



**STRATHMORE BUSINESS SCHOOL
BACHELOR OF FINANCIAL SERVICES
END OF SEMESTER EXAMINATION
BNK 3202: SME AND RELATIONSHIP BANKING**

DATE: Friday, 6th December 2024

TIME: 10:30 – 12:30

Instructions:

Answer Question **One** and any **other Two** Questions

SECTION 1: ANSWER ALL QUESTIONS IN THIS SECTION (30 MARKS)

QUESTION ONE

1. Define the following terms
 - a) Customer Relationship Management (CRM) **(2 marks)**
 - b) Strategic Marketing? **(2 Marks)**
 - c) Relationship Banking’ **(2 Marks)**
 - d) ‘Customer Centric Approach’ **(2 marks)**
 - e) Customer Churn/Attrition **(2 Marks)**
2. Briefly explain **FOUR** challenges that are common to both SMEs and Financial Institutions **(4 marks)**
3. Briefly explain **FOUR** the different financing options available for Small and Medium Enterprises **(4 Marks)**
4. List and briefly explain **THREE** Customer relationship management critical success factors **(6 marks)**
5. Describe **SIX** the benefits of Information Technology in financial institutions **(6 Marks)**

SECTION 2: ANSWER ANY TWO (20 MARKS EACH)

QUESTION TWO

- a) Differentiate Between ‘Transactional Lending’ and ‘Relationship-based Lending’ **(4 marks)**
- b) A report by Growth Cap states that “Before a bank can more effectively relationship manage its SME customers it needs to identify which of their SME customers should be

a relationship. “Critically evaluate the benefits effective SMEs relationship-based learning can bring to Banks (6 Marks)

- c) You have been working for Jamii Bora Bank as the customer relationship manager for the last year. In the last 3 years since implementing a Customer Relationship Strategy, the business has doubled its revenue as the focus on SMEs has been put at the centre of the organisational strategy. The management has decided to invest in an electronic customer relationship management system to unlock an ambitious plan to triple the revenues in the next two years. As the CRM manager, you have been requested to spearhead the implementations’
- i) Define electronic customer relationship management (eCRM)? (2 Marks)
 - ii) Describe **two** similarities and two technological differences between CRM and eCRM (4 marks)
 - iii) Critically analyse the barriers to adopting eCRM for Jamii Bora Bank and recommend strategies to overcome them. (4 marks)

QUESTION THREE

1. You are contracted by Samani Bank Limited to design and implement an effective marketing strategy for their SME clients. Evaluate the **four** assumptions that would inform the design and implementation of such a strategy providing relevant examples. (8 Marks)
2. You have been working for Kikwetu Bank as the customer relationship manager for the last year. In the last 3 years since implementing a Customer Relationship Strategy, the business has doubled its revenue as the focus on SMEs has been put at the Centre of the organisation’s strategy. The management has decided to invest in an electronic customer relationship management system to unlock an ambitious plan to triple the revenues in the next two years. As the CRM manager, you have been requested to spearhead the implementations’
 - a) List **three** benefits of using IT in an organisation's CRM strategy (3 marks)
 - b) Describe **two** similarities and **three** technological differences between CRM and E-CRM. Use relevant examples in your answers (5 marks)
 - c) Critically analyses **Four** barriers to adopting eCRM for Kikwetu Bank and recommend strategies to overcome them (4 marks)

QUESTION FOUR

Banks that take time to develop a robust relationship management approach with their SME customers will accrue benefits to the bank, the SME customers and through the development of these businesses, the wider economy. Effective SME relationship management /banking can bring benefits for all of those involved.

- a) Critically, evaluate **FIVE** Benefits to the Banks (10 Marks)

- b) Discuss **Five** 8 core areas of knowledge and practice that are associated with developing an effective relationship management approach with premium SME customers.

(10 Marks)

QUESTION FIVE

“Customer satisfaction is derived largely from the quality and reliability of your products and services. You make good on your explicit and implied promises.”

1. Drawing from the above statement, discussed four critical success factors for customer relationship management proposed by Jay Curry (2009). **(8 Marks)**
2. Analyze Three indicators for Customer Performance based on the customer marketing pyramid proposed by Curry 2009) **(6 Marks)**
3. Discuss **Six** strategies that financial institutions can use to retain their SME clients to maximise customer lifetime value. **(6 Marks)**