

# CIMG Programme Pathway 6 Professional Marketer

## Financial Services Marketing (PMS 601)

**JUNE 2023**

### **DURATION: 3 HOURS**

The examination comprises of two parts:

**Part A - a compulsory case study, worth 40 marks**

**Part B - answer any three questions, worth 60 marks in total**

## **PART A**

### **CASE STUDY - COMPLUSORY**

The year 2020 witnessed the onset of the deadly global pandemic, CIVID-19, affecting the business environment of most economies adversely. The ensuing year, 2021, was no different, as businesses had to cope with the lingering effects of the disease. The dawn of 2022 also saw the invasion of Ukraine by Russia, leading to another kind of economic downturn for most countries, including Ghana. The COVID-19 era was, among others, characterized by the closure of international borders and, thereby, affecting international trade while the 2022 war led to an unexpected volatile economic environment, with low demand for goods and services, high rate of currency depreciation, record rises in inflation, not experienced in most countries for decades. Following the above, businesses of all sizes in Ghana have been negatively impacted. The very recent Domestic Debt Exchange Programme (DDEP) has seen most banks post negative profits as a result of recording high impairment charges for the 2022 financial year. Most businesses are now aiming at pursuing strategies that will ensure their survival, in the short to medium term. This has dire consequences for the financial services industry, as they face difficulties in deposit mobilisation and booking quality assets, in loans and advances, to their customers.

The ABC Savings and Loans Company (ABCS&L) was established two decades ago to support SMEs and Retail customers. The company mobilises funds from surplus units (customers with excess cash for savings and investments) and lends to deficit units (customers who have demand for loans). ABCS&L has grown considerably over the years with branches in Accra only, compared to other Savings and Loans Companies, with wider geographical network. The company has received a Bank of Ghana Licence to operate as a mainstream universal bank to compete with the existing 23 banks in that industry, after meeting the required minimum stated capital of GHS400million. The Board of Directors has approved adequate amount of money for branch expansion and expenditure in other areas to support the growth agenda of the bank. This has enabled the bank to procure a new IT Infrastructure, aimed at deploying digital products to improve fee-based income. They have also signed on to two main international cards, VISA and MasterCard.

The bank has appointed a new Chief Executive Officer and 8 other executives for Operations and Technology, Finance, HRM, Internal Control & Compliance, Risk Management, Retail/Consumer Banking, Business Banking, and Treasury, to ensure effective transition and to grow the bank's business organically. You have been engaged as a Marketing Consultant to recommend appropriate strategies for improved performance and overall profitability of the bank.

You have completed your initial audits and the following are some of the key findings;

- The bank is currently production oriented, with emphasis on cost to the detriment of product quality and customer value
- There is little use of available information and no real marketing information system exists
- There is a small team of field salesmen, made up of a Business Manager for Sales and ten Relationship Managers.
- There is intense competition among existing players in the industry.
- In general, inquiries generated are high, but the conversion from sales calls/ visits to product adoption is low, only one in ten, against a high one in four, in the past.

Management intends to achieve high performance on Deposits, and loan book growth, Card issuance, Mobile App download and usage, USSD code usage and Internet Banking penetration for individuals and businesses.

### **QUESTION ONE - COMPULSORY**

Your immediate tasks are:

1. Write a report to the Management of the bank Discussing five recommendations that would help the organisation adopt a customer-oriented culture. **(15 marks)**
2. Draw a 3-year marketing plan for the bank aimed at growing Revenues and Profits from the products mentioned in the case. **(25 marks)**

### **PART B - ANSWER ANY THREE QUESTIONS ONLY**

#### **QUESTION 2**

Ennew C. Watkins T. and Wright M. (1995) posit that consideration of present and potential market segmentation of a bank cannot be separated from strategic issues relating to elements of the marketing mix. Nevertheless, a number of specific relevant issues relate to the bases and approaches to segmentation. As the Head of Retail Banking for a Bank of your choice, your Managing Director has asked you to write a paper for the Board, outlining six possible bases for retail market segmentation. You should provide examples in your paper of how a retail bank approaches the issue of segmenting its market in practice, giving a thorough account of the STP of market segmentation. **(20 marks)**

### **QUESTION 3**

Price is undoubtedly a significant strategic variable in banking and despite a growth in the importance of non-price factors and decreasing consumer loyalty to particular banks, it is still the principal determinant of consumer choice. As the Head of Marketing of ABC Bank in Ghana, you have been tasked to present a report to members of the Assets and Liabilities Committee (ALCO), explaining five factors that influence pricing in the financial services sector. You should provide practical examples. **(20 marks)**

### **QUESTION 4**

The distinctive characteristics of financial services pose specific problems for marketing communications. As the Head of Marketing and Corporate Affairs of any Bank, Insurance Company or Mortgage Financing Company, write a memo to the Managing Director, explaining four characteristics of financial services and their implications for advertising in the chosen industry. **(20 marks)**

### **QUESTION 5**

Irrespective of how the marketing mix is defined, its role is to ensure that the service offer meets the needs of the target market as closely as possible and is consistent with the identified strategy. As the Head of Marketing of XYZ Insurance Company, you have been asked to present a brief to management, explaining the marketing mix elements of financial services and their importance for the company's strategy formulation. **(20 marks)**

### **QUESTION 6**

The development of a new product is part of the overall marketing strategy of a business. In your role as a newly appointed Chairman of the New Product Development (NPD) Committee of any Leasing Company, Mortgage Financing Company or a Credit Reference Bureau of your choice, your Managing Director has asked you to write a report, outlining, two importance of New Product Development Team to the company, four objectives of setting up the Product Development Committee and four recommendations to ensure the committee is successful. **(20 marks)**