



<b>MARKETING of FINANCIAL SERVICES</b>
<b>MARCH 2023</b>
<b>MOCK EXAMS</b>
<p><b>Time:</b> 5:30PM – 8:30PM</p> <p><b>Date:</b> 02 June</p> <p>Three hours duration</p> <p>The Mock will be 3 hours in duration.</p> <p>The mock has <b>TWO</b> Parts.</p> <p><b>Part 1</b> is worth 40% of the total marks available.</p> <p><b>Part 2</b> is worth 60% of the total marks available.</p>
<p>You are required to give your answers in the GSM answer book provided. Do not repeat the task in your answer but show clearly the number of the task attempted on the appropriate pages of the answer book. Please start each task on a new page.</p> <p>Rough work and notes <b>must</b> be written in the answer book or on supplementary sheets and <b>must</b> be clearly identified.</p>



## SECTION A (Compulsory)

### CASE STUDY: ETHICAL ISSUES IN FRIENDS AND FAMILY INVESTMENT GROUP (FFIG)

#### Introduction

Ethics is built on fair work practices, right decisions, and doing what is morally right. It outlines general guidelines and perceptions on good conduct/behavior of individuals, groups, and organizations. Ethics and ethical issues continue to gain currency and attention in the business world. Ethics and ethical practices are even more significant in the financial services sector, as the economy of a country is hugely dependent on this sector. Financial services like banks are not only supposed to function competently, but transparently and ethically so that the people continue to have confidence in the system. Banking ethics is all about faithfulness and honesty to customers and other stakeholders, impartiality, trustworthiness, valuing principles, and working with a high degree of transparency. Following the Ghana banking crisis in 2017, several deficiencies have been found in the banking system in relation to unethical banking activities, which are evidenced by several banks, micro-finance, and fund management firms that ‘went under’ after the banking sector clean up.

#### Happenings in Friends and Family Investment Group (FFIG)

Nana Kofi is president and CEO of Friends and Family Investment Group (FFIG), an investment adviser that is a wholly owned subsidiary of **The Friends First Bank (TFFB)**. FFIG uses the 25 branch offices of the bank for its business locations. One client of FFIG, a longtime bank customer and personally known by Nana Kofi and the board members of the bank, opened an investment account at FFIG with the stated investment objective of income. Although the client did make a few investments over the course of a year, the client engaged in almost exclusively banking activity in the account that involved hundreds of transactions and consisted of GHS90 million in deposits and GHS84 million in withdrawals. The transactions included electronic transfers to and from individuals and entities located in **bank secrecy havens** or countries identified by the Ghana government as presenting a money laundering risk. In addition, Nana Kofi understood the client to be engaged in a type of international business activity that presented an increased risk of transactions being tainted by corruption or bribery. But because of the client’s longstanding relationship with the bank, Nana Kofi presumed that the transactions had a legitimate business purpose. Nana Kofi accepted vague descriptions of the transactions as “for services provided,” “consulting fees,” or “commissions,” and

he approved the daily Anti-Money Laundering (AML) reports (required by law when transactions trigger red flags of potentially suspicious activity) without further investigation.

Nana Kofi had previously been accused of employing several unprofessional and unskilled staff including his own cousin, Fiifi, who is currently re-siting his ICA level three papers, and yet supervises the Investment Advisory team, comprising mainly of experience and qualified Accounting and Finance professionals. Nana Kofi has also supervised fraud and financial malpractices and is currently a subject of regulatory investigations relating to unfair competition, unacceptably high-performance targets for sales staff, cronyism, bad corporate governance practices, and wanton disregard for regulatory directives and guidelines.

Nana Kofi is thought to be leveraging his close ties with key and influential Board members including the Board Chair, Mr. Amoako, who is an uncle to Nana Kofi's wife, to perpetuate under-dealings in the company, at the blind side of the board. But the recent growing negative media publicity, across several media platforms, about the company activities is really exposing the CEO's under-dealings.

### **Board of Directors of FFIG Concerned**

The company's Board of Directors is very concerned about the myriad of ethical issues reported against the company, across several media. Obviously, these media reportage would not only damage the company's reputation, but also impact increase regulatory sanctions as well as negatively impact their business performance. Indeed, these issues may also have unintended consequence on the parent company, The Friends First Bank. The Board therefore wishes to take drastic and immediate steps to redeem the company from imminent collapse.



As the Director of Marketing and Market Conduct at FFIG, you have been directed by the board to submit a memo for review, in which you:

- a. Discuss any five (5) ethical issues that relate to this case, which may have dire consequences for the sustenance of the organization.

**(10 Marks)**

- b. Identify and explain any five (5) issues that may have caused or given rise to the unethical issues identified in this case.

**(10 Marks)**

- c. Discuss any five (5) potential effects of these unethical practices on the organization.

**(10 Marks)**

- d. Recommend any five (5) ways these unethical practices could be resolved, to return the organization to normalcy and performance.

**(10 Marks)**

## **SECTION B (Answer Any Three)**

### **Question 1:**

With the nature of financial services evolving drastically, one of the notable drivers of Customer Experience is digitization. Digitization not only represents totality of customers' online experiences, but also an expression of the company's online brand, which enables a strong customer relationship towards transforming the customer experience. Your CEO certainly knows this, and has asked you, the Customer Experience Champion (CXC) of **Delight Life Insurance Ghana LTD**, to submit a report in which you:

- a. Discuss any five (5) critical issues your organization must consider in its bid to enhance customer touchpoint, in line with the company's strategic ambition for 2024.

**(10 Marks)**

- b. Critically assess any five (5) technological trends that have had significant impact on financial services in Ghana.

**(10 Marks)**



**Question 2:**

The growth in the Financial Services sector in Ghana, over the past decade, is one of the catalysts of growth in the overall services sector in the country. Financial Services, typically, involve service offerings by both bank and non-bank financial institutions. As an independent Marketing Consultant, seeking to present a paper at the upcoming Conference of Marketing Practitioners, in June 2023, in Accra, submit a presentation to the Conference Committee, in which you:

- a. Clearly identify and discuss any four (4) financial services categories (sectors) in Ghana.

**(8 Marks)**

- b. Include in your presentation, a brief discussion of the four (4) financial regulations generally considered by the different financial regulators in Ghana.

**(4 Marks)**

- c. List and briefly explain any four (4) regulatory risks in the financial services sector in Ghana.

**(8 Marks)**

**Question 3:**

**“In search of growth in a VUCA (Volatile, Uncertain, Complex, and Ambiguous) business climate”** is the theme of the upcoming Strategy Session of **GSM Bank Plc**, towards the bank’s preparation for 2024 Financial Year. Without a doubt, this theme is quite clear and demonstrates the bank’s appreciation of the current economic downturn. Regardless, GSM Bank Plc, still has its eyes on growth in 2024. Where this growth will come from, however, remains the most daunting question for Executive Management. As Marketing Director of the bank, preparing for this all-important Strategy Session, submit a working paper for the consideration of the Executive Team, during the Strategy Session, in which you:

- a. Critically analyze any five (5) key environmental factors that may have impacted your bank’s operation in the past year.

**(10 Marks)**



- b. In the light of the identified environmental factors above, recommend and discuss any five (5) growth strategies that your bank may urgently consider, to ensure business sustainability and growth.

**(10 Marks)**

**Question 4:**

Following the Ghana Government Domestic Debt Exchange Program (DDEP) implementation in December 2022, the Financial Services sector has come under intense stress, with the worsening VUCA (Volatile, Uncertain, Complex, and Ambiguous) business environment causing most Financial Services organizations to carry significant impairments and declare losses. While most banks are reporting high loan default, across all customer segments, on the one hand, there is equally growing customer agitation and anxiety relating to investment losses, on the other hand. This, undoubtedly, poses a significant threat to the survival of these banks. As General Manager responsible for Marketing in your bank, your CEO has requested you to submit a memo to him, in which you must:

- a. Discuss any five (5) modes of engaging your bank's customers, first to empathize with them on their investment losses, and second, to provide assurance or reassurance of an improved investment climate soon.

**(10 Marks)**

- b. Recommend and explain any five innovative bases of re-segmenting your bank's customers in light of the insights from the implementation of the DDEP.

**(10 Marks)**

**Question 5:**

Apple Life Insurance Plc, an indigenous Life Insurer, has recently come under intense competitive pressures, resulting in its significant loss of market share from 10% in 2019 to 6% in 2022. The company is currently considering several promotional options to support its strategic growth responses for 2024. As General Manager for Marketing, write a Memo to your CEO in which you identify, discuss, and provide a justification for any Five (5) promotional tools you will recommend for management's consideration.

**(20 Marks)**

