

**WRITTEN TEST FOR PROMOTION TO THE  
GRADE OF EXECUTIVE I**

**20<sup>th</sup> December 2014**

**Duration : Three (03) Hours**

**Additional Fifteen (15) minutes for reading**

**INSTRUCTIONS TO CANDIDATES**

1. Total time allocation is Three Hours and Fifteen Minutes (3 ¼ hours), inclusive of fifteen minutes (15) reading time.
2. Write only the **INDEX NUMBER** assigned, in all pages of the answer script. The name of the candidate should not be written.
3. The paper consists of **FIVE (05) SECTIONS**. Answer **ALL SECTIONS**.
4. Read instructions on the top of each section carefully before attempting the questions.
5. Answers should be **BRIEF** and **PRECISE**. Refrain from writing lengthy answers or rewriting the questions.
6. All questions should be answered **ONLY** in **ENGLISH** language.
7. You are not permitted to take the question papers out of the examination hall.

## SECTION I – PRODUCT KNOWLEDGE

- Answer all TEN (10) questions.
- Maximum TWO (02) marks allocated for each question.
- Total marks for this section is TWENTY (20).

1. What is the strategic intent of the bank in launching **Sampath Z-Reload** ?

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2. **Priority Pass** is a special card which provides access to VIP lounges in international airports. Who is entitled to use this card?

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3. Sampath Bank took a decision recently to change the bonus scheme of **Sampath Double S** Account .

a. What is the strategic objective of this decision ?

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b. Accordingly what is the minimum average balance requirement to earn 35% bonus from **Sampath Double S Account** ?

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4. Why should we promote **Warehouse Financing** ? Provide two (2) reasons.

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5. What is the maximum bonus interest percentage offered by **Power Savings Account** of Commercial Bank ?

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6. What benefits would you highlight when promoting our **Web Card** to a customer ? Provide two (2) benefits.

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7. **Sampath Sevena Dayada** is flexible enough to provide three payment options (stages) to the customer. What are they ?

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8. **'Visa Infinity** is considered as the top most visa card in the world' at present . Provide three reasons to justify this statement.

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9. State four key benefits of **Sampath Mobile Cash** for its users.

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10. State three benefits offered by **Sampath Vishwa** to its users.

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## **SECTION II – STRATEGIC MANAGEMENT**

- Total marks for this section is TWENTY (20).
- Answers should be presented in a LOGICAL and COHESIVE manner, in point form.

### **UDUGALA BRANCH**

At the annual Branch Manager's meeting, the Management urged the need of effective cost management strategies at corporate, regional and branch level in order to survive in the current context where Net Interest Margin (NIM) is significantly declining. On the following day Sumanga, the Manager Udugala branch called an officers meeting to identify feasible cost management strategies for the Branch.

Udugala Branch is located in the Western Province in close proximity to Colombo City. Number of residents in the city have been rapidly increased especially, during the past two years, may be due to the new highway entrance and establishment of commercial ventures. Further, Udugala city is a very popular destination for wholesale businesses in fruits, vegetables and other consumer commodities. Almost all major private and state banks are operating in the city. However, it is observed that banks with extended service hours are more successful may be due to recently established Economic Center which operates during day and night.

There are 15 team members including the Branch Manager (one EII and EI, four JEIIs, eight JEIs and one trainee) currently serving in the Branch. As a people oriented leader, Sumanga always stress the need of a multidisciplinary team, who is competent in all areas of banking in order to deliver superior customer service.

Cumulative financial status of the Branch as at November 30, 2014 is as follows.

<b>Area</b>	<b>Status (Rs. Mn)</b>
Profit After Tax	65
Operating Expenses	32
Gross Advances	1,367
Pawning	189
Deposits	2013
CASA	32%
Fee Based Income	06

At the officers meeting, Sumanga appreciated the team effort and commitment demonstrated by the Team and further stated that “our performance in 2014 is satisfactory but we need to review our entire business operation critically in order to capture the emerging opportunities in the current business context where NIM is significantly declining”. Moreover, he stressed that even though competition is very high winning strategies would facilitate achievement of both long-term and short-term profit objectives.

1. Propose four cost management strategies which can be applied for branch network in low NIM environment. (4 marks)
2. Apply suitable management tool i.e. SWOT and analyze competitiveness of the Branch (8 Marks).
3. Based on the above analysis, identify feasible strategies / actions for Udugala Branch to increase the annual profit (After tax) by 30% in an environment where NIM is significantly declining. (8 Marks).

### **SECTION III – PEOPLE MANAGEMENT SKILLS**

- Total marks for this section is TWENTY (20).
- Answers should be presented in a LOGICAL and COHESIVE manner, in point form.

Andarawewa is a remote branch opened almost five years back. Anjula serves as the Manager of the branch from the inception. The branch has been performing extraordinarily well during the past few years and was renowned for its customer service. The Branch has got an accolade as the most friendliest bank in town.

The Branch has been able to come into the breakeven status within six months of commencement of its operations and had shown a steady progress thereafter on annual basis. Since Anjula is keen on social responsibility initiatives, his team always made it a point to conduct at least two projects per annum. The Regional Manager, always considered Andarawewa branch as the model branch in the Region. There are eight team members serving in the Branch.

However, the manager observed a gradual deterioration of performance of the branch during the past eight months in almost all aspects. The manager receives at least one customer complaint per week at present.

The current context of the branch is as follows.

- A new Assistant Manager was assigned to the Branch since the previous Assistant Manager was on a transfer to a newly opened branch as the Manager. The new Assistant Manager did not have prior experience as an Assistant Manager of a Branch. The Manager has observed that the new Assistant Manager frequently shouts at team members.
- Accounts Opening Assistant went on maternity leave and Rangha, a trainee with six months experience was assigned to this position. He has only four months experience in the cash area.
- Shyam, the most senior JE II in the branch had met with an accident and therefore, the Regional Office has assigned a JE II on relief duty. Since Shyam had to face several surgeries, he has asked for six months leave without pay and thereafter a transfer to his hometown in Avissawella. Therefore, the Regional Manger released the Relief Officer Ranura to Andarawewa branch in place of Shyam. Ranura has just promoted and had only a few months experience as a JE I in a branch prior to his promotion.
- Two additional trainees were assigned to the branch four months back to deploy in Accounts Opening and Cash Departments to cater to increased volumes of the branch.

- In certain instances, the manager compelled to decline leave requests of team members due to the present situation of the branch
- Branch has able to carryout two product promotional campaigns and two CSR projects during this period.
- The branch trip organized during this period was a real success as everybody contributed in organizing the trip and participated with their family members.

You are an Executive assigned to the Regional Office. The Regional Manager appointed you to assist the Branch Manager to arrest the unfavourable status of the branch.

1. What are the possible root causes for the current performance of the Branch ? (6 marks)
2. The manager is reluctant to release team members for head office training, although he considers training of the staff as an urgent need. Propose other training and development channels appropriate for Andarawewa team. Provide reasons for selecting these options. (6 marks)
3. Manager considers that development of two trainees as one of the strategies to overcome the present situation. What are the possible steps that can be taken in this regard. (4 marks)
4. What are the factors to be considered in conducting a Branch Level Training (BLT) programme ? (4 marks)



## SECTION IV – MARKETING MANAGEMENT

- Answer ONE QUESTION ONLY.
- Total marks for this section is TWENTY (20).
- Answers should be presented in a LOGICAL and COHESIVE manner, in point form.

A. **Siyarata** Branch of National Bank is located in a residential area. All other banks too are operating in the same city whereas Siyarata branch is the market leader. All major communities live in this area and majority of them are employed as either private or public sector employees whilst a few engaged in trading business. A leading commercial bank is planning to open a branch in the town and they are aggressively targeting at the customer base of Siyarata Branch. As a result of the campaigns carried out by them, some customers of the Siyarata branch have shown signs of shifting their accounts to the new bank branch. A study carried out by the Manager of Siyarata Branch revealed following.

- Siyarata branch has a limited number of customers compared to the population in the area.
  - Even though more than 80% of the customers are from the housing scheme located in the area, majority of the residents of the housing scheme is not banking with any of the bank branches in the area.
  - A large number of customers visit daily for pawning transactions.
1. As the Manager of Siyarata Branch, identify the possible promotion strategies / types of promotions available for Siyarata Branch ? (6 marks)
  2. Identify the opportunities available for the branch in order to face the competition successfully ? (6 marks)
  3. What are the information you would require in organizing a marketing campaign in this instance ? (8 marks)

- B. **Rathmalgoda** Branch is located in the provincial capital and is in existence over a period of ten (10) years. However, the Branch Manager has found that it is extremely difficult to retain the existing customers. On advice of the management, the branch manager has conducted a study in this regard and the study has revealed poor customer service at the branch as the root cause for the problem.

Further, following were revealed in the study.

- Branch staff rarely returns the telephone calls. Calls are not answered in a prompt manner
- Staff members always refer their officers for guidance even for straight forward queries
- Staff is not professional in handling customers
- Long queues are not attended
- Special attention is not given to high end customers
- Customer complaints are not attended to as required

The Management has appointed you to improve the status quo.

1. What are the best practices that should be followed by a team member in delivering superior customer service ? (8 marks)
2. Provide short term and long term recommendations to improve customer service standards of the branch. (12 marks)

## **SECTION V – BANKING INDUSTRY AND IMPORTANT DEVELOPMENTS**

- Answer TWO QUESTIONS ONLY.
- Total marks for this section is TWENTY (20).
- Answers should be presented in point form.

1. Decreasing “NET INTEREST MARGIN” has become a major concern for the banking sector in the country. As a result, the banks struggle to maintain high profit margins.
  - I) What is Net Interest Margin ? (3 marks)
  - II) What is the main reason for decline of Net Interest Margin (NIM) ? (3 marks)
  - III) How can the banks improve the profitability under this condition ? (4)
  
2. In the 2015 budget proposals, state banks have been instructed to offer a 12% annual interest rate for deposits of senior citizens. How will this proposal affect the banking sector? (10 marks)
  
3. Number of banks issued debentures to raise funds during the year 2014.
  - I. What is a debenture? (2 marks)
  - II. Name two banks that issued debentures during the year. (2 marks)
  - III. What is “Subordinated debenture” ? (2 marks)
  - IV. What advantages a bank would derive by issuing debentures ? (4 marks)
  
4. Governor of the Central Bank recently spelled out “Eight Point Agenda” for banks in line with the government’s vision 2020 (USD 150 billion economy and per capita of USD 7000+)
  - I. State four points from the “Eight Point Agenda” (6 marks)
  - II. What is “Financial Inclusion”? (4 marks)