

CHAPTER 3: BANK PRODUCTS

3.1 Introduction of the Unit of Learning/Unit of Competency

Bank products is a unit of competency offered in TVET level 6 banking and finance course qualification. This unit specifies the competencies required to market bank products. It involves identifying potential customer, identifying customer need and closing the sale. The significance of market bank product marketing to TVET level 6 banking and finance curriculum is to equip learner with knowledge and skills to demonstrate cash handling, bank product, market niche, business competitors, critical thinking, communication, negotiation, persuading and selling so as to fit well in the world of work.

The critical aspects of competency to be covered include demonstrated ability to identify potential customer, need and close the sale. The basic resources required include: stationery, internet connectivity, transport facility, communication gadget and computers.

The unit of competency covers 3 learning outcomes. Each of the learning outcome presents learning activities that covers performance criteria statements creating trainees an opportunity to demonstrate competencies stipulated in the occupational standards and content in curriculum. Information sheet provides; definition of key terms, content and illustration to guide in training. The competency may be assessed through written test, demonstration, practical assignment, interview/oral questioning and case study. Self assessment is provided at the end of each learning outcome. Holistic assessment with other units relevant to the industry sector workplace and job role is recommended.

3.2 Performance Standard

Potential customer need and close sale as per the bank policy and the organizational procedures.


3.3 Learning Outcomes

3.3.1 List of Learning Outcomes

- a) Identify potential customer
- b) Identify customer need
- c) Close the sale

3.3.2 Learning Outcome No 1: Identify potential customer

3.3.2.1 Learning Activities

Learning Outcome No 1: Identify potential customer	
 Learning Activities	Special Instructions
1.1 Perform data mining as per bank details 1.2 Identify referrals as per organizational procedures 1.3 Visit new customer as per banking policy 1.4 Conduct cold calls as per banking policy	Project Practice by trainee Direct instruction Discussions On job training

3.3.2.2 Information Sheet No3/LO1: Identify potential customer



Introduction

This learning outcome covers; the grooming etiquette, the nature and the type of customer, market niche, selling techniques, referral actualization and cross selling.

Definition of key terms

Grooming etiquette: This refers to the proper code to dressing and the general appearance in reference to the social settings

Customers: This refers to any person who is willing and is able to purchase a given product /service at a given stipulated period of time.

Cold calls: These are methods in which organizations contact individuals who have expressed no interest in a given commodity/service to enlighten them on existence of such.

Content/Procedures/Methods/Illustrations

1.1 Data mining is performed as per bank details

Data mining is the process of extracting information from large sets of any raw data. The banks will adopt this method to gather information and use it to identify the patterns and association in order to identify the potential customers, fraud activities and the trends.

The data mining process

- i. **Data selection:** Data is identified from various data sources such as historical database, data warehouse. The data is then read for analysis
- ii. **Data pre-processing:** This process involves data cleaning and integration
- iii. **Data cleaning:** Under this stage, all the irrelevant data and the data that is not consistent is removed from the selected data.

- iv. **Data mining:** In this stage various data mining techniques are derived in order to extract the data patterns
- v. **Patterns evaluation:** The patterns that were identified in (iv) above are evaluated and meaning is derived from them
- vi. **Knowledge presentation:** The presentation techniques are employed to present the mined information to users

Data mining techniques

The data mining techniques could be divided to the various means:

- **Association**

This technique is used to identify products and commodities that could be related/associated in given manners i.e. customer enquiring saving account will enquire of fixed deposit account. This information is important and could aid in making decisions.

Types of association method

- **Classification and prediction**

This method applies where classes of data in the population is known. They are used to extract models and predict the future. These techniques could be used to classify customer as a loan defaulter/loyal customer depending on the transactions.

Types of association

- Multilevel association rule
- Multidimensional association rule
- Quantitative association rule
- Direct association rule

Types of classification

- **Cluster Analysis and Concept Formation.**

Cluster is used to generate the class labels. It is a method used to define the classes and put the various objects in them. Cluster analysis helps an organization in cross selling their products and will also help to achieve the 80/20 principal of marketing

Types of classification models

- Classification by decision free induction
- Bayesian classification
- Neural networks
- Support vector machine
- Classification based on association

Types of clustering methods

- Partitioning methods
- Density based methods
- Grid based methods
- Model based methods
- Divisive methods

Importance of data mining in banking

- **Marketing:** The bank's marketing department uses the data mining to analyse the customers' behavior in reference to the products price and the distribution channel. The bank analyst can also use the past trends to determine the current demand and predict the customers' behavior in various products. Data mining techniques can distinguish between profitable customers and non-profitable customers. The data mining in relation to marketing can be used to predict the reactions of customers during an implementation of change, i.e. interest rates.
- **Risk management:** Banks can use the data mining to identify loan defaulters during issuing of loans. Banks will manage the risk they are exposed to, of lending substantial amounts of money to lenders without the proper knowledge of their credit scoring as per data mining.
- **Fraud detection:** Data mining helps an organization to focus on means to analyze the customer information and discovering the patterns that could lead to fraud activities.
- **Solving money laundering:** Money laundering is the failure to reveal the source money obtained illegally by passing it through a sequence of bank transfer to accept legitimacy.

Data mining has been adopted to detect such activities in the banks and failure to this would lead to negative impact on banks.

1.2 Referrals are identified as per organizational procedures

Referrals are a promotion method a bank uses where its customer refers friends to board as new customers to the bank. This is mostly done by word of mouth. The banks would also digitalize the process through allowing the sending of data through the world web.

The banks will identify referrals through;

- i. Identifying the nature of customers, they want to attract. They should clearly choose the type of clients they want to serve i.e. teachers, farmers (common field).
- ii. Clearly elaborate the kind of products/services they are selling. Here specify on the kind of product/service you are dealing with such (milk, technology processes and deliverables).
- iii. Through social media interactions. By monitoring the social media interactions, the referrals are likely to increase if the response and audience is positive.

- iv. Client satisfaction surveys. Adopting the formal means of customers' satisfaction surveys will gauge the client's encounter with your firm.
- v. Providing an open feedback. To identify referrals, you will be required to provide a means where the customer can air their views, give feedback or comment on given services through your website

Importance of a referral

- Information passed through friends is much trusted.
- Social media provides an easy promotion opportunity
- Referrals is a clear indication of a good progress of your business/organization
- There is the increased return on investment
- There is an increased customer engagement and the customer feels as part of the company.
- There is an increased awareness on social media

1.3 New customer are visited as per banking policy

Banks have many means in which they can meet their customers. They can adopt various ways such as:

- **Organizing of road shows:** The banks will meet and recruit new customers through performing of the road shows. This activity is both an advertisement method and interactive method that could be used to recruit new members to it.
- **Through online process:** New digital methods of interaction have aided organizations to meet their new customers. Customers can nowadays upload their information through website and online forms and get registered as per organization policies.
- **Through the referral process:** This method is where the existing customers bring on board new customers to the organization as a result of satisfaction derived from being a member or good reputation of the organization

Treatment of new member

Upon meeting a new member, customer identification is an essential element thus he/she will be required to provide the following information for the registration process;

- Legal name and any other name used.
- Correct full address should be obtained
- Telephone number, email address
- Date and place of birth
- Nationality
- Occupation, public position held
- Any official person identification number (passport/ID)
- Type of account ,and nature of banking relationship
- Signature

The bank should then verify this information through;

- Confirming the date from official documents (birth certificate, ID, passport)
- Contacting the customer telephone, email address
- Confirming validity of official documentation provided
- Confirming the permanent address (tax assessment ,bank statement)

Once the documents are confirmed and verified to be correct the new customer can now be registered as a member and a copy of his details should be kept as he is provided with a copy.

Reasons to visit a new customer

- **Creating awareness to the existence of commodity/service.** An organization will visit to enlighten him/her on the existence of a given commodity/service, advantages derived from the consumption of the service.
- **Boosting and reinforcing the brand.** The new customer will be enlightened about the brand in the market in order to boost the sales of the given product.
- **Advertisement of the product/Marketing.** The customer will be met during the marketing and advertisement of the product by the organization's marketing department/sales man and this help the organization increase the sales of product.
- **Recruit new members.** A company may purpose to visit new customers with an aim of recruiting new members to the organization and enjoy the benefits of being a member.
- **To gain a competitive advantage.** Meet new customer and recruiting them to be members of a given organization gives a competitive advantage against their competitors due to the good customer relation created.

1.5 Cold calls are conducted as per banking policy

Cold calls are methods where organization contacts individuals who have expressed no interest in a given commodity/service and giving the awareness to the existence of such a service and the benefits derived from acquiring such a service. The sales representatives who are required to perform the cold calling should ensure;

- To identify persons that have the highest possibility of showing interest in the service they are selling.
- To possess good communication skills and adopt proper response as the results and the reaction of the other parties is unknown
- To utilize the cold banking scripts which will be entitled to guide him through the process as it contains questions and the information that needs to be crossed to the other end.

How to increase your results with cold calling

- Have a reason to call before you sell
- Dedicate sometime every day to prospect
- Leave short voice messages
- Be confident and competent during the call

- Believe in yourself and your professionalism
- Make a call at any time
- Make a goal to earn right and to talk to a person
- Have faith in the commodity that you are selling and the benefit the customer will receive from product and services

Conclusion

This learning outcome covered; grooming etiquette of a customer, the nature and the types of customers, the process of identifying potential customers and conducting cold calling.

Further Reading



1. Banking beyond books by Waman Gokhale

3.3.2.3 Self-Assessment



Written Assessment

1. What is undifferentiated marketing?
 - a) Classless marketing
 - b) Niche marketing
 - c) Target marketing
 - d) Mass marketing
 - e) Custom marketing
2. An altitude describes the way people behave when faced with difficult decision. True or False
 - a) True
 - b) False
3. The following are customer driven strategies. Which one is it?
 - a) Provision of real value of money
 - b) Responsiveness to customer needs
 - c) Understanding the customer
 - d) An obsession with efficiency
4. What is customer profile?
 - a) A description of the main characteristics of the customer and how they may make the purchase decision
 - b) A database record detailing the main characteristics of a customer
 - c) A database containing information about which customer bought which goods

5. Why would an organization communicate to their customer?
 - a) To ensure customer needs have been met
 - b) To gather information and identify new product opportunities
 - c) To give them information and convince them to buy and establish a competitive advantage in relation to products and services
 - d) To collect detailed information as basis for upgrading and developing product and services.
6. The following are considerations for internal customer analysis. Which one is not?
 - a) Assumptions of the customer needs and a careful validation
 - b) The importance to communicate with customers in order to inform them of the kinds of product and services
 - c) The need to be sensitive to important national differences
 - d) Needs to identify the similarity other than the differences between nations
7. What happens when customer needs are met?
 - a) Relationships are built
 - b) A rapport is established
 - c) Loyal customers are created
 - d) All of the above
8. Examine the different data mining techniques.
9. Discuss the following terms:
 - a) Cold calls
 - b) Data mining
 - c) Consumers
10. Categorise the areas a banker would employ the data mining techniques.
11. Highlight and explain the importance of data mining.
12. Elaborate the process bankers would use to register new customers.

Oral Assessment

1. How would you identify a potential customer?
2. How would an organization gain new entry to the market?

Practical Assessment

You are a sales manager at a firm and you have decided to use the cold calls method to promote your products and services. Perform cold call questions that could be used during this process.

3.3.2.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Good/services/products
- Communication gadgets
- Classroom setting
- Projectors

3.3.2.5 References




- Dallimore, E. J., Hertenstein, J. H., & Platt, M. B. (2006). Nonvoluntary class participation in graduate discussion courses: Effects of grading and cold calling. *Journal of Management Education*, 30(2), 354-377
- Karen E. Flaherty & James M Pappas (2013) Role of Sales Persons
- Maguad, Ben A (2007) Identifying the need of customers in higher education.
- Venice (2006) E. Promotion, a platform for tourist product development

easytvvet.com

3.3.3 Learning Outcome No 2: Identify customer needs

3.3.3.1 Learning Activities

Learning Outcome No 2: Identify customer needs	
 Learning Activities	Special Instructions
2.1 Identify customer banking products as per customer details 2.2 Establish customer business industry as per customer details 2.3 Establish <i>Customer social status</i> as per banking policy 2.4 Identify customer product gap as per customer details	Illustrations Written Assessments

3.3.3.2 Information Sheet No3/LO2: Identify customer needs



Introduction

This learning outcome covers; bank service delivery by offering products that address customer needs after identification of customer needs, bank products both funded and non-funded, types of customer needs, the importance of identifying customer needs, pros and cons of different products and matching customer needs with the products that the bank offers.

Definition of key terms

Customer business industry: Business customers refer to the individuals that purchase goods and services from an organization or business entity. Customer business industry therefore denotes to the field of business which is focused to offering majorly services to the consumers (customers) at a fee.

Customer social status: Society attaches value to people. Therefore customer social status refers to the relative value or rank that has been attached to an individual who is an organizational buyer.

Customer product gap: This is the deviation between the actual service of a banks' product and the expected service of that particular product. It is always that the service offered by the product is lesser than the expected thus a gap arises.

Content/Procedures/Methods/Illustrations

2.1 Customer banking products are identified as per customer details

Banking products are the facilities and services that banks offer to the general public/customers in relation to the management of their cash and other cash arrangements. Such products include transactions and saving accounts, debit and credit cards, cheques, loans, mortgages among other products. There are two types of bank products which involve funded and non-funded bank products. Funded bank products are those facilities and services offered but the banks where real cash is provided to a bank customer such as a loan advancement. Non funded products on the other hand are facilities and services offered by the bank where there is only a commitment to pay the customer in the event of stated conditions such as bank guarantees or letters of credit.

Procedures

Identifying customer banking products is the preliminary and basic step towards identifying customer needs and meeting them. The following standard procedures apply:

i. Conceptualizing of the products

This involves having an idea of the facility or service that can be provided to the bank customer. Such an idea can stem from the customer demand, the banks internal sales forces or recommendation from third parties such as consultancy firms. The underlying bottom-line must be that the features of such a product must appeal to not only customers but also to the investors.

ii. Checking on the regulatory and legal requirements

In identifying products to offer to the customers, compliance to the set rules and regulations of the land must be considered and adhered to. This will ensure that facilities and services that can be approved by the authorities are produced and sold.

iii. Checking on the organizational operations

Key details in offering the products are considered at this stage to determine whether the bank as an organization has what it will require offering the product.

iv. Product organization

When the product has been identified, it is not complete until it is registered by the required legal bodies and given a patent to ensure that another bank or financial institution has no such product or will not start selling such a product in due process. Through checking with the registration, a bank can identify a product that is not in registration and the customers need such a product.

Methods

- **Customer engagement:** An engaged customer is free to talk to the organization of any challenges and even recommend to the organization regarding their need and when they are engaged, they speak out the need and the organization can thus meet the need.
- **Recommendation from third parties:** Third parties such as consultancy firms dealing with quality auditing and assurance can recommend amazing banking products which they are aware of and they have worked well in the market.

- **Internal drive of the organization:** The sales and marketing team has the drive to consistently come up with products and services that can work for the bank's customers in every category and level.
- **Research and development:** Inventions and innovations through thorough research and development by the bank will help the bank to manufacture new facilities and services that can be offered to the customer to complement the existing products, meet the required needs and satisfy the customer as per their requirements.

2.2 Customer business industry is established as per customer details

Customer business industry is focused on offering majorly services to the consumers. Such an industry majorly lies in the financial services field where mostly intangible services are offered. The industry firms usually have a customer share whereby each firm has its own customer who they frequently serve. Therefore, such a share of industry is acquired by offering products which meet the financial needs of a particular group of people thus forming the market share. A good example is the current practice of Kenya Commercial Bank offering Sahl Bank which meets the needs of Muslim customer in the industry.

Procedures and methods

- i. Market screening:** Establishing a customer business industry requires an organization to comprehensively scan the market to determine the gap (availability of customer) and then venture into filling the gap which will entail offering service to the available customers.
- ii. Market segmentation:** This entails dividing the market into categories and pursuing to serve each category as per their distinct needs. When every marked segment (division) is served distinctively, a good and working customer business industry is established where customer needs can be identified and effectively made.
- iii. Product offering by the bank:** Whichever product or service that an organization offers determines the customer business industry that it will serve. Banking lies in the financial services industry thus serves the customer business industry in the financial sector.

2.3 Customer social status is established as per banking policy

Far from the society attributing relative value to individuals, the banking industry also attributes relative value to the customer in regards to the banking patterns. Customer social status is determined to ease service delivery to the customer through reduction of required bureaucracies of offering service and treatment. A customer's social status as per the bank can be different from the value that same individual has been attributed to in the society. This is because the parameters used by the bank in determining an individual's social status are different from the parameters that the society uses.

Procedures of establishing customer social status

- i. Background check of the customer:** Conducting a background check of the customer is important in helping to determine the net worth of the customer thus attribute him/her the appropriate social status as per the banking policy. Such kind of background check helps to determine the kind of business the customer does and the position they hold in the society which are important factors in determining their social status.
- ii. Analysis of the customer banking patterns:** The banking patterns of a customer refer to the deposits and withdrawals made by the customer across the customer accounts. When an analysis shows a consistent and bulk banking pattern as well as a bulky bank account balance, such a customer can be attributed to a high customer social status as per the banking policy which then calls for special handling of this customer.
- iii. Conduct KYC (Know Your Customer):** KYC covers the above procedures but other details such as education and occupation might not be revealed in the above procedures. KYC therefore will help capture the finer details of the customer such that an appropriate social status is attributed to them.

Methods of establishing customer social status

i. Subjective measurements methods

This method entails subjecting the customer to the basic standards to determining social status such as the amount of bank balances they have. When the details of the customer perfectly fit to the basic standards the appropriate corresponding status is attributed to that customer.

ii. Reputational measurements method

Despite the fact that reputation is largely applied in attributing social status in the society, banking also applies the method in attributing social status to customers such that we have VIP customers for appropriate handling and service.

iii. Objective measurement method

This refers to the unit measurement of the customer parameters in sizes but within an allowable margin of error. Therefore, the social status of the customer is attributed with assumptions and projections of the parameters considered.

2.4 Customer product gap is identified as per customer details

Customer products gap generally shows a dissatisfied customer due to un-met needs. When there is a gap it implies that the actual needs and expectations for the customer are higher than the needs met by the product. The customer is therefore left wanting more utility from the product.

Procedures of identifying customer product gap

- i. Comparison of current target state and actual achievement:** Organization use comparison to analyze the gap of a product by checking whether the actual target state for the product has been met. When there are deviations between the two states of product achievement then a gap is said to exist.

- ii. **Conducting product reviews:** The customer can review and rate the banks product which will help the bank to have knowledge that the product has a problem and help the bank to address such a gap.
- iii. **Continuous product evaluation:** Evaluating the product periodically will help to determine the finer gaps of the product that even the customers might not have noticed but if worked on will enhance the product quality. This assessment is done within the organization thus a self-assessment procedure.
- iv. **Evaluating sales performance of the product:** A good product that effectively meets the customer needs is likely to sell greatly. Therefore evaluating the sales of the product will help to determine whether the product has a gap since low sales performance shows that a gap exists by the product not attracting customers to make high sales.

Methods of identifying customer product gap

- **Monitoring:** This entails the consistent checks on the product sales and performance trends which will help identify the gaps for rectification. Monitoring is effective in silently determining the product gaps without interference with the sales of the products or worth the customers.
- **Feedback method:** What the consumers say about the product after consumption can effectively help in determining the product gap since negative feedback shows a gap.
- **Competitor versus yourself evaluation method:** The competitor is likely to offer similar products as yourself. If their customers are happy about the product, then eventually the competitor versus yourself will help to determine if there is a product gap that is making your customers dissatisfied.

Conclusion

This learning outcome covers; bank service delivery by offering products that address customer needs after identification of customer needs, bank products both funded and non-funded, types of customer needs, the importance of identifying customer needs, pros and cons of different products and matching customer needs with the products that the bank offers.

Further Reading



1. Study more on customer relationship by: Rauai, A.K.(2012). Customer relationship management: concepts and cases. PHI Learning Pvt. Ltd.

3.3.3.3 Self-Assessment



Written Assessment

1. Which of the following is not a funded bank product?
 - a) Loan from bank
 - b) Bank overdraft
 - c) Insurance policy
 - d) Assets financing
2. Which of the following is not a non-funded bank product?
 - a) Letter of credit
 - b) Insurance policy
 - c) Bank guarantee
 - d) Bank loan
3. Which of the following is not a bank product?
 - a) ATM card
 - b) Debit card
 - c) Bank Account
 - d) Life Insurance policy
4. Which of the below parameters cannot be used to determine customers social status?
 - a) Customer age
 - b) Customer occupation
 - c) Wealth of the customer
 - d) Life assurance policy
5. Which of the following best explains customer products gap?
 - a) Product gap is when needs of the customer have not been met
 - b) It is when the product is not in the market
 - c) It is when the product is in less quantities in the market
 - d) It is when the product is in its middle phase of production
6. Which of the following is not a customer need?
 - a) Getting a bank loan
 - b) Accessing their bank account conveniently
 - c) Getting the depositing services
 - d) Opening a bank account for a third party
7. Interpret the importance of determining customer social status to banking.
8. Elaborate the importance of knowing your customer and his needs? Explain
9. Can customer needs be translated to bank products? Analyze
10. Investigate how customer society occupation affects customer status determination.

Oral Assessment

1. Are all customer needs measurable?
2. What happens when a product is not able to meet all the customer needs?

Practical Assessment

Identify one of the local banks near you and carry out a visit to that bank to determine the various needs of the customers, the various facilities and products they offer, how they perform customer social status and also determine the banks best-selling products. Create a report stating why such services market best for the local bank.

3.3.3.4 Tools, Equipment, Supplies and Materials

- Projector
- Computer
- Flip chart
- Writing material
- Communication gadget (speaker (loud incase the class is large)).
- Sample bank products (tangible ones)
- Sample current case studies of knowing customer needs
- White board and marker pens


3.3.3.5 References



- Berry, M.A, & Lineff , G.S (2000). Mastering data mining: The art and science of customer relationship management. Industrial management and data systems journals
- Chapman, S. (2013). The rise of merchant banking. Roulledge
- Chu, X., Zhong , J., Dixit, U.S & Gu ,P. (2019). A precise identification and matching methods for customer needs based on sales data . In international conference on mechanical Design (pp102-112). Singapore, Springer.
- King ,B. (2018). Bank 4.0: Banking everywhere , never at a bank. JohnWiley &sons
- Rau, A.K.(2012). Customer relationship management : concepts and cases . PHI Learning Pvt. Ltd.

3.3.4 Learning Outcome No 3: Close to Sale

3.3.4.1 Learning Activities

Learning Outcome No 3: Close to Sale	
 Learning Activities	Special Instructions
3.1 Match customer need with product as per banking procedures 3.2 Inform customer are informed on product options as per banking procedures 3.3 Advise customer on product needs as per banking procedures 3.4 Document <i>sale</i> as per banking policy (account opening, credit application, debit cards, credit cards and mobile banking)	Oral assessment Discussions Written assessments

3.3.4.2 Information Sheet No3/LO3: Close to Sale



Introduction

This learning outcome covers; negotiation, customer needs, bank products and service, persuasions and methods of persuasion, sale documentation process and negotiation skills.

Definition of key terms

Negotiation: It is the process by which an agreement is reached based on trade.

Persuasion: It is the process of convincing or being convinced by someone to agree or believe something.

Sale: It is the process of exchange of a commodity for money or the action of selling something.

Content/Procedures/Methods/Illustrations

3.1 Customer need are matched with product as per banking procedures

Banking procedure are guidelines that are used by banks to ensure that everything is done according to the policies. Customer needs are usually matched according to the bank product and services that a bank is capable of giving. For a credit facility to match customer need, there must be thorough background investigations and checks to verify whether that customer fits to be given credit or not.

Importance of matching customer need

- It acts as a motivating factor. Once a customer need is met, they are motivated to work in accordance to the agreed terms and condition without breaching them and bank.
- Customer trust. Customers are able to earn and create trust amongst the customer to bank relationship.
- New clients. A credit facility is able to gain new referrals from the happy clients.
- Interest. The bank is able to raise more revenue from the earned interest from the given loan.

Banking products have to be matched with the customer needs. Customer needs are the wants and desires of a customer and they are to be considered by bank when fulfilling his/her request.

Bank product: This means any service or facility extended to the borrower or any subsidiary by bank or any affiliate of the book.

Stages of negotiation of credit

- i. Preparation and planning. At this stage both parties will organize and accumulate information necessary for effective negotiation.
- ii. Definition of ground rules. Rules and procedures are to be followed.
- iii. Clarification and justification. At this stage both parties will get a chance to explain, justify and support their original request.
- iv. Bargaining and problem solving
- v. Closure and implementation

Types of Negotiation

- **Distributive negotiations:** Meaning giving out or scattering of value. There is limited amount of what is being divided.
- **Integrative negotiations:** Meaning joining or cooperation's of forces to achieve an objective.

Negotiation skills

- Get clear on your negotiation skills
- Determine your core negotiation strategy
- Understand your negotiation signature
- Build motivation
- Play the reluctant part
- Interpersonal skills
- Preparation before meeting
- Active listening skills
- Good communication skills
- Collaboration

Benefits of negotiation skills

- Professional development and career advancement
- Conflict resolution & problem solving
- Problem solving
- Persuasion & certainty
- Communication & achievement of organizational goal

3.2 Customer are informed on product options as per banking procedures

Bank products means any facilities or services related to cash management, including treasury, depository, credit/debit card, overdraft, electronic funds transfer and other cash management arrangements.

Bank services

- ATM cards
- Mortgages
- Home equity loans
- Foreign currency exchange
- Bank guarantee
- Advancing loans

Types of banks

- Central banks
- Retail banks]
- Shadow banks
- Cooperative banks
- Credit unions
- Commercial banks

Functions of banking services

- Accepting deposits
- Granting loans
- Advance to customers
- Giving cash to clients
- Discounting bills

Features of banks

- Money dealing
- Accepting of deposit
- Grant of loan and advances
- Transfer of funds
- Portfolio management
- Foreign exchange dealing

Some basic bank products include;

- **Current accounts**

Factors influencing Current account deficit/surplus

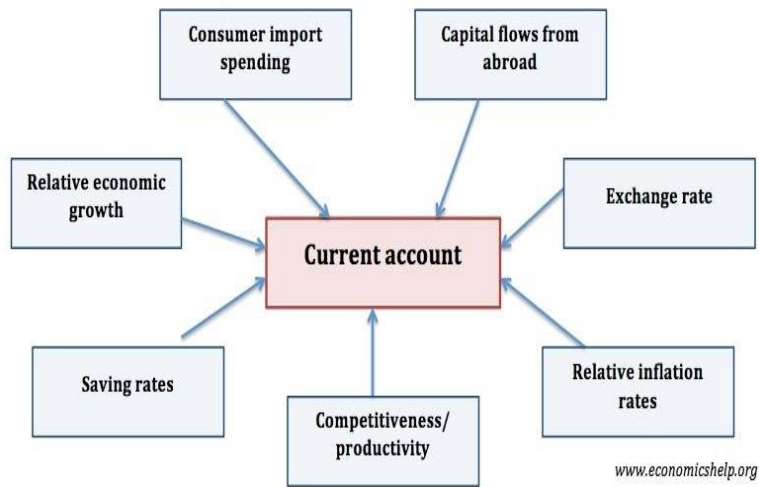


Figure 10: Current account factors

Source: economicshelp.com

- **Savings accounts**



Figure 11: Savings account

Source: ubakenya.com

- **Credit accounts**

- **Debit accounts**



Figure 12: Credit and debit cards

Source: dignated.com

- **Cheque**



Figure 13: Equity bank cheque
Source: freechequewriter.com

Overdraft: Is an extension of credit from a lending institution that is granted when an account reaches zero. The overdraft allows the account holder to continue withdrawing money even when the account has no funds in it or has insufficient funds to cover the amount of the withdrawal.

3.3 Customer are advised on product needs as per banking procedures

Methods of persuasion/advising

Product needs are the wants and desires of a product or an item. According to banking procedures, customers are advised on their product needs according to the banker policy and decision.

- Be-mind full of sequence. This phase is all about gathering information and building a relationship. It revolves around establishing an understanding and earning your counterpart's trust.
- Gather information and build trust. As a rule, people are not inclined to trust when they are being talked at. Build trust with the other party to ease communication.
- Understand and manage loss. To influence negotiation, you need to know what loss looks like for your counterpart. Customers are advised according to their product needs. The above are methods/ways of advising them on bank product.
- Address fairness. Our perception of fairness directly influences our ability to trust someone and hear them out.
- Tackle implementation. You should spend the final phase of your negotiation addressing implementation and encouraging your counterpart to engage with the solution.

3.4 Sale is documented as per banking policy

According to banking policy, sale is the exchange of a commodity for money while documentation is the process by which documents are classified, collected and monitored.

Importance of documenting sales

- No operational ambiguity. This is a way of reducing confusion regarding on what are tasks or documents that were processed for certain trade.
- Training material. Also acts as a training material to help new resources move up the learning curve faster
- Marketing use. Documentation also help used by marketing and sales department to truly understand which the capabilities of the organization are. This knowledge helps them to determine what to offer the customer and what can be fulfilled.
- Accuracy and easy to user
- Improves productivity of the work
- Improve the quantity of work
- Improves customers' perception of your product and company.

Types of documentation

- Computer software. It is a user manual that consumers read to understand the requirements and operations of a software system so that they can download it, install it and use it.
- Requirements documentation
- Source code documentation
- Quality assurance documentation

Process of documentation

- i. Define the scope. It is important to start determining what the scope of the project is, which processes will be covered
- ii. Define the inputs and outputs. Make sure to clear what will be included in the information being gathered for the documentation and what format the outputs from the project will take
- iii. Be aware of the audience. Documentation is useful if it is understood by the people who are doing it.
- iv. Gather the information. It is a form of the team brainstorming the steps required to complete the process being documented
- v. Organize. You will need to organize it in sequential list, ensuring that it accurately reflects how the work is done
- vi. Visualize. Making it easier for everyone involved to see how the process works in order to ensure clarity and practicality.
- vii. Share and get feedback. This is done to correct errors that might have occurred in the process.
- viii. Monitor

Methods of closing sale

The close sale should be based on what you know about the prospect and the type of close you believe they will be most open to. The following are methods of closing sale:

- The assumptive close. This technique involves using a phrase or language that assumes the close is a done deal
- The option close. Ask the prospects which option they prefer
- The suggestion close. This is done when you have a good rapport with the prospect and they view you as a trusted expert a suggestion close is a good approach
- The urgency close. Creating a sense of urgency places pressure on the prospect to make a decision, especially if you have identified that the clients' needs to make a decision quickly and working on a short timeline.

Conclusion

This learning outcome covered; negotiation, customer needs, bank products and service, persuasions and methods of persuasion, sale documentation process and negotiation skills.

Further Reading



1. Read on accounting principles and standards from IAS

3.3.4.3 Self-Assessment



Written Assessment

1. Sale is a process of exchange of a commodity for money. Is it true or false?
 - a) True
 - b) False
 - c) Not sure
2. Which one of the following is a stage of negotiation?
 - a) Banking products
 - b) Closing sale
 - c) Planning
 - d) None of the above
3. Which one of the following is not a bank product?
 - a) Communication
 - b) Cheque
 - c) Overdraft
 - d) Savings account

4. Which of the following is not a type of negotiation?
 - a) Intersection
 - b) Cheque
 - c) All of the above
 - d) None of the above
5. Which of the following is not a documentation stage?
 - a) Monitor
 - b) Gather information
 - c) All of the above
 - d) None of the above
6. Which one of the following is a method of closing sale?
 - a) Option case
 - b) Suggestion case
 - c) Urgency close
 - d) All of the above.
7. Classify five negotiation skills.
8. What are the meaning of the following terms;
 - a) Sale
 - b) Bank product
9. Predict ways on how negotiation should be done?
10. Analyse three methods of closing sale.

Oral Assessment

1. What is the meaning of the term closing sale?
2. What is a savings account?

Practical Assessment

In a group of five students, apply the types of bank products and visit a nearby bank and take a look on how credit cards and ATMs look like; and how they are used and study the policies set when one uses another persons' credit card or ATM.

3.3.4.4 Tools, Equipment, Supplies and Materials

- Projector
- Computer
- Flip chart
- Writing material
- Communication gadget

3.3.4.5 References



Adeoti, J.O. (2011). Automated teller machine (ATM) frauds in Nigeria: The way out. *Journal of Social Sciences*, 27(1), 53-58

Adepoju, A. S., & Alhassan, M. E. (1970). Challenges of Automated Teller Machine (ATM) Usage and Fraud Occurences in Nigeria. A Case Study of Selected Banks in Minna Metropolis. *The Journal of Internet Banking and Commerce*, 15(2), 1-10

Prof.Assankutty, Jojo Mon.NA (2007): *Financial Services*, Calicut University, Calicut Kevala

easytvvet.com