

**INSTITUTE OF BANKERS IN MALAWI**

**DIPLOMA IN BANKING EXAMINATION**

**SUBJECT: CUSTOMER RELATIONSHIP MANAGEMENT**

**Date: Wednesday, 16th May 2018**

**Time Allocated: 3 hours (13:30 – 16:30 Hours)**

**INSTRUCTIONS TO CANDIDATES**

1 This paper consists of **TWO** Sections, A and B.

2 Section A consists of 4 questions, each question carries 15 marks.

Answer **ALL** questions.

3 Section B consists of 4 questions, each question carries 20 marks. Answer **ANY TWO** questions.

4 You will be allowed **10 minutes** to go through the paper before the start of the examination, you may write on this paper but not in the answer book.

5 Begin each answer on a new page.

6 **Please write your examination number on each answer book used. Answer books without examination numbers will not be marked.**

7 All persons writing examinations without payment will risk expulsion from the Institute.

8 If you are caught cheating, you will be automatically disqualified in all subjects seated this semester.

9 DO NOT open this question paper until instructed to do so.

**SECTION A (60 MARKS)**

Answer **ALL** questions from this section

**QUESTION 1**

Your bank has noted an increasing number of customers leaving the bank for other banks. A recent marketing research has revealed that poor customer handling is the major cause of these customer exits.

**Required**

As a Marketing Manager for the bank, send a memorandum to all members of staff describing the actions staff should take when faced with a customer complaint. **(Total 15 marks)**

**QUESTION 2**

Technology advancements are disrupting financial services at a rapid rate globally. As a Customer Relationship Manager for a leading bank in Malawi:

1. Explain **three** benefits of e-commerce to an organization *(6 marks)*
2. Critically evaluate any **two** advantages of interactive systems. *(4 marks)*
3. Critically evaluate any **two** factors determining the effective, competent and acceptable customer service through the Internet. *(5 marks)*

**(Total 15 marks)**

**QUESTION 3**

Employees play a critical role in ensuring customer satisfaction and retention. As such, most banks have embarked on satisfying their employees through a number of initiatives including employee empowerment. As a Marketing Manager for a leading investment bank in Malawi:

**Required**

1. Outline any **two** types of service encounters. *(5 marks)*
2. Evaluate **five** costs of empowerment. *(10 marks)*

**(Total 15 marks)**

**QUESTION 4**

Most organizations have shifted from transactional marketing to relationship marketing as means to achieving customer satisfaction and retention (loyalty).

**Required**

1. Describe with examples any **five** key elements of the new marketing mix for customer retention *(10 marks)*
2. Explain any **five** aims of database marketing. *(5 marks)*

**(Total 15 marks)**

**SECTION B (40 MARKS)**

Answer ANY **TWO** questions from this section

**QUESTION 5**

It is a given fact that the banking industry in Malawi is highly competitive.

**Required**

1. Using Michael Treacy and Fred Wiersema’s value disciplines, explain how a bank of your choice can grow its market share and achieve sustainable competitive advantage. *(15 marks)*
2. Explain with examples the problems that many banks encounter when trying to adopt a strategic positioning of **BOTH** low costs and differentiation? *(5 marks)*

**(Total 20 marks)**

**QUESTION 6**

“It is less expensive to keep existing customers than to recruit new ones”. As a Customer Relationship Expert for a leading micro finance institution in Malawi:

**Required**

1. Recommend and justify any **three**-growth strategies that the organization can use to retain customers. *(6 marks)*
2. Describe any **five** key elements of relationship marketing. *(10 marks)*
3. Explain any **four** specific marketing tools that a financial institution can use to develop stronger bonds with its customers. *(4 marks)*

**(Total 20 marks)**

**QUESTION 7**

With the rising competition in the financial sector, banks need to develop effective competitive strategies to maintain or grow their market shares.

**Required**

Define and discuss the strategies pursued by:

1. Market leaders *(5 marks)*
2. Market challenges *(5 marks)*
3. Market followers *(5 marks)*
4. Market nichers *(5 marks)*

**(Total 20 marks)**

**QUESTION 8**

Service quality in banking sector is the most important criteria and asset for evaluating and satisfying customers and thereby increasing customer loyalty and average retention rate of customers.

**Required**

1. With reference to the service quality model, critically evaluate with relevant examples, the ten determinants of service quality. *(10 marks)*
2. Describe the method used for segmenting markets based on customer service. *(10 marks)*

**(Total 20 marks)**

**END OF EXAMINATION PAPER**