



**ZCAS University**

**BBF2112 FINANCIAL PRODUCTS AND SERVICES**

**MID SEMESTER EXAMINATION**

**Wednesday 25<sup>th</sup> OCTOBER 2023**

**08:30 – 11:30**

**TIME ALLOWED: THREE HOURS (plus 5 minutes to read through the paper)**

**INSTRUCTIONS:**

1. Section A: this question is compulsory and must be attempted.
2. Sections B: Answer THREE (3) questions from this section.
3. This examination paper carries a total of 100 marks.
4. Candidates must not turn this page until the invigilator tells them to do so.

**SECTION A: Question 1 is compulsory and must be attempted.**

**Question 1**

**Fast Depleting Bundles!**

Mr Madandaulo received a phone notification that his internet bundle had finished. He immediately proceeded to purchase ZMW300 worth of talk time which he converted to 30GB worth of bundles. The next morning, he received another message that his bundle had depleted. He purchased yet another ZMW300 worth of talk time and converted to bundles for another 30GB. Despite restarting his phone several times, he did not have any internet connection.

Concerned about this state of affairs, Mr Madandaulo called the toll free customer service line for the service provider to explain his issue about the fast depleting internet bundles. The customer service staff at the end of the line was quick to start explaining to him that the probable cause of the fast depleting bundles was due to his phone running multiple applications in the background. She suggested that he disables the automatic update function on his phone.

Mr Madandaulo was having none of that. He responded that this was not the first time that he was buying bundles and facing the problem of fast depleting bundles. At times the bundles were able to last for a very long time, while at other times they depleted too quickly. He wanted a better explanation on why the bundles were depleting too quickly. The customer service staff checked the system and told him that, "our system shows that you purchased a bundle yesterday which run out that same day, and today you bought the same bundle". Mr Madandaulo wondered loudly how useful that information was to him. The lady did not have any answer but promised to look further into the issue and get back to him. He asked for a reference number, but the lady shockingly replied that such cases like his were not issued with reference numbers. When asked about the time frame for which he could expect a response to the query, the customer service staff responded that she could also not commit to any time frame, but asked him to be patient.

Several days passed and Mr Madandaulo had not received any feedback. Exasperated, he again phoned the toll free number. This time a gentleman answered. Mr Madandaulo proceeded to explain the issue once again, but before he could reach far, the customer service staff interrupted him, "sorry sir, can you give me the reference number for your query?". That was the final straw for Mr Madandaulo, he informed the customer service staff that he was immediately switching his network provider to a rival firm.



**Required:**

- (i) From the scenario above it is evident that the service provider is dealing with a very dissatisfied customer. From a service recovery perspective comment on how this case was handled by the service provider. In your comment include five (5) do's and five (5) don'ts of handling complaints like the one above. **(20 marks)**
- (ii) Jones (1994) gives some guidelines on how firms can encourage customers to complain. Highlight any five (5) of these guidelines. **(10 marks)**
- (iii) A frustrated Mr Madandaulo has chosen to defect to a rival provider. Advise the firm on the measures it can implement in order to better manage defectors. **(10 marks)**

**(Total: 40 marks)**

**SECTION B: Attempt any THREE questions in this section.**

**Question 2**

- (i) You are a sales assistant in a financial services firm. Recently you noticed that your organisation has been spending a lot of time and resources on marketing efforts aimed at attracting new customers. However, you feel that this has been at the expense of the already existing customers, who have complained to you about the worsening levels of customer service. Explain to your superiors why it is important for the firm to maintain the existing customers. **(10 marks)**
- (ii) Your superior insists that the firm takes customer service seriously. Suggest any five (5) characteristics of good customer relationships that you would expect to see in the firm. **(10 marks)**

**(Total: 20 marks)**

**Question 3**

Most banks serve both retail and corporate customers. The corporate sector of the bank is very important and contributes significantly to the overall profits of the bank. Banks have designed specialised services and products to meet the needs of their corporate customers. List and describe ten (10) of these corporate products and services. **(20 marks)**

#### **Question 4**

Mr Lunda is about to retire after working for the past twenty years in a private company. He is due to be paid a large sum of money as part of his pension and would like to invest the funds in long term investment products.

- i. As a retiree, suggest the most important investments objectives that Mr Lunda should consider as he invests his retirement funds. **(6 marks)**
- ii. As an investment advisor, Mr Lunda has approached you for advice on the most appropriate investment products that he can invest his retirements funds in. What factors would you consider when giving the investment advice to Mr Lunda. **(8 marks)**
- iii. Suggest any three (3) investment products that you would recommend to Mr Lunda that would suit his investment objectives. **(6 marks)**

**(Total: 20 marks)**

#### **Question 5**

You have been employed by a major commercial bank as a sales and Customer Relations Officer. One of your roles is to open accounts for various types of customers.

##### **Scenario One:**

Mpila Junior Boys Football Club plays in Division three of the Zambian Amateur Football League. The Club Patron is a prominent local business tycoon. The Club applies to open an account and indicates to you their intention to apply for a loan from the Bank to assist them in meeting the expenses of fulfilling their fixtures in the current football season.

##### **Scenario Two:**

Karim and Absalom have been very good friends for some time. They are students at a Business College. In order to meet their tuition fees, they engage in various business activities. They have decided to open an account together for the purpose of depositing the income from their business. They have also stated their intention to borrow some money from the Bank in order to boost their capital. They intend to split the repayment for the loan on a 50/50 basis.



**Scenario Three:**

Mr Kabudo believes in investing in his son's Kabudo Jr future. Kabudo Jr recently celebrated his 5<sup>th</sup> birthday. As part of his birthday present, Mr Kabudo wants to open an account for his son and deposit an initial amount of ZMW10,000. Mr Kabudo enquires about the possibility of borrowing some money using Kabudo Jr's account in future should the need arise.

**Scenario Four:**

Jo and Jill are recently qualified lawyers who have established a law firm as a partnership. They have approached the bank with the intention of opening an account in the name of the Partnership. They also intend to apply for a loan to assist the partnership purchase some office equipment.

**Required:**

For each of the four scenarios above:

- (i) Discuss the types of accounts that can be opened and the documents that the bank will require in order to comply with the 'Know Your Customer' (KYC) and the Anti-Money Laundering (AML) requirements. **(10 marks)**
- (ii) Highlight the legal aspects that the bank will need to consider as they open the accounts. **(10 marks)**

**(Total: 20 Marks)**

**END OF TEST**