing	\$3.2	costs 0.0%
Money borrowed from other banks	\$1.6	costs 5.1%
Total funding	\$16.2	costs 2.5%

A new bond bought today would earn 5.15%, not 3.1%. That \$3.6 billion is the single biggest drag on Meridian's results.

Table 4: Meridian vs. banks its size

	Meridian	Typical competitor
Net interest margin	2.8%	3.3%
Cost to earn \$1 of revenue	66¢	59¢
Fees as share of revenue	21%	27%
Customers who use the app	38%	61%
App rating	2.9 / 5	4.4 / 5
Branches	142	118
Deposits held per branch	\$103M	\$135M
Average customer age	57	49
Stock price vs. paper value	0.83×	1.12×

Meridian is worse than its competitors on every line. That is either a problem to fix or an opportunity, depending on your view.

Table 5: Interest rates today, and what they do to Meridian

Central bank interest rate	4.50% to 4.75%
What markets expect over the next year	rates fall by about 0.75%
Online banks advertise	4.35%
Meridian advertises	1.85%
If rates rise 1%	Meridian's gap income falls 2.3%
If rates fall 1%	Meridian's gap income rises 1.8%

This is important. Meridian's costs move faster than its income, so falling rates would help it, and markets expect rates to fall. Part of this problem may fix itself. Part of it won't. Working out which is which is the heart of the case.

Part Four: Your Assignment

Write a short report to Meridian's board answering these four questions.

Pick one. A report that says “both plans have merit” and stops there will score badly. A report that picks clearly and argues well will score well even if a judge personally disagrees with the choice.

How to submit

What to send	A PDF, maximum 4 pages, including any charts or tables you make. Text at least 10pt.
How to start it	Open with one paragraph saying what you recommend. Judges read that first.
Who can enter	Any high school student, anywhere. Solo, or teams of up to 4.
Name the file	IFC2026-01_YourName.pdf
Email subject	IFC 2026-01 Submission: Your Name
Send it to	arihant97@smis.ac.jp
Deadline	October 15, 2026, 23:59 JST (Japan time)

In the body of your email, include: your full name (and your teammates' names), your school, your country, and your grade.

Q1: What went wrong?

Explain why Meridian's profits are falling. Then sort the causes into two groups: the ones that will fix themselves when interest rates fall, and the ones that won't. Use the tables to back this up.

Q2: What do you think of Plan A?

Would it work? What's the strongest argument against it? Do management's numbers look realistic to you?

Q3: What do you think of Plan B?

Same questions. Is \$340 million a fair price? Does buying a wealth manager actually solve Meridian's problem?

Q4: What should the board do?

This is the main part of your report. Pick something (Plan A, Plan B, a mix, a modified version, or your own idea) and defend it with numbers. Say what you're not doing and why. Then name the two biggest risks to your recommendation, and for each one, what warning sign the board should watch for.

How it's judged

	Weight	What judges are looking for
Your reasoning	30%	Do your claims come from the tables? Is the maths right? Do you say what you're assuming instead of hiding it?
Your recommendation	30%	Is there a clear decision? Does it follow from your analysis? Do you deal honestly with the best argument against it?
Your use of the numbers	20%	Do you use specific figures, or just gesture at them?
Your writing	20%	Could a busy board member read this in ten minutes and know what to do?

What earns marks: putting numbers behind your claims, saying what you assumed, admitting the weak point in your own argument, recommending something a real person could actually act on.

What loses marks: vague strategy language with no numbers; recommending both plans to avoid choosing; long lists of risks with no sense of which matter; going over the page limit.

Every complete submission gets a Certificate of Participation. Top submissions get the IFC Winner's Certificate, signed by the judges.

Rules

1. Open to any current high school student worldwide. Free.
2. The work must be yours (or your team's). Not a tutor's, a parent's, or a paid service's.
3. AI tools. Fine for research, checking your maths, and improving your writing. Not fine for generating your analysis. Add one line to your email saying what you used and what for: saying so honestly costs you nothing.
4. Outside research is encouraged. Cite it. Meridian is fictional, so don't invent sources about it.
5. One entry per person. You can't submit alone and on a team.
6. Late entries aren't accepted.
7. Questions about the case can be emailed until October 8. Useful answers get sent to everyone.

Part Five: Help

Where to start

If you're staring at this with no idea what to do first, do this.

Step 1: Read "How a bank makes money" twice.

A bank sells a gap, not a product. Everything in this case comes from that one idea. If it hasn't clicked, nothing else will.

Step 2: Find the number that broke.

In Table 1, look at the top three rows. Interest earned went up every single year: 704, 838, 891, 912. And the gap still shrank. Where did the money go? Table 2 tells you. Write one sentence explaining it in your own words. That sentence is the core of your report.

Step 3: Split the problems into two piles.

Rates are expected to fall, and Table 5 says that helps Meridian. So some of this fixes itself. But a 2.9-star app and a 57-year-old average customer don't fix themselves. Go through Part One and put each problem in one pile or the other. This is the most valuable ten minutes you'll spend on the case: it tells you whether Meridian needs a fix or just patience.

Step 4: Do rough maths on each plan.

You don't need a model. Plan A: is saving \$58 million a year worth spending \$240 million and taking an \$85 million hit? Plan B: is +7% profit worth cutting book value per share from \$34 to \$27? Show your working. Judges reward visible thinking far more than confident conclusions.

Step 5: Choose, then attack yourself.

Pick one. Then write the single best sentence someone who disagrees would say to you. If you can't answer it, either you picked wrong, or you've just found the risk that belongs in Q4.

On length. Four pages is a limit, not a target. The best entry the judges get might be two pages. Nobody is impressed by volume.

Word list

Assets

Everything a company owns. For a bank, mostly the loans it has made, because a loan is money owed to the bank.

Deposits

Money customers keep at the bank. From the bank's point of view this is borrowed money it has to pay interest on.

Net interest margin (NIM)

The gap between what a bank earns on its money and what it pays for it, as a percentage. Meridian's is 2.8%. Bigger is better. This is the number the whole case is about.

Fee income

Money a bank earns for services rather than lending: account fees, card fees, investment management. It doesn't move with interest rates, which is why Plan B is attractive.

Efficiency ratio

How many cents a bank spends to earn a dollar of revenue. Meridian: 66¢. Competitors: 59¢. Lower

is better: it's a cost measure, not a score.

Book value per share

What the company is worth on paper: everything it owns, minus everything it owes, divided by the number of shares. Meridian's is \$34. Its stock trades at \$28.40; investors think the paper value is optimistic.

Capital

The safety cushion a bank must hold in case loans go bad. Regulators set a minimum. Using it up on an acquisition means having less if things go wrong.

Bonds

Loans to a government or company that pay fixed interest for a set number of years. Safe, but if interest rates rise after you buy, your old bond is worth less than a new one, which is Meridian's \$310 million problem.

Interest rates

Set broadly by the central bank. When they rise, banks pay more for deposits, usually faster than they can charge more on existing loans.

Activist investor

An investor who buys a big stake specifically to pressure management into changing something. Larkspur is one.

Acquisition / buying a company

Paying for another business. If you pay more than its physical assets are worth (which you usually do, because you're buying customers and staff), the difference reduces your book value.

Buyback

A company buying its own shares. Fewer shares exist afterwards, so each remaining one owns a bigger slice.