

041206T4BFN

BANKING AND FINANCE LEVEL 6

BUS/OS/BF/CR/05/6

Manage Customer Relationship

March/April 2026



**TVET CURRICULUM DEVELOPMENT, ASSESSMENT AND CERTIFICATION
COUNCIL (TVET CDACC)**

WRITTEN ASSESSMENT

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATE

1. This paper consists of **TWO** sections: **A** and **B**.
2. Answer **ALL** questions in section A.
3. Answer question **ELEVEN** (11) and any other **TWO** (2) questions in section B.
4. Marks for each question are indicated in the brackets.
5. Candidates are provided with a separate answer booklet
6. Do not write on the question paper.

This paper consists of FOUR (4) printed pages

**Candidates should check the question paper to ascertain that all
pages are printed as indicated and that no questions are missing.**

SECTION A (40 MARKS)

Answer ALL the Questions in this section.

1. ABD bank has introduced a system where customers are informed about their specific segments within the bank. State FOUR advantages of informing customers of their segments at ABD Bank. (4 Marks)
2. QR bank has put in place a clear communication strategy to guide the flow of information among management, employees, and customers. Identify FOUR benefits of a communication strategy at QR bank. (4 Marks)
3. Sunrise Commercial Bank has established policies to regularly obtain customer feedback from its various customer segments in order to improve its products and services. State FOUR ways through which Sunrise Commercial Bank can obtain customer feedback. (4 Marks)
4. Loyalty programs enable customers to maintain their relationship with the bank by providing tangible benefits for their continued patronage. State FOUR benefits derived by banks from loyalty programs. (4 Marks)
5. A financial institution regularly collects feedback from its customers after they use various products and services. State FOUR merits of obtaining customer feedback in such financial institution. (4 Marks)
6. A microfinance institution seeks to ensure that information reaches all its employees and clients efficiently and on time. Name FOUR communication channels that the microfinance institution can use to achieve this information. (4 Marks)
7. A bank wants to understand why some customers are unsatisfied with its products and services. Identify FOUR causes of customer dissatisfaction at the bank. (4 Marks)
8. AA Sacco collects feedback from its customers to improve its products and services. State FOUR reasons why AA Sacco analyze customer feedback. (4 Marks)
9. Current trends in banking loyalty programs aim to enhance relevance, engagement and value for customers. List FOUR current trends in loyalty programs in the banking sector. (4 Marks)
10. Mfalume Bank, one of the leading banks implemented a comprehensive customer relationship management strategy to improve customer relationships. Name FOUR customer relationship management strategies that may be implemented by Mfalume Bank to improve customer relationships. (4 Marks)

SECTION B (60 MARKS)

Answer question ELEVEN (11) and Any other TWO questions in this section.

11. XYZ Bank operates in a highly competitive banking environment serving a wide range of customers, including students, salaried employees, professionals, small businesses, and large corporations. Initially, the bank adopted a uniform “one size fits all” approach by offering the same products and services to all customers regardless of their differing needs and financial capacities. This strategy led to poor customer satisfaction, weak customer relationships, and low retention levels, as many customers felt that the bank did not adequately address their specific expectations. To overcome these challenges, XYZ Bank introduced customer classification (segmentation) as a strategic tool to better understand its customers, improve service delivery, and enhance overall profitability.

Through customer classification, XYZ Bank has been able to move away from the one-size-fits-all approach in several important ways. First, segmentation improves marketing efficiency by breaking customers into manageable groups, allowing the bank to design targeted marketing campaigns. Second, it helps identify new market opportunities, since each segment is analyzed and served independently. Third, customer classification supports better branding strategies, as products and services are tailored to meet the unique needs of each segment. Fourth, it enhances distribution strategies by ensuring that products and services are delivered through channels that are easily accessible to the intended customers. Finally, customer classification enhances customer retention, as personalized services lead to higher satisfaction and stronger customer loyalty.

To effectively serve its diverse customer base, XYZ Bank can apply several classification bases. These include customer type (retail, corporate, professional, and eligible counterparties), industry of work, income level, demographic factors such as age and education, and customer needs such as loans, investments, or transactional services. Together, these bases enable the bank to offer relevant, customized solutions to each customer segment. In light of this case study:

- a) Explain FIVE reasons for customer classification at XYZ bank. (10 Marks)
- b) Describe FIVE classification basis that XYZ Bank can apply to effectively serve its diverse customer base. (10Marks)

12. Prime Bank plans to introduce a customer loyalty programme to improve customer retention and increase transactions. Before implementing the programme, the bank intends to assess customer loyalty levels and ensure all customers are informed according to banking policy.
- a) Describe FIVE steps Prime Bank should follow to determine customer loyalty levels. (10 Marks)
 - b) Explain FIVE benefits of customer loyalty programme to Prime Bank. (10 Marks)
13. Unity Bank operates in a competitive banking environment and aims to improve performance through customer satisfaction metrics and an effective customer feedback mechanism in line with bank policy.
- a) Discuss FIVE benefits of customer satisfaction to Unity Bank. (10 Marks)
 - b) Explain FIVE advantages of informing customers about the feedback mechanisms at Unity Bank. (10 Marks)
14. BrightCare Ltd has received complaints about the quality of its products and services. Management plans to improve and maintain customer satisfaction to increase profitability and customer loyalty.
- a) Describe FIVE measures BrightCare Ltd can use to improve customer satisfaction. (10 Marks)
 - b) Explain FIVE ways BrightCare Ltd can maintain customer satisfaction. (10 Marks)