



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

JANUARY – APRIL 2014 TRIMESTER

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING AND FINANCE

REGULAR PROGRAMME

CBF 414: MARKETING OF FINANCIAL SERVICES

Date: APRIL 2014

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions

- Q1. a) Describe what service blue printing is. **(2 marks)**
- b) Standard life, a large British Insurance Company has come up with a new initiative 'Total Customer Satisfaction'. This is the management processes created by the new senior executive team to help achieve customer satisfaction. Its focus is on customers, processes and people. Discuss possible performance measures which could be used to gauge the success of the new management concept. **(12 marks)**
- c) You have been recently appointed the customer service manager of KBC Bank. Discuss the service recover strategies you would recommend to your marketing operations director for adoption by the bank. **(8 marks)**
- d) Consider a financial product of your choice. How can a financial institution create loyalty through a structured bond? **(8 marks)**
- Q2. a) Why does the purchase of a financial product entail more risk than that of a tangible product? **(4 marks)**

- b) In view of improving levels of communications technology, discuss how this could impact on decisions concerning location of service outlets for a bank. **(6 marks)**
- c) Discuss key areas which make relationship marketing important for financial institutions. **(6 marks)**
- Q3. a) First National Bank wants to move a head of the competition by initiating a customer led innovation in its market approach. It has commenced the process by commissioning a SWOT analysis which has indicated the following:
- Strengths – The bank is strong in general retail banking.
 Weakness – The bank is only the 10th largest in the country and has been posting low profit margins.
 Opportunities – Many customers find the many financial products confusing. For example there are numerous mortgage products.
 Threats - Bank is facing aggressive competition. Its relatively low profitability, low share holder value but good name make it a probable candidate for an hostile take – over bid.

Required:

- Give your recommendations on the action that the bank should take with regard to the above analysis. **(12 marks)**
- b) Assume that you are the product development manager of an insurance company. Describe a logical process you could use to introduce a new service to the market place. **(8 marks)**
- Q4. a) Discuss the essential elements of branding as applicable to financial institutions. **(10 marks)**
- b) Discuss the statement “For a Financial Services institution, Empowerment of Personnel is always the Best Approach for Effective Service Delivery. **(10 marks)**

END