

CHAPTER 8: TELLERING SERVICE

8.1 Introduction of the Unit of Learning/Unit of Competency

Teller service is a unit of competency offered in TVET level 6 course qualification in banking and finance. This unit specifies the competencies required to provide teller service. It involves facilitating cash deposit, processing cash withdrawals, facilitating purchase of foreign currency, facilitating sell of foreign currency, facilitating account to account transfer, facilitating interbank local and foreign transfer, balancing end day till and issuing bankers cheque. The significance of provide teller service to TVET level 6 banking and finance curriculum is to equip the learner with the knowledge and skills to demonstrate credit and debit recovery principles and techniques and communication and negotiation skills so as to fit well in the workplace.

The critical aspects of competency to be covered include demonstrated ability to facilitate cash deposit, process cash withdrawals, facilitate purchase of foreign currency, sell of foreign currency, account to account transfer, and interbank local and foreign transfer, balance end day till and issue bankers cheque. The basic resources required include: computers, internet, phones, stationeries, furniture and forex rates.

The unit of competency covers 10 learning outcomes. Each of the learning outcome presents; learning activities that covers performance criteria statements, thus creating trainee's 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.

8.2 Performance Standard

Facilitate cash deposit, process cash withdrawals, facilitate purchase and sell of foreign currency, account to account transfer, interbank local and foreign transfer, balance end day till, facilitate cheque deposit and withdrawal issuance of bankers' cheque as per banking policy and in accordance to standard operating procedures.

8.3 Learning Outcomes


8.3.1 List of Learning Outcomes

- a) Facilitate cash deposit
- b) Process cash withdrawals
- c) Facilitate purchase of foreign currency
- d) Facilitate sell of foreign currency
- e) Facilitate account to account transfer
- f) Facilitate interbank local and foreign transfer
- g) Balance end day till
- h) Issuance of bankers' cheque
- i) Facilitate cheque deposit
- j) Facilitate cheque withdrawal

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8.3.2 Learning Outcome No 1: Facilitate cash deposit

8.3.2.1 Learning Activities

Learning Outcome No 1: Facilitate cash deposit	
 Learning Activities	Special Instructions
1.1 Receive customer request as per banking policy 1.2 Verify <i>Customer details</i> as per banking policy 1.3 Confirm cash as per banking policy 1.4 Count cash as per banking policy 1.5 Store cash as per standard operating procedures 1.6 Sign cash deposit duplicate slip by customer as per banking policy 1.7 Issue copy of deposit slip as per banking policy	Case studies Presentations Direct instruction

8.3.2.2 Information Sheet No8/LO1: Facilitate cash deposit



Introduction

This learning outcome covers; cash deposit, validation of notes, understanding different foreign currency notes, how to sort notes, how to count notes, communication techniques, how to use cash counting machine and the use of coin counting machine.

Definition of key terms

Customer details: This is data about a customer that is stored in a personal file of the customer. The file mostly in banks is in electronic form and contains contact, address, age, history of cash deposit; withdrawals etc., this details/information of customers are normally collected by banks with reference to their bank accounts.

Banking policy: These are the guidelines given by the central bank on majorly banking system of interest taking into consideration the interest of customers of the bank in their activities of deposits, loans etc.

Cash deposit: This refers to all the deposits in the bank account of a customer in form of money i.e. in terms of cash cheque, money transfers.

Content/Procedures/Methods/Illustrations

1.1 Customer request is received as per banking policy

Customer request is a formal appeal by a customer to the bank to make a cash deposit to their bank account as per the required banking policies. Once a customer has any of the accounts named below, they can request to deposit cash in their accounts. The customer normally wants to deposit cash for safe keeping. There are different accounts a bank customer can make requests to deposit cash.

They include;

a) Current account

It is also called demand account. The bank customer can deposit or withdraw cash from this account as he or she pleases. This account owner can be charged a fee to the customer on monthly basis because the account is normally a liability to the bank. A customer can often withdraw cash from this account using ATM cards, over the counter, etc. or in any other method that a bank allows their customers to withdraw cash from their account.

b) Savings account

This is an account where a customer normally deposits cash and earns interest on top of the cash deposited after a certain period of time. One can make withdraws using ATM card or over the counter. The funds in this account are normally safe and a customer can easily access them. The savings account is normally not linked to paper cheque or current accounts.

c) Call deposit account

This account can be referred to as advantage account or checking plus account.

It bears the features of both checking and saving accounts. This makes it easy for consumers to earn interest on their deposit at the same time to easily access their cash via withdrawal.

d) Certificate of deposit

This account is also called time deposit account. It offers higher rates of return compared to traditional savings account. For a consumer to get returns, one has to let the cash stay in the account for a set period of time.

Validation of notes

Notes: Refers to money in form of paper

This is process of verification of bank notes of customers to ensure that they have maintained the required level of compliance. When a customer requests to deposit notes to a bank in form of a deposit the teller has to verify that the notes are not counterfeit or fake.

Understanding different foreign currency notes

These are the currency of foreign countries that is authorized as a mode of circulation in that particular country. Most foreign currency notes are traded in banks. Some of the foreign currency notes include:

- United States Dollar
- Pound sterling
- Kenyan shilling
- Indian rupee

How to Sort Notes

There are ways on how to sort notes in banks. They include;

- Develop sorting procedures. The sorting procedures should be followed by employees majorly bank tellers. A guide of the procedures is created and must be followed by all employees giving a guide on how notes should be sorted in banks.
- Automated money sorters. The bank should invest in automated money sorters hence making sorting money more accurate, easy and quickly. The automated money sorters even alert on fake money notes. It is able to process hundreds of thousands of coins and notes per hour.
- Store currency securely and properly. Currency in banks should be stored secured and properly. When this is done, bank's productivity increases and errors reduced, cost are cut and cash is managed efficiently.

1.2 Customer details is verified as per banking policy

a) Image

Once a customer opens a bank account, he/she must be taken a clear colored passport size photo and this will entail as part of their details and the teller verifies that they are dealing with the same person in the passport image when they want to deposit cash. The teller also verifies the image of the customer who is depositing cash in the bank account by requesting for the customer's identification card.

b) Signature

When one wishes to register and open a bank account, he or she fills an application form by filling each detail required in the application form, read and understand the terms and conditions and sign at the end of the form acknowledging that they have filled the form accordingly to the best of their knowledge. This signature is normally used to verify that the teller is dealing with the same person as the signature must match that in the banking system of the customer's data.

c) Balance

The balance of the customers in the bank account is normally verified by the teller if the customer requests for their bank balance to be verified. This is normally determined according to the cash deposits and withdrawals the customer has been making. The bank account balance can be easily determined using the bank statements which clearly indicates the dates and the exact amount of deposits and withdrawals on the exact time

1.3 Cash is confirmed as per banking policy

When a bank customer gives cash to the teller for deposit, the teller normally confirms the cash given to him or her according to the bank policy e.g. confirming the amount given to him by counting either by hands or cash counting machine, verifying if the cash is not counterfeit or fake, etc.

Importance of confirming cash

- To verify the amount of cash the customer has given the teller
- To verify that the cash given is not counterfeit
- So that the teller can confirm how much he should deposit in the customer's bank account

1.4 Cash is counted as per banking policy

Cash is normally counted depending on their value and currency. Cash is counted using the procedures outlined in the banking policies by the teller or authorized persons of the bank. A bank note counter should be used to count the cash customers are depositing. This helps save time and avoids counterfeit bills and fake notes.

How to use cash counting machine

- A banker/teller normally puts a bundle of cash in front of the bank note counting machine.
- Each note of cash is passed through the microprocessor scanner and the number of times the beam of light is interrupted; the machine knows how much it has pulled through.
- The banker then removes the bundles of cash counted and puts another new bundle of cash.

Use of coin machine

The banker/teller places all coins at the front of the coin counting machine which has got optical senses system and rotating discs to identify coins based on their diameters, size and thickness. It keeps a record of all the coins that passed through them and directs them to separate receiving cups.

1.5 Cash is stored as per standard operating procedures

Most of the banks have standard operating procedures that guide how cash deposited in the bank should be stored. Standard operating procedures outlines procedures step by step that should be followed by banks. Most banks do not store their customer's money. Banks keep a very small percentage of cash deposits depending on the bank policies. Most of the money is kept physically in branch vaults and ATM machines and the rest is kept in the Central Bank.

1.6 Cash deposit duplicate slip is signed by customer as per banking policy

A cash deposit slip is a paper that contains the account number, name of account, cash deposited and is normally produced in a pair so that the customer can sign and go home with the duplicate slip while the bank retains the original. This process is done with reference to the relevant banking policy. This is a form of communication technique showing how much has been deposited, in which at what time and date.

Importance of signing cash deposit duplicate slip

- A sign is a confirmation that the cash duplicate slip was issued and verified by the customer.
- A sign confirms the validation of a transaction actually occurring i.e. that the cash was deposited in the bank account.

 123 Main Street TECH TOWN, USA		COMPANY NAME Ltd. 321 One Avenue TECH TOWN, USA (000)111-2222		Account No. 000901-006503-69
				Account Type: SAVING
				Amount
Account Number	000901-006503-69	Date: 09/08/2015	264,500/-	
Credit Current Account Title	Mr. Adam Smith Carton			
Particulars	Cash/Cheque/Other			
Amount	Dollar two hundred sixty four thousand and five hundred only.			
Receipt#	AB DEP 009	Total	264,500/-	
Received by	Signature/Stamp of the authority		Signature/stamp of the authority	

Figure 30: Sample cash deposit slip

Source: <http://arizonapartybus.info/printable-deposit-slip-that-are-effortless/>

1.7 Copy of deposit slip is issued as per banking policy

The customer will be issued the duplicate cash deposit to confirm that the amount has been deposited in his account after signing.

Why a deposit slip is issued

- Issuing of deposit slip offers protection to the customer as he or she is able to account for the funds deposited in his or her account.
- If a customer later checks his or her account and finds that the deposit was not made in his account, the copy of the deposit slip can act as proof that the bank received cash from the customer.

Conclusion

This learning outcome covered cash deposit, validation of notes, understanding different foreign currency notes, how to sort notes, how to count notes, communication techniques, how to use cash counting machine and use of coin counting machine.

Further Reading



1. Read more on cash deposit by M. Osterberg, J Srensson-US. (2010). Cash deposit apparatus and method. Patent 7,819,308. Google patents

8.3.2.3 Self-Assessment



Written Assessment

1. Which of the following is a type of deposit account?
 - a) Student account.
 - b) Smartcard account.
 - c) Current account
 - d) Lock saving account
2. Which of the following is a detail in customer personal information of bank deposits?
 - a) Image
 - b) Place of work
 - c) Number of children
 - d) Place of birth
3. Which of the following is not a type of foreign currency?
 - a) US dollar
 - b) Pound sterling
 - c) Turkana shilling
 - d) Kenyan shilling
4. Where is bank money physically securely stored?
 - a) Teller cabin
 - b) Bank vaults
 - c) House
 - d) Under the bed
5. The following are ways a person can withdraw cash from their accounts except?
 - a) ATM
 - b) Over the counter
 - c) Stealing
 - d) As per bank policy
6. Which of the following is a way of sorting out money in the bank?
 - a) Arranging while mixing the cash
 - b) Using automated money sorters
 - c) Arrange coins together with notes
 - d) None of the above

7. Which of the following is a characteristic of a current account?
 - a) You cannot withdraw cash from it
 - b) One earns interest in the money deposited
 - c) It is a savings account
 - d) One can withdraw using ATM card
8. Outline two types of deposit bank accounts.
9. Discuss the meaning of cash deposit.
10. State one advantage of cash deposit account.
11. What is the name of the document that is generated after a customer deposits cash?
Elaborate.
12. State and analyse three customer details.

Oral Assessment

1. What is a savings account?
2. Name two foreign currencies.

Case study

A privately held retailer company headquartered in the United States selected Red bridge bank to conduct a bank fees and service. The big-box retailer with more than 200 domestic US locations utilizes a total of seven banks for its daily cash management, cash and coin deposit and banking needs. In addition every time they deposited the money to the bank there were no cash receipts given to them by the bank. Why do you think the bank did not give them receipt? What are the implications of not receiving a cash receipt duplicate? Explain

8.3.2.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones
- Coins
- Notes
- Cash deposit slip sample


8.3.2.5 References



- Clements, J. F. (2007). System and method for cash deposit/issuance.
 Hughes, G. (2004). Deposit system and method of taking deposits.
 Jonsson, M., Skoog, A., Osterberg, M. & Lundin, P. (2012). Cash deposit apparatus and associated methods and devices.

8.3.3 Learning Outcome No 2: Process cash withdrawals

8.3.3.1 Learning Activities

Learning Outcome No 2: Process cash withdrawals	
 Learning Activities	Special Instructions
2.1 Receive customer request as per banking policy 2.2 Verify <i>customer details</i> as per banking policy 2.3 Confirm customer balance as per standard operating procedures 2.4 Retrieve cash from till as per banking policy 2.5 Count cash as per banking policy 2.6 Confirm cash by customer as per banking policy 2.7 Sign cash withdrawal duplicate slip by customer as per banking policy 2.8 Store copy of cash withdrawal duplicate slip as per banking policy	Lectures Group discussions Written assessment

8.3.3.2 Information Sheet No8/LO2: Process cash withdrawals



Introduction

This learning outcome covers; cash withdrawal, validation of customer details understanding different foreign currency notes, how to sort notes, how to count notes, communication techniques, how to use cash counting machine and use of coin counting machine.

Definition of key terms

Banking policy: This is a working guide to regulatory compliance that helps attain effective accuracy in the key bank functions and operations and could include policies on bank security, bank secrecy and anti-money laundering, compliance management, etc.

Cash withdrawal duplicate slip: Entails a bank document in which a person writes the date, account number and amount to be withdrawn from the bank.

Content/Procedures/Methods/Illustrations

2.1 Customer request is received as per banking policy

Customers are the most important ingredient in the growth and success of any bank. This means that organizations and banks as well should place maximum value on maintaining the customers' high level of satisfaction in terms of service and product quality. The need for prompt address of customer concerns is what necessitates the importance of customer request forms which must be received according to the banking policy. A customer request is a concern or inquiry by a customer presented on a

document that's intended for different requests and is of significance in the following ways:

- Allows customers to have their inquiries and requests processed without fear
- For convenience reasons
- Help save time by maximizing the waiting time a customer could take on queuing and explain their cases out

The customer requests are different in nature depending on the need of a customer and include requests like balance inquiry request, loan application requests, account request, etc. A form has its contents as the customers' basic information like name, address, email address, contact number, specific date the customers want their inquiries and requests processed and space for customers' description as well as customer signature.

2.2 Customer details is verified as per banking policy

Verification of customer details entails the ascertaining of validity and reliability of the identity of the client through independent and reliable source of documents, and/ or information. Banks undergo the process of Knowing Your Customer (KYC) so as to verify their customers' identity either before or during the time they start doing business with them. In other words, KYC refers to the regulated bank practices similarly used to verify clients identities/ details. Pieces of information like names, birthdays, address, the social security number and signature are put on verification to help gauge the legality of the customer.

KYC in Kenya is performed on both individuals and companies accounts for the following reasons:

- The information helps banks ensure their customers are not involved in illegal activities like corruption, bribery or money laundering.
- Helps protect customers that might be harmed by financial crime.
- Banks get to understand their customers and their financial dealings better thus prudent risk management.

With the above inferences, the verification activity is subject to a procedure undertaken which is subject to the following;

- Collect the basic data of the customer like names, address, birthdays, photo and signatures to help establish if one has been involved in a financial crime.
- Collected data is compared with lists of individuals known for illegal activities like money laundering.
- Banks then quantify the extent of risk their client carries and their likelihood in getting involved in illegal activities.
- Theoretical outline of the face of the customer's account in the future is done in relation to their risk extent.
- Customer account is consistently monitored.

2.3 Customer balance is confirmed as per standard operating procedures

Customer balance refers to the money available in an individual's or entity's checking or savings account at any given time after the debits and credits are balanced. Banks have over time lost huge amounts of cash to fraudsters as evidence for need of preventive vigilance also called standard operating procedures which entails systematic instructions that are compiled by an organization to enable the employees carry out complex daily operations with an aim to achieve quality output, efficiency and great performance at the same time reducing failure to comply with industry regulations. Automation in the right sense could be a way to prevent most of the fraudulent activities in the banks as much as it can be manipulated.

The Kenyan banking sector has experienced tremendous transformation with most rather nearly all bank activities being digitalized possibly to enhance financial inclusion as well as quality output to the growing connected clientele. With introduction of mobile banking, customers can confirm their bank balances with ease and convenience. Other digitalized ways the banking sector has eased operation is through internet banking and agency banking where agency banking involves the banks training agents to engage in banking services on their behalf with an aim to reach the unbanked and under banked at a cheaper rate. KCB Mtaani, Co-op Kwa jirani amongst others are examples of bank agents with the Kenyan KCB and Coop bank respectively.

Internet banking also called web banking is an electronic system of payment where customers of a bank perform their financial transactions on the financial institutions/bank website with an internet connection whereas mobile banking involves remote use of a mobile device like a smart phone. Banks and financial institutions were among the first adopters of automation considering the humongous benefits they get from embracing information technology as;

- Automation reduces the redundancies in the operations hence freeing up staff for deployment to more productive activities.
- Improved/key banking operations with minimum errors hence customer satisfaction.
- There is ease and convenience on the side of the customer as they can access their accounts any time any day and carry out activities like deposits, withdrawals and balance confirmation.
- Minimized chances of fraud.
- It has also facilitated storage of historical data and customer details for longer periods essential for future reference.

2.4 Cash is retrieved from till as per banking policy

A till also called cash register is an electronic machine/ device used to register and calculate transactions at a point of sale (POS) and normally with an inbuilt printer to print out receipts for purposes of future reference. After the client request on cash withdrawal is made and possible verification done, the balance is availed to the

customer which subsequently leads to retrieval of cash from the till in accordance to the bank policies.

2.5 Cash is counted as per banking policy

Counting of cash is a process of determining the exact total amount of money available at a given time. Given the huge amounts of money in the banks necessity of error free currency sorters that process thousands of bills and coins per hour is essential as much time is saved hence increasing productivity of the bank as employees will have more time to focus on customer service possibly resulting to customer satisfaction.

Cash being one of the most liquid asset of any organization, its susceptibility to loss is very high hence need for maximum care is a requirement to safeguard the asset. The cashiers and head of finance department are required to observe the following during counting of cash;

- Count cash from hand to counter
- Count starting with large denominations to small denominations
- Verify all cash before putting into the drawer
- Avoid interruptions during counting
- Count in front of the customer

2.6 Cash is confirmed by customer as per banking policy

The customer confirms the cash withdrawn to ascertain if the count by the financial institution is correct. Basically confirmation is all about verifying something for final proof and which must be done in accordance to the banking policy. The reason for confirmation of the cash by the customers is:

- Customer is able to verify if the amount they are given matches the amount requested for withdrawal.
- Verification helps boost confidence of the customer in the bank thus good relations.

2.7 Cash withdrawal duplicate slip is signed by customer as per banking policy

A withdrawal slip is a bank document on which an individual or entity writes the date, name, account number and amount of money to withdraw from a bank from the person's/entity's account. After a successful withdrawal procedure, the bank offers the customer a duplicate withdrawal slip to input their signature for authenticity purposes after which the customer is given their money alongside a copy of the receipt. This is essential as the customer is able to keep records of his withdrawals for future reference.

DEPOSIT SLIP
FOR CLEAR COPY, PRESS FIRMLY WITH BALL POINT PEN.

YOUR COMPANY NAME HERE
123 MAIN STREET
YOUR TOWN, STATE AND ZIP

FINANCIAL INSTITUTION
CITY, STATE AND ZIP
00-6789-0000

DATE _____

Registered By _____ Slip # _____

CURRENCY	DOLLARS		CENTS
COIN			
LIST EACH CHECK			
1			
2			
3			
4			
5			
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PLEASE BE SURE ALL ITEMS ARE PROPERLY ENDORSED.
ENDORSEMENTS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.

Figure 31: Duplicate slip
Source: germantowndepot.com.

NOTE: The customer must sign a duplicate of the withdrawal slip.

2.8 Copy of cash withdrawal duplicate slip is stored as per banking policy

The banking policy of signing a duplicate withdrawal slip must be adhered to in which the bank must remain with the other copy of the receipt and place it in a designated place for balancing at the end of the day. This too is necessary as:

- The bank has proof that a withdrawal was made hence can produce the receipt in future in case of doubts by the clients.
- Enables end of day bank balances as credits and debits must balance out.

Conclusion

This learning outcome covered; cash withdrawal, validation of customer details, understanding different foreign currency notes, how to sort notes, how to count notes, communication techniques, how to use cash counting machine and use of coin counting machine.

Further Reading



1. Read more on bank policy from Kenya Banking Act.

8.3.3.3 Self-Assessment



Written Assessment

1. Which one of the following is not an advantage of introducing computerized accounting system?
 - a) Time is saved through speed of inputs
 - b) Increased accuracy of entries
 - c) Cost involved in training staff to use the system
 - d) Increased job satisfaction
2. Debiting the petty cash book with the exact amount spent in the previous period is an example of?
 - a) Going concern
 - b) Prudence
 - c) Contra entry
 - d) Imprest system
3. Which of the following is not a reason for maintaining day books in addition to the ledgers?
 - a) Having a dual system allows tighter controls to prevent fraud and theft within the firm
 - b) Day books and ledgers act as a backup for each other in case of loss of information
 - c) Transactions can be more easily verified
 - d) More time is spent on entering the transactions in both books and ledgers
4. A cheque deposited for which the bank will not transfer any money is referred to as?
 - a) Credit transfer
 - b) The journal
 - c) Dishonored cheque
 - d) Guaranteed cheque
5. Verification of a customer's details is of significance to the bank and customer as well. Which of the following does not add value to this statement?
 - a) Customers are well understood by their banks
 - b) Risk is well mitigated and managed
 - c) Customers that may be harmed by financial crime are protected
 - d) Helps completely curb fraudulent activities

6. Which of the following is not a function of a commercial bank?
 - a) Credit control
 - b) Accept demands
 - c) Advance loans
 - d) Issue paper notes
7. Which of the following will lead to possible loss of cash given its high liquidity state?
 - a) Count cash in front of the customer
 - b) Verify all cash before putting in the drawer
 - c) Counting for multiple customers at a single time
 - d) Count starting with large denominations down to small denominations
8. Elaborate on the meaning of duplicate withdrawal slip.
9. How would verification of bank details help in risk mitigation?
10. Identify the various ways banks have automated their services and describe them.
11. Why would banks keep a copy of the withdrawal slip?
12. What do you understand by the term financial inclusion?

Oral Assessment

1. What are the advantages of central filing system?
2. Name two banking policies with regard to retrieving cash from the till.

Project Assessment

In groups of threes, carry out an analysis of how automation in the banking industry would impact service delivery and customer confidence giving recommendations of the same to the growing bank industry and other financial institutions.

8.3.3.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones


8.3.3.5 References



- Hasan Danser (2013). Global strategies in banking and finance, Istanbul.
- Josang, A. R Ismail, C Boyd (2007). Decision support systems, North Holland.
- Ozil, P.K. (2008). Impact of digital finance on financial inclusion and sustainability, Borsa Istanbul Review.

8.3.4 Learning Outcome No 3: Facilitate purchase of foreign currency

8.3.4.1 Learning Activities

Learning Outcome No 1: Facilitate purchase of foreign currency	
 Learning Activities	Special Instructions
3.1 Receive customer request as per banking policy 3.2 Confirm if the bank deals with the currency as per the organizational policy 3.3 Confirm validity of the currency as per standard operating procedures 3.4 Negotiate exchange rate based on the bank policy 3.5 Confirm exchange rate 3.6 Count the foreign currency 3.7 Issue equivalent Kenya shillings 3.8 Print receipts in duplicate 3.9 Issue Customer copy of the receipt and retain the bank copy 3.10 Keep foreign currency in the till	Class discussions Group presentations Case studies

8.3.4.2 Information Sheet No8/LO3: Facilitate purchase of foreign currency



Introduction

This learning outcome covers; foreign currency, importance of forex in a bank, interpretation of exchange rates, validation of notes, understanding different foreign currency notes, communication etiquette, rates negotiation skills and validation of customer details and understanding the importance of forex in a bank.

Definition of key terms

Exchange rate: The exchange rate refers to the price or value of the currency of a country when compared to the currency of another country. The exchange rate shows the number of units of the currency of another country that an individual can buy using the home currency.

Foreign currency: This is the operating currency of a foreign country which has been authorized to act as a medium of exchange and circulation in the country.

Content/Procedures/Methods/Illustrations

3.1 Customer request is received as per banking policy

The central bank of Kenya plays a significant role in facilitating and managing foreign exchange business. In the process of managing the foreign exchange business, the central bank prepares reports and statements regarding all dealers of foreign exchange based on the banking policies. Banks and other dealers of foreign currency receive the request from the customer to exchange foreign currency by paying a keen consideration to the banking policies. A customer can request to;

- Buy foreign currency
- Sell foreign currency
- Open a foreign currency account
- Transfer a foreign currency cheque

The bank then verifies the customer request before they begin to execute the request. Therefore, the central bank issues and provides guidelines to guide and bring order in the financial market. As the central bank manages foreign exchange business, it establishes principles that dealers such as banks need to follow.

Principles to be considered by foreign exchange dealers

- Dealers must know their customers and follow the principles always.
- Foreign exchange dealers should exercise caution in the business always to curb any issue of illegal transactions such as money laundering.
- Dealers should only accept new products after they have made clear consultations with involved parties such as the central bank and forex dealers.
- Dealers of foreign exchange should have high levels of integrity and competence.

Dealers of foreign exchange

Part VI A of the central bank Act contains regulations and dealers of foreign exchange. The following are some of the dealers of foreign exchange:

- **Authorized banks:** These have a license from the central bank to purchase or sell foreign currency or participate in any business that involves foreign currency.
- **Foreign Exchange Bureaus:** These institutions also engage in the purchase, sell and lending activities that involve foreign currency. It can also deal with other foreign products such as travelers' cheque and personal cheques.
- **Any other person authorized by the central bank:** Apart from the authorized banks and forex bureaus, the central bank can also authorize an interested individual or broker to engage in foreign exchange business.

Importance of forex in a bank

Forex is a section in the bank that deals with any business that involves foreign currency. Some of the business includes;

- Buying of foreign currency
- Selling foreign currency
- Borrowing foreign currency
- Clearing foreign cheque
- Clearance of foreign travelers' cheque

The presence of a forex in a bank enables the bank to facilitate such processes and provide such services to its customers. Additionally, in the process of providing foreign services, the bank earns profit in the form of a commission.

3.2 Confirm if the bank deals with the currency as per the organizational policy

When a person visits a bank to carry out any foreign currency transaction, the person providing such services should check to confirm if the bank deals with the currency that the customer wants to transact in. Confirming will be based on the policies that the organization has established to guide its employees on handling foreign currencies.

Interpretation of exchange rates

Foreign exchange rates help in the determination of the value of one currency in relation to another currency. Foreign exchange market is global and occurs 24 hours to allow traders from different countries with different time zones to either sell or buy currency for different purposes. Some of the purposes for buying and selling foreign currency include speculation and hedging.

When an individual move to a different country, he/she will be required change the currency of the country he/ she moves to so that they can use it there. In the process of selling and buying foreign currency, changes occur in the currency exchange rate. The exchange rate may either increase or decrease. When the demand for a certain currency increases, it becomes expensive. This means that you will need more of a local currency to purchase it.

Conversely, when the demand for a certain currency reduces, the value of the currency reduces and the exchange rate for that country's currency also reduces. It is necessary for foreign exchange traders to continually interpret the exchange rates of the currencies they are dealing with. If you want to find out the exchange rates of the currency as an individual, you can check on websites such as XE.com, or visit banks that have been authorized. Changes in the exchange rate will make certain currencies to appreciate in value while others will depreciate in value.

3.3 Validity of the currency is confirmed as per standard operating procedures

Some currencies have validity periods by which they must be in operation. Once their validity has expired, it may be difficult to buy, sell or convert an expired currency. Using the standard operating procedures of a forex dealer, they will check to confirm if the currencies they have has expired or is still in use.

Validation of notes

This refers to the process of checking the foreign currency notes if they have the following features;

- If they are expired
- If they are original
- If the forex dealer handles such notes
- If they have all the necessary features of the currency

Some banks and foreign dealers have special devices that help in the validation process. These devices can accurately count and validate currencies in either notes or coins. Such devices provide speedy services that enable a bank to provide effective and efficient foreign exchange services.

Some of the devices for such activities include;

- Note sorters
- Coin and note counters
- Ultra violet light detection
- Multi-currency note counters

3.4 Exchange rate is negotiated based on the bank policy

Different banks or forex dealers have varied foreign exchange rates for the foreign currencies. Some banks may regulate the exchange rate so that they can make more profit. Other countries may have strict regulations in regards to the exchange of foreign currency. While negotiating for foreign currency transactions, it is necessary to consider the bank policies. Various factors need to be considered in this circumstance to manage and exchange foreign currency. Two main factors to consider in this scenario are;

- a) Communication etiquette
- b) Rate negotiation skills

a) Communication etiquette

This refers to the way an individual will present himself or herself to request for exchange of foreign currency in a country that has strict regulations. Some of the details considered are;

- Dress code
- Tone and voice
- Choice of words

b) Rate negotiation skills

Negotiation skills refer to the attributes that an individual requires to successfully participate in the forex market.

- One must have knowledge of money regulations before beginning negotiations. To get this knowledge, one can contact people who have already participated and dealt with regulations regarding foreign exchange.
- Ability to negotiate quickly and enable people to acquire foreign exchange. It will be necessary for the individual to update himself/herself with the current technological devices that lead to creation of profits and use such strategies to have quick access to foreign currencies.
- Ability to have direct access to the government. Accessing the government directly will help reduce some of the barriers put in place to control the flow of foreign currencies. Negotiators need to know some of the foreign dealings that a government may be interested in so as to have their support.
- Ability to obtain or secure guarantee form a financial institution. When a negotiator has the back up of a financial institution, it helps to reduce the rate he/she is exposed to and therefore can have an upper hand to negotiate for the exchange rates.

3.5 Exchange rate is confirmed

Sometimes a change in the exchange rate may occur within a short period of time. Therefore, before a bank or forex dealer decides and accepts to sell or buy foreign currency, it should confirm and know the exchange rate based on the operating procedures of the bank as at that time. In case the forex dealer accepts to sell or buy foreign currency without confirming the exchange rate, he/she may either make profit by exploiting the customer or make a loss by providing more to the customer. It also entails confirmations of the agreements that the forex dealer has with other banks trading in the same foreign currency to compare the exchange rates they are offering.

3.6 The foreign currency is counted

This one of the important steps in facilitating the purchase of a foreign currency. It will require an individual who is trained and who understands the values of various foreign currency to provide an accurate count of the notes or coins.

Understanding different currency notes

There are various notes in different countries that an agent or forex market needs to understand. Some of the foreign currency notes include;

- Tanzanian shilling note
- US dollar note
- Sterling pound

Having a better understanding of the foreign currency notes will give an individual a better hand in counting the foreign exchange notes. Accurate counting of foreign currency notes or coins will enable the agent to provide an amount equivalent to the desire of the customer after factoring in the exchange rate. However, there are current machines that can help in the counting of foreign notes and coins to give accurate figures in case an individual does not know how to count.

3.7 Equivalent Kenya shillings are issued

Once the counting of foreign notes has been completed and accurately ascertained, the customer receives Kenyan shillings that are equivalent with the foreign currency. At this point, in case the customer has any question regarding the exchange rates he/she can seek clarification. The customer will then check to confirm if he/she has received the expected amount in Kenyan shillings if he/she wanted the Kenyan currency.

3.8 Receipts are printed in duplicate

Once the transaction is completed, the bank prints receipts in duplicate. The two receipts printed are the bank copy receipt and the customer copy receipt. These receipts can be used for future reference in case of a dispute regarding the transaction.

3.9 Customer copy of the receipt is issued and the bank copy retained

A part of the standard operating procedures the customer is given the copy of the receipt, the bank then retains the second or bank copy. The bank retains the copy to enable it to prepare financial reports and statements on the foreign exchange dealings.

3.10 Foreign currency is kept in the till

The bank has a specific or special section that handles foreign currency. At this section, they have a till where they keep different notes and coins of foreign currencies. Each till keeps a specific foreign currency to enable easy retrieval in case it is required.

Conclusion

This learning outcome covered; foreign currency, importance of forex in a bank, interpretation of exchange rates, validation of notes, understanding different foreign currency notes, communication etiquette, rates negotiation skills and validation of customer details.

Further Reading



1. Read on more factors that contribute to the fluctuation of the exchange rate and its impact to exporters and importers from slideshare.net.

8.3.4.3 Self-Assessment



Written Assessment

1. The following are true about principle that dealers of foreign currency need to consider. Which one is not?
 - a) They should exercise caution
 - b) They should accept new products after they have made clear consultations
 - c) All people are allowed to engage in foreign exchange
 - d) Dealers need to have high integrity levels.
2. Which of the following is an authorized dealer of foreign currencies?
 - a) Retailer
 - b) Credit Officer
 - c) Bank
 - d) Bank Teller
3. Which of the following is false about activities of a forex dealer?
 - a) Buying of foreign currency
 - b) Selling of foreign currency
 - c) Borrowing of foreign currency
 - d) Laundering of foreign currency
4. The following are some of the reasons of buying or selling foreign currency. Which one is not?
 - a) Hedging
 - b) Speculation
 - c) To purchase local products
 - d) To distribute to the poor
5. Which of the following is incorrect about the purpose of notes validation?
 - a) To check if they are stale
 - b) To check if they are original
 - c) To check if they are valid
 - d) To check the appropriate features of a standard note
6. Which of the following is the right device used for notes validation?
 - a) Computer
 - b) Printer
 - c) Franking machine
 - d) Multi-currency note counters
7. Which one is correct about the negotiation skills of a forex trader?
 - a) Ability to speak loudly
 - b) Ability to know more people
 - c) Ability to obtain guarantee from a financial institution
 - d) Ability to speak fluently
8. Suggest a brief description of negotiation skills that a forex trader should have.

9. Elaborate on the importance of having a forex section in a bank
10. Highlight some of the devices that can be used in validating currencies
11. Discuss the purpose of making two copies of transaction receipts for a forex transaction
12. Analyse the reasons of validating foreign currencies.

Oral Assessment

1. Why is it necessary to validate notes of a foreign currency?
2. How does one interpret the exchange rates of currencies?

Case Study Assessment

There is a company which has been established in a foreign country and has sold its products. It has received revenues in the foreign currency. The company wants to make a purchase of raw materials from the local market using the local currency. For it to succeed, it will require to approach a forex dealer such as a bank through the central bank to change the incomes to the local currency to enable them purchase locally available materials for their use. In case the country has strict rules it will look for an individual negotiating skill to source for local currency in the forex dealers.

8.3.4.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones


8.3.4.5 References



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- Nyamwera, L. N, & Ali I (2016) Determinants of hedging foreign currency risk in Kenya : A survey of tea expecting companies in Mombasa county. Imperial

8.3.5 Learning Outcome No 4: Facilitate sell of foreign currency

8.3.5.1 Learning Activities

Learning Outcome No 4: Facilitate sell of foreign currency	
 Learning Activities	Special Instructions
4.1 Receive customer request as per banking policy 4.2 Confirm if the bank deals with the requested currency 4.3 Negotiate exchange rate based on the bank policy 4.4 Confirm exchange rate as banking policy 4.5 Receive Kenya Shilling as per standard operating procedures 4.6 Count and confirm Kenya Shilling as per standard operating procedures 4.7 Issue the foreign currency as per banking policy 4.8 Print receipts in duplicate as per standard operating procedures 4.9 Issue customer copy of the receipt is issued and retain as per standard operating procedures 4.10 Keep Kenya shillings in the till as per standard operating procedures	Group discussion Case study

8.3.5.2 Information Sheet No8/L04: Facilitate sell of foreign currency



Introduction

This learning outcome covers; foreign currency, importance of forex in a bank, interpretation of exchange rates, validation of notes, understanding different foreign currency notes, communication etiquette, rates negotiation skills, validation of customer details, print receipts in duplicate and issuing customers copy of the receipt.

Definition of key terms

Exchange rate: It is the rate at which one currency will be exchanged for another.

Communication etiquette: Refers to the conventions and standards of social behaviour.

Validation: The action of checking the accuracy of something legally.

Duplicate: Things that looks exactly like something else.

4.1 Customer request is received as per banking policy

Importance of receiving customer request

- Customer request is the largest competitive advantages for banks when everyone offer nearly the same products and services without much room to compete on price, the experienced customers have with their banks is what gives one bank a competitive advantage.
- Interpersonal service: Customers need to form a relationship with their bank so that they can make an effort to get to know them instead of just pushing a product.
- Consistent Omni channel experience: In modern bank customers interact with a bank, including online and mobile banking at an ATM and over the phone. Information quickly between channels or making sure deposit times is consistent no matter how a deposit is made. Bank needs to deliver on the expectations their customers have in all channels.
- Effective Problem solving: Customers are reasonable. They know that an occasional problem is possible but they also expect that their bank will make the situation right. This means fixing the problem quickly and effectively.

The following are the benefits of good customer service;

- **Increased sales:** More likely to try out the other products too.
- **Customer loyalty:** More likely to be a source or repeat business and to recommend the business to friends and family.
- **Enhanced public image:** Helps build a brand and provides protection if there is a slip-up in customer service.

Benefits of customer request in the bank

- **Customer preference:** Products and services confirm to the customers likes and dislikes such as hotel room that offers a range of pillows. Preferences include elements such as style, convenience and comfort.
- **Customer needs:** Problems your products and services solve for the customer such as luggage that offers system for folding a suit without wrinkling it. This includes elements such as functions, features and locations.
- **Customer perceptions:** Customer perceptions of your brand, products and services. This includes general concepts such as an airline perceived as safe, a hotel perceived as friendly and a bank perceived as secure.
- **Customer relationships:** Your relationships with customers include every customer service interaction, include- programs that single out the customer as an individual such as a loyalty card that assigns the customer a high status.

4.2 Confirm if the bank deals with the requested currency

Confirmation: Is the audit procedure performed by the auditor to test the existence accuracy and the ownership of bank's account and bank balance of entity.

How a bank confirmation works

A bank confirmation letter's purpose is to assure a 3rd party, generally a seller, that the borrower has access to sufficient financial resources to complete a transaction such as the purchase of goods. The primary purpose of bank confirmation is to verify the actual cash balance as per bank records. The auditors confirm the balance to the bank statement to verify reconciling items on the client's year- end bank reconciliation. Also additional information in standard bank confirmation is a role of bank confirmation.

4.3 Exchange rate is negotiated based on the bank policy

Negotiation: Is a discussion aimed at reaching an agreement.

Types of negotiations

- **Integrative negotiation:** Means joining several parts into a whole integration implies cooperation or a joining of forces to achieve something together.
- **Distributive negotiation:** Means giving out of value. It is also known as "The fixed pie."

Advantages of negotiated exchange currency

- Avoid currency fluctuations
- Stability encourages investments
- Keep inflation low
- Current account
- Flexibility

Disadvantages of negotiated exchange currency

- Conflict with other macro-economic objectives
- Less flexibility
- Joint at the wrong rate
- Require higher interest rates
- Current account imbalances
- Difficulty in keeping the value of the currency
- Encourage speculative attacks

4.4 Exchange rate is confirmed as banking policy

It is the rate at which one currency will be exchanged for another currency.

Importance of confirming exchange rates

- One will gain an insight of the exchange rate by analyzing his budget for travelling
- Helps one to do business efficiently in other countries
- It is of outmost importance to get the best possible exchange rate to ensure you are getting maximum return when spending your currency in another country
- Confirming exchange rate determines the level of economic in a country

Ways of confirming exchange rates

- Inflation:** Countries with lower inflation rates tend to see an appreciation in the value of their currency
- Interest rates:** Higher interest rates cause appreciation while cutting interest rates tend to cause a depreciation
- Speculation:** Here, if speculation believes the sterling will rise in the future, they will demand more now to be able to make a profit
- Change in competitiveness:** When goods become more attractive and competitive this will cause the value of exchange rate to rise
- Balance of payment:** A deficit on the current account means that the value of imports (goods and services) is greater than the value of exports.

One can calculate an exchange rate by dividing the amount of the currency you start with by the amount of the foreign currency you'll get back. Banks do charges for foreign exchange rates for example; a bank will charge you a fee of \$3 to \$5 for using any out of network ATM, plus a 1% to 3% foreign transaction fee for an international withdrawal. The best of exchanging currency abroad is when you take out money from local ATMs once you arrive.

4.5 Kenya Shilling is received as per standard operating procedures

Kenya shillings is the Kenyan currency that is received from the Central Bank of Kenya and other commercial banks in exchange of the foreign currency.

Importance of receiving Kenya shillings

- Promoting the use of mobile payment: Enables one to be able to track the flow of money
- Watch out for inflation: The increase in money circulation could lead to inflated price as people rush to spend excess cash according to analyst
- Shillings stability relative to the dollar
- More tax revenue for the government
- Controversies around the new 1000 shillings note

A Kenya shilling is the currency of Kenya, divided into 100 cents, exchange rates, history and bank notes.

- a) One will need Kenya shillings for the lodges. Once you are in Nairobi you will need to have Kenya shillings to pay for trips, medications and site-seeing. Therefore there are machines where you can change GBP to KES or withdraw KES for the duration of your time in Kenya.

4.6 Kenya Shilling is counted and confirmed as per standard operating procedures

How to issue foreign currency

- i. Borrow the foreign currency in an amount equivalent to the present value of the receivable
- ii. Convert the foreign currency into domestic currency at the spot exchange rate
- iii. Place the domestic currency on deposit at the prevailing interest rate
- iv. When the foreign currency receivable comes in, repay the foreign currency loan from step 1 plus interest

Central Bank of Kenya confirms that there is a shortage of circulation of the new notes. Coins that are currently used for trade are available in dominations of shs 1, shs 5, shs 10, shs 20 and shs 40. Bank notes are available in dominions of shs 50, shs 100, shs 200, shs 500 and shs 1000.

4.7 The foreign currency is issued as per banking policy

- i. Issuing of foreign exchange offer protection against inflation
- ii. It limits the governments' option to repay in the event of a financial crisis
- iii. Borrowing in a foreign currency also exposes them to the exchange rate used
- iv. If the local currency drops in value paying down international debts becomes considerably more expensive

4.8 Receipts are printed in duplicate as per standard operating procedures

Receipts can be configured to print dual currencies and the exchange rate to meet the needs of restaurateurs in tourist areas who need to be able to display their primary and secondary currencies. Here is an example of a receipt printed with dual currency displayed;

- The total displays the amount due in the primary currency. The example pictured shows a primary currency of United States Dollar (USD).
- The next line pesos (MXN) display the amount in the secondary currency. This receipt label is determined by you and can be customized to meet your needs.

Figure 32. Example of a receipt

Demo Training Pizza	
To Go	
Order	
Quick serve	
1 Guest	
Server: Authalio	
Cashier: Authalio	
Register: Receipt 3 (receipt 3)	
2018-05-31 13:54:15	
1 Baked ziti	9.00
Pesto	
1 garlic knot	6.00
Spicy marinara	
Subtotal	15.00
State tax (% of 9.00)	0.45
Tax exemption (To Go)	-0.45
Total :	15.00
Peso (MXN)	max 297.45
Paid in cash:	15.00
Amount date:	0.00
Exchange rate : Mex \$ 19.83	
Authalio's Pizza	
116 Central Ave SW	
Albuquerque. NM 87102	
Colombia	
5053495445	
Visit us on Facebook	
Donatello	
Power' by LAVU	

4.9 Customer copy of the receipt is issued and the bank copy retained as per standard operating procedures

A copy of the receipt is issued to the customer once a transaction is made and a copy of the receipt is retained by the bank. The following are some of the reasons for issuing a receipt;

Reasons for issuing receipts and retaining receipts

- **Customer information:** Receipts serve as an effective communication tool to customers. Therefore, receipts note the details of a customer's purchase including itemized products and services, unit price, subtotals taxes and totals. Receipts also indicate the date of the purchase which is important to business buyers that use receipts to record transactions
- **Internal accounting:** Businesses keep copies of receipts for internal accounting. Receipts allow for accurate tracking of sales and revenue.
- **Returns and exchanges:** Companies that offer returns and exchanges policies often require a receipt as part of the process. When the customer gets the wrong size in outfit he typically presents the receipts to the retailer to return the item.

Table 16: Sample of a cash receipt

Cash Receipt		Receipt Numbers						
		Date:						
Received from _____		The amount of <u>shs</u>						
For _____								
Current Balance : <u>Shs</u> _____		<table border="1" style="margin: auto;"> <tr><td style="width: 20px;"> </td><td style="width: 50px;">Cash</td></tr> <tr><td> </td><td>Cheque</td></tr> <tr><td> </td><td>Money Order</td></tr> </table>		Cash		Cheque		Money Order
	Cash							
	Cheque							
	Money Order							
Payment Amount : <u>Shs</u> _____								
Balance due : <u>Shs</u> _____								
Received by: _____								

Payment receipt

Date _____

Number _____

Received from _____ Ksh
 _____ Ksh

For _____

Account balance			
This payment			
New balances			

Received by _____

- **Nonprofit donations:** When businesses wants to claim ash or gift contributions to an IRS – recognized S01 (c) (3) nonprofit organizations normally need a receipt according to the IRS website.

Receipts are documents that represent proof of a financial transaction. Receipts are used to proof a certain expense especially in tax. They are also issued in business-to-business dealings.

Importance of issuing receipts are:

- Tracks accuracy of sales and revenue.
- Receipts servers as valuable documents of sales transactions when a business faces an internal revenue service audit on its tax returns.
- Receipts notes any discounts on sales which are used for accounting and financial reporting.

4.10 Kenya shillings are kept in the till as per standard operating procedures

Reasons for keeping Kenya Shillings in a till:

- Security.
- Financial future.
- Cost-using a bank is almost always cheaper than using other business to cash your cheque
- To get money quickly
- For safety.

Conclusion

This learning outcome covered: Foreign currency, importance of forex in a bank, interpretation of exchange rates, validation of notes, understanding different foreign currency notes, communication etiquette, rates negotiation skills and validation of customer details (Image, signature and account balance).

Further Reading



1. Godwin, Janson (2003). Greenback. New York : Henry Holt

8.3.5.3 Self-Assessment



Written Assessment

1. Which is the correct definition of exchange rate?
 - a) Refer to the conventions of social behavior
 - b) Different types of people
 - c) Etiquette
 - d) Rate at which one currency will be exchanged for another
2. Which one of the following is not the importance of issuing foreign currency?
 - a) Borrowing in foreign currency expose them to exchange rate risk
 - b) Paying down of international debt becomes considerably more expensive
 - c) Currency will not be exchanged to any customer
3. What do we mean by the word validation?
 - a) Different types of currency
 - b) Exchanging currency
 - c) The accuracy of checking the accuracy of something legally
 - d) Negotiation of currency
4. Which one of the following is not a benefit of a good customer?
 - a) Increased of sales
 - b) Customer loyalty
 - c) Customer dependency
 - d) Enhance public image
5. Which one of the following is a benefit of a customer request in the bank?
 - a) Customer needs problems your products and service
 - b) Customer loyalty
 - c) Increased of sales

6. Which one is not an advantage of negotiated exchange currency?
 - a) Keep inflation low
 - b) Flexibility
 - c) Current account
 - d) Keep inflation high
7. Which one of the following can be a disadvantage of negotiated exchange rates?
 - a) Less flexibility
 - b) No credit
 - c) High cost of current account
 - d) Customer perceptions
8. Discuss the meaning validation.
9. Elaborate on the advantages of a good customer service.
10. Analyse the disadvantages of negotiated exchange currency.
11. Summarize the advantages of negotiated exchange currency.
12. Suggest the benefits of a good customer service?
13. Evaluate the importance of issuing foreign currency
14. Discuss different types of currency

Oral Assessment

1. What do you understand by the term validation
2. What are the qualities of a good customer service

Practical Assessment

In a group of five students, visit Central Bank of Kenya or commercial bank that facilitates the foreign exchange rates, discuss the interest rates that are used to exchange foreign currency and the reasons for exchange rates currency.

8.3.5.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones

8.3.5.5 References



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Godwin, Janson (2003). Greenback. New York: Henry Holt.

Reinfield, Fred (1957). The story of paper money. New York: Sterling Publishing Company.

easytvvet.com

8.3.6 Learning Outcome No 5: Facilitate account to account transfer

8.3.6.1 Learning Activities

Learning Outcome No 5: Facilitate account to account transfer	
 Learning Activities	Special Instructions
5.1 Receive customer request as per standard operating procedures 5.2 Verify <i>Customer details</i> as per banking policy 5.3 Confirm customer balance as per standard operating procedures 5.4 Transfer cash as per banking policy 5.5 Print cash transfer slip in duplicate as per banking policy 5.6 Issue copy of the signed cash transfer slip as per banking policy	Illustrations Written assessment

8.3.6.2 Information Sheet No8/LO5: Facilitate account to account transfer



Introduction

This learning outcome covers; account transfer, requirements for internal money transfers, importance of internal account to account transfer, (to customer, to bank, to government), methods of account to account transfer, validation of customer details (image, signature, balance) and communication techniques

Definition of key terms

Cash transfer slip: This is a form or slip that is used to record the transfer of money to an individual. The cash transfers are either conditional or unconditional.

Internal account: These are accounts that exist solely within your organization and that are used to transfer funds between business units.

Account transfer: This is done when an individual instructs a bank or business to send money directly into another account without necessarily withdrawing the cash first.

Content/Procedures/Methods/Illustrations

5.1 Customer request is received as per standard operating procedures

Customer request is the clients' complaint or work request made in by person either by letter, email or telephone. The following are the importance:

Importance of receiving customer request

- It points out aspects of your product that they need
- The customer feels involved and important
- Customers recommend good feedback
- It helps one to convince the customers to come back for more
- To receive feedback from new customers

A customer request means an informed affirmative request by a customer to receive information concerning the process and procedures needed to be followed in a bank for account to account transfers.

There is a process used to receive the request. It is as follows:

- i. Be appreciative and polite
- ii. Get to enquire the name of the client
- iii. Be upbeat- this means have a positive attitude towards all customers
- iv. Provide information just the way they enquire without adding any further information
- v. Make confirmation on next actions according to their request
- vi. Show appreciation to the customer for considering your institution to give them the service that they require.

5.2 Customer details is verified as per banking policy

Verification means confirmation of whether documents and details provided by the customers are legally true and not fake.

This is done for the following reasons:

- To find out the ownership and title of the assets
- To show the correct valuation of assets and liabilities
- To get to know the customers better
- Helps to build a mutual trust between both parties both the client and the bank

This verification process of customer verification is done through enquiring for a copy of the customers details and documents plus the original copies of documents and trace whether the registration numbers are the same or the serial numbers are similar. In this case it includes customers' names as in the ID, the account number in the cards and registration number in their ID.

The following details are required for a transfer

- The date the client wants the transfer to be made
- Name of the person or business client is paying
- Six digit sort code of the account client is paying
- Eight digit account number of the account customer is paying
- A payment reference (often your name or customer number) to let them know the money came from you
- At times you will need the name and address of the bank you are sending the money to. This helps them to check that the sort code is written.

5.3 Customer balance is confirmed as per standard operating procedures

Confirmation of the customers balance is done by the tellers in the counters. The customer has to give a request to check balance. Due to the improved banking system, some banks have come up with online banking system. In that, the customers can easily access their accounts details through their smart phones and laptops.

Importance of checking the customer accounts

- So as to know how much cash is in their accounts
- It gives information on how often the account is active
- Helps the customer know what amount of money is available for the transfer to occur
- It helps assure all concerned parties in a business transaction that the banks customer has available and necessary financial resources to conclude the transaction.

5.4 Cash is transferred as per banking policy

For transfer of cash from one account to another one has one has to follow the following procedure:

- i. Complete the cash transfer form- this includes stating the reason for transfer
- ii. Obtain approval and signatures- this is done by only authorized personnel's who sign this form. Two signatures are required
 - a) Preparer
 - b) By the bank manager
- iii. Submit form to the cashier office where this form is reviewed and if there are any alerts then the bank makes contact with the customer for confirmation.

Methods of account to account transfer

- Online bank transfers: Log into your online account and select the option for making a payment. Follow the instructions on the screen to enter the correct details.
- Telephone transfers: Call your banks telephone banking service. The banks customer service representatives will guide you through the process. In some cases you might be guided through by an automated recording

- In branch bank transfers: If you have the money in cash you can pay it into the account of the person you owe it to in branch
- Writing a cheque and depositing it into another account or handing it to another individual

Importance of internal account to account transfer

- **To customer;**
 - a) It saves time since it is just filling forms for instruction
 - b) It does not require a lot of time
 - c) Helps to know how much cash you really have available in your accounts
 - d) Keeping track of your outstanding cheque and following up with payers
- **To the bank;**
 - a) Knowing if customer payments have bounced or failed and determining if any action is needed.
 - b) Making sure every transaction gets entered into your accounting system.
- **To the government;**
 - a) Helps the governance know the flow of cash and how much money is required in the market
 - b) Helps government make revenues out of charges made in the transfer

5.5 Cash transfer slip is printed in duplicate as per banking policy

A cash transfer slip is a form supplied by a bank for a depositor to fill out designed to document the details about the cash transfer i.e. From which account the cash is being credited to which account is the cash being debited.

The cash transfer slip has to always have a duplicate. There is always the original copy that is filled a duplicate copy for the client and a copy for the bank. This is to ensure there is a backup for the transfer conducted.

The importance of duplication is that it helps each party have evidence that the transaction was made.

Table 17: A sample of a cash transfer receipt

Date	No:				
Received from:	Amount (Kshs.):				
Amount in words:					
For payment of:					
From:	To:				
Received by:					
Paid by: Cash	<input type="checkbox"/>	Cheque	<input type="checkbox"/>	Money Order	<input type="checkbox"/>

Importance of cash slip

- It is a proof of the amount deposited in the form of cheque or cash with the detail or denomination in the account of payee of the cheque
- Offers protection to both the bank and the customer

5.6 Copy of the signed cash transfer slip is issued as per banking policy

During the cash transfer process there are signatures required for the activity required to be conducted. Ensure that the cash transfer slip is signed properly and a copy is given to you for documentation and filing purpose.

How to counter check the signatures

- i. Check the signature are clearly written
- ii. Check the signatures provided from the database on your end as the bank
- iii. Do the counter check to ensure that the signatures are similar and not forged

After the counter check, you can now issue the copy of the signed cash transfer slip. The importance of issuing a copy of the signed cash transfer slip is to show the transaction was legally authorized.

How they are issued

They are issued through the following ways:

- Emails
- Mailings
- A handover

Conclusion

For account to account transfer there has to be a procedure followed for it to take place one has to submit a request. This learning outcome covered the necessities for Account transfer how to verify documents and details of the customer, the process of checking balances, cash transfer process, duplication of the cash transfer slip, how to confirm signatures made in the slip. It also elaborates further on the types of accounts in a bank and their description.

Further Reading



Read on:

1. Types of accounts in a business from accounting and finance for your business by Steven M. Bragg. and E. James Burton

8.3.6.3 Self-Assessment



Written Assessment

1. A fixed amount paid out of bank account on a regular basis is known to the payer as a?
 - a) Standing order
 - b) Cheque endorsement
 - c) Credit transfer
 - d) Direct debit
2. The reason for having a bank current account would not include?
 - a) Have access to funds for emergency use
 - b) The need to make regular payments into and out of the bank
 - c) Not to have too much cash held on the business premises
 - d) The desire to earn maximum return on financial investments
3. A contra entry in the cashbook would include?
 - a) Transferring cash into the petty cash box
 - b) Totaling up the bank and cash columns at the end of each month
 - c) Withdrawing cash from the bank account
 - d) Transferring the discounts to the accounts in the general ledger
4. A cheque deposited for which the bank will not transfer any money can be known as?
 - a) A guaranteed cheque
 - b) Dishonored cheque
 - c) Credit transfer
 - d) The journal
5. Which of the following will not deduct money from your bank account directly?
 - a) An ATM
 - b) A credit card
 - c) A debit card
 - d) A cheque
6. The delay that occurs between the time a cheque is written and the money is deducted from your account is known as?
 - a) Float
 - b) Overdraft
 - c) Maturity
 - d) Amortization
7. Which of these is not an asset of a scheduled commercial bank?
 - a) Money at call at short notice
 - b) Loans, advances and bills discounted or purchased
 - c) Instruments
 - d) None of the above

8. Outline documents that are required for cash transfer to occur.
9. Explain how one do a transfer of cash from one bank to another.
10. Illustrate the process of receiving a customer request.
11. Analyse three type of accounts provided in a bank.
12. Identify the importance of internal account transfer to the bank.

Oral Assessment

1. What do you understand by the term cash transfer?
2. What are the requirements for internal money transfer?

Practical Assessment

Visit a bank of your choice in groups of 3 ensuring that you have accounts in those banks enquire about cash transfer from one account to another. Make a request to get a cash transfer form. Fill the form providing the details and documents that are requested. After filling return the form and follow the procedures that the bank requests you to follow. Ask for duplicate slips for the transaction.

8.3.6.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Calculator
- Projector
- Computer
- White board
- Internet
- Samples of various bank slips


8.3.6.5 References



- Behrman, J. R, Gallardo. Garcia, J, Parker S.W, ToddPE, Velez- Grajales, V. (2012) Are Conditional Cash Transfer Effective in Urban areas? Education Economics
- DFID (2011), Cash Transfer Literature Review, London: Department for International Development
- High Level Panel On Humanitarian Cash Transfer (2015) Doing Cash Differently: How Cash Transfers Can Transform Humanitarian Aid. Overseas Development Institute

8.3.7 Learning Outcome No 6: Facilitate interbank local and foreign transfer

8.3.7.1 Learning Activities

Learning Outcome No 6: Facilitate interbank local and foreign transfer	
 Learning Activities	Special Instructions
6.1 Receive customer request as per standard operating procedures 6.2 Verify <i>customer details</i> as per banking policy 6.3 Confirm customer balance as per standard operating procedures 6.4 Transfer cash as per banking policy 6.5 File transfer form in duplicate as per standard operating procedures 6.6 Issue transfer receipt to customer as per standard operating procedures 6.7 Process transfer receipt as per standard operating procedures	Oral assessment Illustrations

8.3.7.2 Information Sheet No8/LO6: Facilitate interbank local and foreign transfer



Introduction

This learning outcome covers; local and foreign money transfer, the companies that aid in foreign money transfer and the importance of foreign money transfer to different parties e.g. banks customers and government.

Definition of key terms

Money transfer: This is the process of transferring money either electronically or physically from one place to another.

Foreign transfer: This is wireless transfer of money electronically in specific currency and amount to a person overseas. It can also be called international money transfer.

Content/Procedures/Methods/Illustrations

6.1 Customer request is received as per standard operating procedures

Customer request is the formal appeal for a bank customer to make money transfer from one account to another either locally or internationally. Account transfer is the process whereby an individual sends funds from one account to another.

Local money transfer services

The following are local money transfers types in Kenya:

- MPESA services
- Airtel money services
- Equitel services

Individuals can send money to other individuals in Kenya with the above mobile providers and many other which are not mentioned above. MPESA is mostly used in Kenya for money transfer and one only needs a receiver's telephone number.

Foreign money transfer services

What one needs to send money to Kenya?

- Bank name and address
- Account number
- Swift/BIC code: Business party identifier and is an 8 or 11 character code that one uses to send money internationally
- Receivers complete name

International money Transfer Company's include:

- PayPal
- Equity bank
- World bank
- Azimo
- Skrill
- Xpress money

6.2 Customer details is verified as per banking policy

Customer details is information that relates to one particular customer relating to their bank account. This information identifies one specific customer in reference to the banking policies.

Customer details include:

- Image
- Signature
- Balance

The bankers have to make sure that the image, signature and balance belong to one particular customer and the details are not fake. This verification is done to make sure that the details of a customer match that in the banking system.

Importance of verification of customer details

- Customer details verification helps the bank have a crystal picture of their customer they are dealing with
- Customer details verification helps the bank to ensure the security of a customer's money
- Customer details verification is important as it prevents money laundering

6.3 Customer balance is confirmed as per standard operating procedures

A customer balance is the net amount of an individual's bank account after all the credits and deposits have been balanced. A customer can confirm the balance of their account in reference to the acceptable standards of confirming customer bank balance.

Ways of confirming balance

- i. If a customer's account is connected to their phone number, they can confirm their account balance by requesting the bank to update you on the account balance.
- ii. Using ATM card. A customer can use ATM card to confirm balance by following the instructions in the screen.
- iii. Calling the bank. A customer can call the bank to confirm their balance, if the bank offers such a service.
- iv. Going to the bank. A customer can physically go to the bank and talk to teller who will confirm their account balance.
- v. Logging in online. Most banks have applications where one can log in and confirm their bank balance.

6.4 Cash is transferred as per banking policy

A customer has to confirm their account balance before they make any money transfer to another bank account either locally or internationally and it has to be as per the acceptable banking policies. A customer also has to take into consideration the transaction charges relating to the money transfer process.

Requirements for foreign money transfers

- Bank name and address
- Swift/BIC Code
- Account number
- Receivers complete name

Setting up the transfer

- A customer sets up a free account with any of the recommended companies e.g. PayPal, Skrill, etc.
- A customer will receive a quote from chosen company by SMS or online.
-

8.3.7.4 Tools, Equipment, Supplies and Materials

- Cell phone
- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones

8.3.7.5 References



JP Magnes, (2004). Money Transfer System.


J Linlor, (2005). Secure Money Transfer between hand-held devices

V Modi, (2011). Money Transfer Service with authentication

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8.3.8 Learning Outcome No 7: Balance end day till

8.3.8.1 Learning Activities

Learning Outcome No 7: Balance end day till	
 Learning Activities	Special Instructions
7.1 Bundle cash is bundled as per standard operating procedures 7.2 Count cash as per standard operating procedures 7.3 Check system balance as per standard operating procedures 7.4 Check system balance against physical cash as per standard operating procedures 7.5 Verify Report on check of system balance against physical cash as per standard operating procedure 7.6 Return till to strong room as per standard operating procedures	Written Assessment Illustrations

8.3.8.2 Information Sheet No8/LO7: Balance end day till



Introduction

This learning outcome has covered how cash in notes and coins are stacked and piled up. This learning outcome has also covered the importance of having a till register, how to handle discrepancies in the cash register and that in the point of sale system etc. it has also covered the importance of keeping till registers safe.

Definition of key terms

Till: This is a machine that records sales and in which money is kept i.e. cash register in a shop.

Sort: To put a group or a number of items or things in order. Things or items of the same characteristics/ features can be sort together e.g. Ksh 50 note can be sort together.

Physical cash: This is money, it can be in notes or coins that can be seen or touched.

Cash: Money in terms of coins or paper money.

Content/Procedures/Methods/Illustrations

7.1 Cash is bundled as per standard operating procedures

Cash bundling is the sorting of cash either notes or coins in accordance with the relevant standard operating procedures. Cash is bundled whenever it is in bulk i.e. a large quantity of coins or notes of the same currency denomination or in accordance to the written standard operating procedures. Bundling of cash is done at the end of the day in most businesses as this is the time when the activities of the business have expired.

End of day of a business

It means the close of a business at the time its trading activities end. Most business set a designated time when they will have to complete their trading activities. E.g. most government operations end at 5.00 pm. Most businesses alert their customers on their time of closing the business so that if they want to purchase a good or a service, they can do so before end of the day.

Importance of end of day

- Employees get to know the tasks, achievements and advancements they have made at the end of the day
- It helps find out the tasks that have been closed at the end of the day
- Supervisor gets to pin point challenges experienced when carrying out tasks
- The end of day helps employees to know the tasks accomplished
- The end of the day helps employees know the stage they are in uncompleted projects
- The end of the day helps employees know the next day's objectives

7.2 Cash is counted as per standard operating procedures

Cash counting is calculation of the total sum of money that has been made by the business at the end of the day. Cash is counted with reference to the written standard operating procedures of a business on how they should count the amount of money at the end of the day.

Steps used to bundle notes

- i. Acquire rubber bands or currency bands or what is acceptable as per standard operating procedures from the office store or bank.
- ii. Separate the notes according to their value e.g. Ksh. 50 notes sort them together, Kshs 1000 notes sort them together etc. as you turn the notes to face the same directions i.e. front side of the notes to face upwards as it makes it easier.
- iii. Count each note as you stack them together.
- iv. Band them together.

Illustration

A shopkeeper has 100 pieces of Kshs 1000 notes, 200 pieces of Kshs 500 notes. The shopkeeper can have 2 stacks each containing 50 Kshs 1000 notes. While having 4 stacks each containing 50, Ksh 500 notes. By bundling cash notes, one easily gets to know how much they have made from the business.

Steps used to bundle coins

- i. Acquire coin sleeves or as required by the standard procedures from the office store or bank or bookshop etc.
- ii. The owner of the business can make piles of coins containing ten coins. This helps one to easily know how much he/she has in total.
- iii. Separate the coins according to their value and size.

Illustration

A shopkeeper has got 100 pieces of Kshs 20 coins. The shopkeeper will make 100 piles of 10 ksh 20 coins.

Cash sorting technique

Cash sorting is arranging money in order according to their value and denominations.

A Cash sorter Machine;

- Counts money and splits them into groups.
- It is used for sorting notes.
- Some cash sorters machine detects fake notes by using the unique security features on the notes,
- It is mostly used in banks, casinos etc. because they handle large amounts of cash.

A business owner can come up with some cash sorting procedures:

- i. Come up with sorting procedures and ensuring all employees in the business place follow them
- ii. Buy automated money sorter/ cash sorter machine.
- iii. Securely store cash after end of the day, the business owner can bank the cash or store in a very secure place.

Handling of soiled notes

Soiled notes can be:

- Wet notes
- Notes that get dirty over time
- Notes that are stuck in adhesive material

How to handle soiled notes

- i. Go to bank and exchange the soiled notes for clean notes and recover the full amount you had earlier.
- ii. One can also request the bank to deposit the amount in their bank account.
- iii. Banks accept soiled notes at no cost and one can pay government dues e.g. taxes.

7.3 System balance are checked as per standard operating procedures

Checking of the till system balance is done according to the written standard procedures e.g. the till system balance can be conducted by authorized persons only. System balance in the till, includes all the money paid using mobile payment as this method is becoming very popular.

Importance of checking system balance

- Checking of system balance gives the business owner a crystal picture the cash he/she has made at the end of the day.
- The core reason of checking system balance is to curb shortages of cash because of theft or inaccurate cash handling by the employees i.e. the cashier.
- Checking the till system balance also helps the business owner to know that the employees are giving accurate change cash to customers.
- Checking of till system balance helps business owner not to have too much cash in hand.

Point of sale (POS) system

A POS system has the following functions;

- Has the ability to accept payment
- Track sales
- Ability to track and keep customer data
- Manage inventory

A simple POS system should be simple to use and easy to understand. A business owner checks the till system balance displayed in the POS system.

7.3 System balance is checked against physical cash as per standard operating procedures

The initial step is to count cash in the till register including all money paid using mobile payment, credit card etc. The business owner can do this easily by stacking notes and piling coins as discussed in learning activity two. After physically counting cash, the business owner should confirm that the physical cash is the exact amount displayed in the POS system. If the amounts do not match the business owner need to investigate why the variances arise.

Types of till variances

- **Small variances:** This is caused by human error e.g. the cashier giving more change to customers
- **Overages:** This occurs when the amount in the till register is more than that in the POS. Overages can be damaging to the image of the business as a cashier might not be giving enough change to customers, leading to customers complaining hence might lose customers.
- **Shortages:** This occurs when the POS system displays a higher amount than that you have counted from the till register. This implies that cash may have been stolen; the cashier gave more than enough change to customers.

Business owners should do something in their power to minimize the variances above for the business' image to improve.

7.4 Report on check of system balance against physical cash is verified as per standard operating procedure

A POS system provides a report on the sales made at the end of the day. A POS system must be provide clear, real time report.

Details of a cash report

A point of sale generates data at the end of the day that shows;

- Best-selling categories and items
- Shows costs of items
- Profit margin made
- To track sales of each department
- Flexible enough to adjust name of cashiers and staffing hours

How to retrieve a cash receipt

- i. Press the Z- out button on the POS. the Z-out button is on the left side of the POS in sales registers options.
- ii. After clicking the Z-out button, a new window opens
- iii. The business owner can enter data of what he/she has received by the end of the day.

Below is an example of a cash register

Sales

Sales of services	Ksh. 50000
Sales of goods	Ksh. 80000
Total sales	<u>Ksh 130000</u>

Non cash collections and expenses

Debit card sales	Ksh. 20000
Cash payment for deliveries	<u>Ksh. 10000</u>
Total cash outflow	<u>Ksh 30000</u>
Beginning of the shift cash count	Ksh 5000
End of shift cash count	Ksh 100000

Note: The end of shift count meant the money in terms of cash left in the till register

Reconciliation of the report against physical cash

Reconciliation is the process of adjusting two records of accounts to ensure that they are in agreement. This ensures that the cash leaving an amount matches the money spent. In relation to the cash register, it is the process of confirming the amount of cash in till register at the end of the day. Confirming of the cash can also be made if there are different cashiers who use a till register. When the day ends, business owners, reconcile cash in the till register against the cash report.

Table 19: Example of cash reconciliation form

	Money collected		Sales recorded	Difference+/-
Cash collected	Ksh. 10000	Cash sales	Ksh. 11000	- Ksh. 1000
Coupons collected	0	Coupons sales	Ksh. 1000	- Ksh. 1000
Credit cards collected	Ksh. 30000	Credit card sales	Ksh. 30000	0
Total collected	Ksh. 40000	Total recorded	Ksh. 42000	+ 2000

7.5 Till is returned to strong room as per standard operating procedures

Till is usually returned to a safe secure place in reference to the standard operating procedures. Till register is a vital and should be the top most priority

Till safety: During the day, till register should be firmly be placed on a counter top see through plastic cash guards should be used to prevent cash being grabbed when the register is open. At the end of the day, cash till register should be kept in a specialized safe store.

Dual control: This is where two employees separately count the cash in the till register and comparing with the POS system. They then compile their findings and compare if there are any variance, they both review each other's work to reconcile the variances/differences. Both employees sign a paperwork showing that they have agreed upon the cash in the till register. If a loss had occurred, they will follow the stipulated procedures to investigate the discrepancies. Dual control is important as the business owner is able to protect the business from losses and curb employees from making bad choices.

Conclusion

This learning outcome has covered how cash in notes and coins are stacked and piled up. This learning outcome has also covered the importance of having a till register, how to handle discrepancies in the cash register and that in the point of sale system etc. it has also covered the importance of keeping till registers safe.

Further Reading



1. JJ Geib, (2001). Cash till manifold having a sixth coin bin for a coin sorter. SS Kuhlin, 6, 196, 913, 2001, US patent

8.3.8.3 Self-Assessment



Written Assessment

1. Soiled notes can be inform of _____.
 - a) Dirty notes
 - b) Clean notes
 - c) Teared notes
 - d) None of the above
2. How much is charged when one exchanges soiled notes in the bank?
 - a) Ksh. 1000
 - b) Ksh. 5000
 - c) Ksh. 100
 - d) Ksh. 0
3. Which of the following is a function of POS?
 - a) Ability to accept payment
 - b) It is big
 - c) It is metallic
 - d) It is plastic

4. Which of the following is variance type of variance?
 - a) Shortages
 - b) Profit
 - c) Damages
 - d) None of the above
5. The following are details of cash report except?
 - a) Profit margin made
 - b) Costs of each other
 - c) Both a & b
 - d) None of the above
6. Dual control involves how many persons?
 - a) One person
 - b) Two persons
 - c) Three persons
 - d) Ten persons
7. What button is normally pressed in the till register to give a cash report is called?
 - a) Z out button
 - b) T out button
 - c) X out button
 - d) None of the above
8. Elaborate what dual control is
9. Outline two functions of a POS system.
10. Identify three importance of checking system balance.
11. Elaborate how notes can be soiled.
12. Evaluate on end of day business.

Oral Assessment

1. What is a till?
2. What is a bundle of cash?

Practical Assessment

The learner should be accompanied by their tutor to a nearby supermarket that uses a cash till register. Request the manager to give a copy of a past year cash report. Examine one the previous cash report generated by the cash till register and note down its details.

8.3.8.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip Chart/white board
- Furniture
- Phones
- A sample of cash receipt from a supermarket

8.3.8.5 References



Carter, O. (2002). Added Coin Compartments for Current Cash Tills


Gray, A. (2004). Games Of Chance Using a cash till roll

Zimmermann, T. (2000). Cash Register Termin

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8.3.9 Learning Outcome No 8: Issuance of bankers' cheque

8.3.9.1 Learning Activities

Learning Outcome No 8: Issuance of bankers' cheque	
 Learning Activities	Special Instructions
8.1 Receive customer request as per standard operating procedures 8.2 Verify <i>customer details</i> as per banking policy 8.3 Confirm customer balance as per standard operating procedures 8.4 Print bankers cheque as per standard operating procedures 8.5 Record bankers cheque as per standard operating procedures 8.6 Sign bankers cheque as per organizational policy 8.7 Issue confirmation slip in duplicate as per standard operating procedures 8.8 Issue bankers cheque and duplicate slip to customer as per standard operating procedures	Written assessment Oral assessment

8.3.9.2 Information Sheet No8/LO8: Issuance of bankers' cheque



Introduction

This learning outcome covers; what a banker's cheque is, how it is obtained, how it can be stopped if it is lost or stolen. This learning outcome also covers the details in a bankers' cheque and the costs associated with purchasing it and how bankers' cheque are recorded it also covers authorization of bankers' cheque.

Definition of key terms

Banker's cheque: It is also known as bankers' draft. This is where one gives the bank an amount of money and the bank gives you a cheque so that you can give the person you are paying.

Cheque: This is a document that gives the bank an order to pay an amount from a person's account to the person's name on the cheque.

Authorization: It is giving official permission for using a document.

Content/Procedures/Methods/Illustrations

8.1 Customer request is received as per standard operating procedures

A customer requests the bank to write him a banker's cheque so that he can pay another person using the bankers' cheque. This request happens after the customer gives the bank an account of money after they write him a cheque.

Importance of a bankers' cheque

- It is very certain i.e. there is guaranteed payment it can't bounce like other normal cheque.
- Since bankers cheque is guaranteed, it is good for it to be used for large transactions i.e. it involves large amounts of money that involves completing deals that involve expensive
- Safety of transactions compared to personal cheque when there are payment transactions.
- It is fast: Using of bankers cheque is fast as the transaction is processed within the same business day. Normal cheque take several days to be processed and the bank can reverse the deposit made in the recipient account.

Steps in preparing bankers cheque

- i. Write the name of the individual or firm you are paying.
- ii. A line is then drawn on the blank spaces so that no names or figures can be added.
- iii. Add details i.e. account or reference number of the recipient. This ensures that it is the receipt that receives the cash.
- iv. The cheque is kept stub that contains all the details.
- v. One then gives the bank the amount indicated in the bankers' cheque.

Costs associated with bankers' cheque

Different banks charge differently. Below are a few examples of the charges relating to local bankers cheque.

Kenya commercial bank

Customer	Ksh. 200
Non customer	Ksh. 200

Foreign currency

Customer	\$10
Non customer	\$15

Equity bank Kenya

Customers'	Ksh.100
Non customers'	Ksh. 100

Commercial bank of Africa

Bankers' cheque/draft indemnity	Ksh. 1000
Online bankers' cheque local currency	Ksh 125
Online bankers' cheque local/foreign currency	Ksh.125

8.2 Customer details is verified as per banking policy

Customer details are validated and they include: Image, signature and account balance. A customer's image, signature should match those in the bank system. A customer then validated the account balance as per standard operating procedures. The customer's details are to be verified when the bankers' cheque is issued by the bank to the customer.

Requirements for one to be issued bankers cheque

- Apply for a bankers' cheque. Apply using an original application form of bankers' cheque. It should be filled where necessary and signed by the applicant. The form is usually provided in the bank.
- Purchase of a cheque leaf. This purchase is done in the bank and the cheque leaf is usually in original form. Most banks charge ksh 400 to ksh 800 depending on the book.
- Identification card. The applicant should provide an original identity card at the teller.

8.3 Customer balance is confirmed as per standard operating procedures

Customer's balance is usually net off after balancing deposits, withdrawals, transaction costs, taxes, etc.

A customer can verify their account balance using the following methods

- Logging in online
- Using ATM card and following instructions on the ATM machine screen
- Using the phone number if the account is linked with the telephone number
- Going physically to the teller in the bank and confirm the account balance

Confirm customers balance

Customer's balance is confirmed and verified to ascertain;

- How much is actually in the bank account
- If the funds in the bank account are sufficient enough to make a withdrawal which will be given to the bank teller for him/her to be issued a bankers cheque
- To take account for the transactions cost.

8.4 Bankers' cheque is printed as per standard operating procedures

Cheques are printed by secure accepted software that enabled secure payments and ensures that the cheque can easily be traced during auditing procedures. The cheque printing standards are regulated by approved bodies' e.g. Canadian payment association

(CPA 006). All cheque printed should meet the regulated standards. The following are some of the security features in bankers' cheque;

- Data encrypted
- Audit trail
- Email alerts
- Full reporting tools with in built archive

Details in bankers' cheque

- Check number
- Bank name
- Date
- Amount in shillings and words
- Signature

8.5 Bankers' cheque is recorded as per standard operating procedures

Recording of bankers' cheque

The following books are used to record bankers' cheque transactions;

- a) Cashbook
- b) Bank ledger accounts

The internal accounts related to bankers' cheque are cashbook and bank reconciliation and bank ledger accounts.

Cashbook

This is a journal that records cash receipts including bank withdrawals and bank deposits. The cashbook has two sides i.e. debit and credit side. If a customer withdraws cash from his bank account, so that they can give it to the teller and be issued a bankers cheque, the amount withdrawal is credited as bank and debited as cash in bank ledger accounts.

Bank ledger account

Accounts of cashbook and ledger accounts are double entry accounts. Therefore a bank ledger is prepared by the bank at the end of the business day and includes all deposits and withdrawals to show the net amount in a customer's bank account. The recipient of a bankers' cheque receives cash in his/her bank account and the following transactions are undertaken.

8.6 Bankers cheque is signed as per organizational policy

Bankers' cheque is usually signed by the bank teller. Authorization of bankers' cheque. The bankers' cheque itself is an authorization for the payee to receive the amount the prayer has given to the bank. Specific bank tellers are authorized by the bank management to sign bankers' cheque. Signing of a bankers' cheque by the bank teller is a form of authorization that the cheque is good for the transaction to be made. Signing

of bankers' cheque confirms that the cheque is not counterfeit. Authorizing a bankers' cheque is a communication technique that confirms that the transaction has legally occurred and a confirmation that the money will be deposited in the payee's bank account

Repurchase of bankers

Repurchase is to buy something back. A purchase can easily repurchase bank cheques if it is unused. The bank cheque is repurchased because it is no longer required. Bank cheque is repurchased at a fee depending on the type of bank you are transacting with.

Treatment of lost or stolen bankers' cheque.

Bankers' cheque can be stopped if they are stolen or lost. A payer can return to the bank and explaining to the bank that the bankers' cheque is lost or stolen. The payer should present a copy of a printed bank cheque if the bank cheque has not been cashed and the bank can verify that the bank cheque has not been cashed, the bank can cancel it or issue a new replacement bankers cheque.

8.7 Confirmation slip is issued in duplicate as per standard operating procedures

Confirmation slip is a document given to a customer by the teller to proof the transaction is settled. The confirmation slip is usually printed as two documents so that the customer/player can be issued with duplicate confirmation slip as the bank remains with the original. The payer will always be certain that the transaction has indeed occurred when issued with a confirmation slip if in any case, which rarely occurs, that the bank cheque has not been cashed, the payer can always use the confirmation slip to prove that the bank verified that the transaction was completed.

8.8 Bankers' cheque and duplicate slip is issued to customer as per standard operating procedures

After the transaction is complete;

- The payer has issued a specific amount of money to the bank
- The bankers' cheque has appropriately been filled
- The bank teller has signed the bankers cheque

After the above transactions are completed, a payer is issued with a bankers' cheque and a confirmation duplicate slip.

Conclusion

This learning outcome covered: Bankers cheque, importance of bankers cheque, steps in preparing bankers cheque, cost associated with bankers' cheque, validation of customer details, recording banker cheque, internal accounts related with a bankers cheque, authorization of bankers' cheque, repurchasing bankers' cheque and treatment of lost or stolen bankers' cheque.

Further Reading



1. Read on recording bankers' cheque

8.3.9.3 Self-Assessment



Written Assessment

1. Who signs a bankers' cheque?
 - a) Customer
 - b) Bank teller
 - c) Soldier
 - d) None of the above
2. What document does one go with to the bank if the bankers' cheque is lost or stolen?
 - a) An original bankers cheque
 - b) Copy of bankers cheque
 - c) Confirmation slip
 - d) Cashbook
3. The following are details contained in a bankers cheque except?
 - a) Date
 - b) Serial number
 - c) Cheque number
 - d) Date of birth
4. How can one verify their account balance?
 - a) Using phone number
 - b) Counting receipts given in the bank
 - c) Doing guess work
 - d) None of the above
5. The following are security details in a bankers cheque except?
 - a) Color of the bankers cheque
 - b) Email alerts
 - c) Data encrypted
 - d) Audit trail
6. What affects the customer's account balance?
 - a) Withdrawals
 - b) Weather change
 - c) Government legislation
 - d) Climatic changes

7. Who issues a bankers cheque?
 - a) The bank
 - b) The government
 - c) The people
 - d) ATM
8. What are the requirements of one getting a bankers cheque?
9. Name two accounts where bankers transactions are recorded
10. Suggest two customer details
11. Discuss the meaning of authorization
12. Are there any costs associated with purchase of a bankers' cheque? Elaborate.

Oral Assessment

1. What is a cheque?
2. Name the steps of preparing a bankers cheque?

Practical Assessment

With the help of your trainer, visit a nearby bank and inquire on the procedures of a bankers cheque transactions.

8.3.9.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones
- A sample of bankers cheques


8.3.9.5 References



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8.3.10 Learning Outcome No 9: Facilitate cheque deposit

8.3.10.1 Learning Activities

Learning Outcome No 9: Facilitate cheque deposit	
 Learning Activities	Special Instructions
9.1 Receive customer request as per banking policy 9.2 Verify <i>customer details</i> as per banking policy 9.3 Scan cheque for clearing as per bank procedure 9.4 Sign cheque deposit duplicate slip by customer as per banking policy 9.5 Confirm cheque as per banking policy 9.6 Archive cheque as per standard operating procedures	Illustration Projection

8.3.10.2 Information Sheet No8/LO9: Facilitate cheque deposit



Introduction

This learning outcome covers; what is a cheque, process of receiving customer requests, verification of customer details and identification of a cheque validity.

Definition of key terms

Bankers Cheque: It is a document that orders a bank to pay a specific amount of money from one person account to the other persons account in whose name the cheque has been issued.

Drawer: A person who's writing a cheque

Drawee: A person to whom cheque presented for withdrawal.

Payee: A person who pays the cheque to the drawee.

Content/Procedures/Methods/Illustrations

9.1 Customer request is received as per banking policy

Customer request is a complaint or suggestion made to council by a person either through a letter, email, telephone etc. Strategies to validate customer request;

- Check customers roadmap (location)
- Validate customers request in accordance to your market
- You have to know what customer request entails
- What are the merits and demerits of the customer's request
- What is opportunity cost?
- Impact of the customer's request

- Does it require research or further investigation?

Process of receiving customer requests

- i. Start with a good impression; Smiling and good facial expressions. These put customers at ease and shows them that you are ready to help
- ii. Be civil and respectful
- iii. Treat all customers with understanding and empathy
- iv. Respond promptly and accurately
- v. Be reliable, be honest, trustworthy and consistent
- vi. Explain the process and how the bank operates for them to understand the overall decision of a firm
- vii. Make the information accessible. People don't want to operate in the dark. So while explaining the process to them, make sure they know where & how to get the information about services & processes or bank products at a later date
- viii. Be the expert. Make sure you know what the bank is all about. Explain to the customers what they are needed to know or do in order to validate their requests
- ix. Anticipate the customer needs. If you are in tune with your customers emotions, you'll be able to understand their needs and provide them with a solution
- x. Look for ways to get a yes
- xi. Strive for great customer service at all level

Ways to determine if a customer request is actionable

- **Assess strategic alignment of request:** This is when the firm asks themselves if the customer request aligns to their goals and objectives.
- **Determine strategic significance of customer:** This is what are strategic values of pleasing or fulfilling's a customer request.
- **Request from prospects vs. actual customers:** This is when a firm has to identify whether or not to customer is serious.
- **Prioritize request against existing plan:** The question would be, does this request conflict with other high priority items if it does you will need to review its viability.
- **Assess scale of impact to user base:** How will addressing this request/complaint add value to the other customers?
- **Consider persona of customer request:** The question to be asked is the feedback coming from the right person at your customers company
- **Quantity value of customer request:** What could be the monetary value of the customer or request itself.

9.2 Customer details is verified as per banking policy

According to banking policy, Customer requests are identifications of a customer. They tend to describe the customer in terms of the nature, age, etc. Customer details to be verified by bank are:

- National identification card
- Credit worthiness

- Age
- Sex
- Names
- Contact details

Cheque validity/essentials of a cheque

- Unconditional
- Signature
- It is an instrument in writing
- Must be payable upon demand
- Must mention exact amount to be paid
- Must have 3 parties:
 - a) Drawer
 - b) Drawee
 - c) Payee
- Cheque must be daily dated by customers of bank
- Cheque is drawn by a customer on his bank

Importance of verifying customer details

- It is an important process done to avoid money laundering
- It helps to build a mutual trust to be able to ensure safety of money
- It's a measure that is used to prevent fraud in case someone is abusively using your debit card or illegally using your funds
- Customers verification enables one to identify theft
- It also helps to identify terrorism financing
- It helps to curb bribery and corruption

Methods of customer verification

- **Knowledge based authentication:** This is done by verifying a person's identity by reassuring an answer to security questions. They are very easy questions to be answered by a customer.
- **Two factor authentication:** This method requires users to provide a form of personal identification also known as a token in addition to the usual username and password before accessing the actual account of the customer.
- **Credit bureau based authentication:** This method relies on information from one or more of the three major credit bearers. This companies stores a large number of information on their credit worthiness.
- **Database methods:** Use data from variety of sources to verify customer's identity. These sources are online database from social media as well as offline database.
- **Online verification:** This method uses techniques to determine if a government issued ID belongs to the user, including artificial intelligence biometrics, computer

vision and human review. This method actually use a picture of themselves holding an ID thus ensuring that the ID is there.

9.3 Cheque are scanned for clearing as per bank procedure

Cheque scanning: This is a process of scanning a cheque both the front and the back of a cheque transforming the paper cheque into a legal digital image.

Types of cheque

- **Bearer cheque:** This cheque can be transferred by mere delivery and needs no endorsement
- **Bankers cheque:** It is a cheque issued by bank itself and guarantees a payment
- **Crossed cheque:** When cross a bearer cheque twice at the top left of that cheque. It becomes a crossed cheque. Only the name written on it can get the amount transferred to his account.
- **Self cheque:** The account holder writes self to receive money physically from the branch where he holds the account.
- **Account payee:** A bearer cheque becomes an account payee cheque by writing account payee or crossing it 2 with 2 parallel lines on the left side top corner.
- **Dishonored cheque:** It's a cheque that is not honored as a result of insufficient funds in the account of the drawer of the cheque.

Importance of scanning a cheque

- Save on administrative and labor costs. When it comes to handling a cheque the cost related to this process is high scanning a cheque simplifies the work of handling the cheque as in hardcopy to a softcopy document,
- Increase your security. Scanning of cheque cuts on potential fraud by verifying and authentication each cheque you process.
- Get access to date. Hard copies of cheque were kept on file so information could be looked up and confirmed with a cheque scanning it easy to sort and store some information digitally.
- Deposit cheque remotely. With this you can deposit and process a cheque with just a few clicks. This allows work to be easy for verification and authentication of cheque.
- Improves productivity. It allows you to process a cheque right away by strong organizing and depositing them quickly them quickly and automatically.

9.4 Cheque deposit duplicate slip is signed by customer as per banking policy

A cheque is said to be valid if it signed by the customer authorizing the payee to be a certain amount of money to the drawer.

Importance of signing a duplicate cheque

- **For identity:** Signatures helps to confirm someone's identity
- **For approval:** When a cheque deposit is signed it means that the clients have given approval on the cheque to be deposited
- **For authentication:** Its authenticity if the signer provide their approval through signing

Importance of confirming a cheque

- To reduce any available errors
- For verification whether its valid or not
- For approval to make sure the signature of cheque is same in the account
- To check all the information are correctly done
- To ensure the amount in the cheque deposit is available in his/her account for withdrawal

9.5 Cheque is confirmed as per banking policy

Cheque confirmation is done to make sure that all the details of a cheque are well included and that there is sufficient amount of funds in the drawers account to be able to pay the drawee the amount indicated on the cheque.

9.6 Cheque is archived as per standard operating procedures

Methods of archiving cheques as per SOP

- a) **Business storage:** This is a type of storage that is done by buying extra room/archives to store cheque papers
- b) **Electronic storage:** This is where cheques are archived in electronic devices e.g. computers for future use

Advantages of electronic storage

- It is easy and efficient
- It saves on time
- It also saves on space
- It is easily accessible
- It is a fast method of storage

Cheques and remittances are scanned and read not only for archival or record keeping purposes but also for further processing. Cheque data and images can be transmitted electronically within and across institutions intra and interbank reducing overheads in operations, transportation and physical storage spaces and minimizing risk discrepancies and loss during handling. Electronic cheque data can be backed up and restored easily, thus giving you the flexibility to manage your data recovery center.

Ways of keeping cheque books safe

- i. Record all details of cheques issued
- ii. Do not leave your cheque book unattended
- iii. Always keep your cheque book in a safe area
- iv. When you receive your cheque book, please make sure you count the pages/number of cheques remaining

Conclusion

This learning outcome covers; what is a cheque, process of receiving customer requests, verification of customer details and identification of a cheque validity.

Further Reading



1. Banking theory law and practice author Rajesh
2. Management control systems: text and cases by selchar books. Google.

8.3.10.3 Self-Assessment



Written Assessment

1. Who is primarily liable on a cheque?
 - a) Drawer
 - b) Paying banker
 - c) Collection banker
 - d) Everybody who touches the cheque
 - e) None
2. The effect of a crossing cheque is?
 - a) The payee can obtain payment only through account
 - b) The payee is compelled to open an account
 - c) The payee will have to endorse the cheque to a bank
 - d) None
 - e) All
3. A cheque crossed as payee's account only is directed to?
 - a) Bearer account
 - b) Payee
 - c) Drawer

4. Which one of the following is not a type of cheques?
 - a) Self cheque
 - b) Bakers cheque
 - c) Cheque book
 - d) Bearer cheque
5. Which one of the following is not a method of customer verification?
 - a) Knowledge based
 - b) Two factor method
 - c) Database methods
 - d) All of the above
6. Cheque archiving is the process by which cheques are written and signed.
 - a) True
 - b) False
 - c) Not sure
7. Out of the following, identify customer details used to verify bank details.
 - a) Contact
 - b) Sex
 - c) ID
 - d) All of the above
8. Suggest the purpose of a cheque.
9. Categorize three types of cheques.
10. What do you understand by the term dishonored cheque?
11. Highlight and discuss five essentials of a cheque.

Oral Assessment

1. What is a cheque?
2. What does self cheque mean?

Case Study Assessment

On 25th august 2014, a cheque dated 01. 09. 2014 for 500,000 ksh is presented and paid, reducing the balance in the account to 200,000 ksh. Two days later a cheque dated 23. 08. 2014 for 600, 000ksh is presented but returned for a reason “funds insufficient discuss the legal position of the bankers in this case.

8.3.10.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones

8.3.10.5 References



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easytvvet.com

8.3.11 Learning Outcome No 10: Facilitate cheque withdrawal

8.3.11.1 Learning Activities

Learning Outcome No 10: Facilitate cheque withdrawal	
 Learning Activities	Special Instructions
10.1 Receive customer request as per banking policy 10.2 Verify <i>Customer details</i> as per banking policy 10.3 Confirm customer balance as per standard operating procedures 10.4 Retrieve cash from till as per banking policy 10.5 Count cash as per banking policy 10.6 Confirm cash by customer as per banking policy 10.7 Sign cash withdrawal duplicate slip by customer as per banking policy 10.8 Store copy of cash withdrawal duplicate slip as per banking policy	Discussion Oral test Presentation

8.3.11.2 Information Sheet No8/LO10: Facilitate cheque withdrawal



Introduction

This learning outcome covers; cheque, validation of customer details and determination of cheque validity. It also covers how customer requests are received, methods, how customer details are verified, how to confirm the customer balance, how cash is retrieved, methods of retrieving cash, main function of cash office, importance of confirming cash, cash withdrawal duplicate slip, importance of cash withdrawal duplicate and measures taken to prevent signature fraud.

Definition of key terms

Customer request: This involves a customer demanding something from the seller, for example he/she may ask for some information.

Cheque: This is a written document that consists of sum stated from the drawers account cheque also is a document that orders a bank to pay certain sum of money to person in whose name the cheque has been issued.

Cash: This refers to coins and notes which are legalized by a legal tender and they are used in a country.

Policy: These are rules developed by the company to govern the management of the various activities in an organization.

Verification: It means truth that is providing information that is correct and fair.

Content/Procedures/Methods/Illustrations

10.1 Customer request is received as per banking policy

Banking policy: These are rules and regulations relating to customer requests, that is, how the customers apply his/her queries, who receives them, and when should the customer place his/her request. Banking policies are normally written down in a piece of paper whereby the customer is given to read and understand them.

Importance of customer request

- The bank managers are able to understand what the customer needs and the solution is being provided immediately
- Customer request enable faster provision of services, the bank managers are able to provide services at a quicker way since the customer's problems are well analysed

When receiving customer request certain features have to be followed as illustrated below;

- i. A customer request should be honest, this means that the person in charge of dealing with customer, should act honestly and whenever a phone call is made, you should take it and listen to the feedback from the customer and the language used should be simple and polite and by doing this, you will impress the customer.
- ii. Customer request should be received and then the response should be sent to the customer because in some calls the seller does not give out the response and the customer usually feels unimportant, such that he/she can go away and change into another bank for same product thus in order to maintain him/her a proper tone should be used by the right people who are employed to take this positions.
- iii. The last feature of receiving a customer detail is that a customer should be provided with an alternative solution to the problem; since the customer request is as a result of your commodity being unable to fulfill certain need. This is inability to drive the customer to contact you to say what they think is wrong. So you should be able to provide a solution to any problem arises.

The following are methods of how customer request are received

- **Use of emails address**

Customer may send an email to the bank complaining about something pertaining the service being offered, the emails are easy to use and fast, so whenever the email is being sent, a person reviewing bank's email should be able to see and respond immediately by use of the email, because sometime you may find that the email are deleted without even being read or gone through.

- **Use of telephone calls**

A customer may make a direct call to the bank and request whatever information he/she wants. Phone calls are better since the feedback is obtained immediately. Telephone calls are the best due to speed and cheap as well as immediate response.

- **Use of live chat**

Social media platform such as twitter, Facebook or WhatsApp whereby a customer may chat directly with the person in charge in the bank via online platform, the communication may be informal since most of the visitor in the website are able to see what all is about.

10.2 Customer details is verified as per banking policy

Customer details are all information relating to customers as per the rules and regulations of the bank for example customer details include: full names of the customer, age of customer, amount of money withdraw, signature of the customer and date when the amount was withdrawn. Customer details verification should not take more than 5 minutes, for example when a customer wants to process bank transfer request, customers order details should automatically be verified in a very short transaction time of a few seconds after he/ she submit his/ her payment. In order to enhance the verification process to be faster the following ways may be followed as illustrated;

- i. All the details concerning the customer should be computerized such that whenever the customer requires some verification, it is easy and faster this will enable the company to serve the customer in a better way.
- ii. When customer verification is done manually the persons responsible should be quick enough and counter check what is required and leave what is not required by the bank policy. Skilled personnel should be hired in order to enhance competence in service provider on areas of customer verification, care should be taken because some people responsible for verifying customer normally take the customer information or even using customer information to benefit themselves thus the management should adapt the information technology system to verify the customer.

Customer verification can be done in the following ways

- On site checking identity card
- A customers' identity card can be checked and the information on the identity should portray the customers, there is an electronic identity card given to customer by the business, this method involves independently verifying customers' identity through the comparison of information provided by the customer with information obtained from a consumer reporting agency.
- Contacting customer, checking references with other banks in order to verify the customer these methods seems to be slow.

Importance of verifying customer details customer

- **The bank is able to prevent fraudsters:** In the process of verifying the customer details, the bank is able to know real customer and then the customer cannot withdraw cheque by mistake of another identity

- **Prevention of wastages:** The bank is able to prevent wastages due to failure of recognizing its customers by verifying customer details; the real service is being given to the real customer thus no wastages of resources
- **Verification of customer details enhances high quality services:** Through the verification of customer details, the banker's management are able to provide services to customer quickly since customers are served according to their problems after the management have gone through their details.

10.3 Customer balance is confirmed as per standard operating procedures

A customer may make a positive confirmation. Positive confirmation request asks that a customer sign and mail the form back to bank either attesting to the fact that the figure owed is not correct.

The methods below can be used to confirm the customer balance

- i. A customer may use the business websites thus claiming some delayed balances from the organization. An email can be made immediately the customer wants to claim any amount or even to confirm that the amount received is correct.
- ii. The customer may use the receipt invoice to confirm the balance since the receipt invoices contain some details of the balance in words and in figures the customer is able to confirm the balance and if the balance is not precise then he/she can go back with the receipt and negotiate with the seller what is not happening.
- iii. A customer may make a direct call to the seller for example he/she is given more change than what was required after examining the value of the good in the receipt invoice, he/she can make a call. A call is faster and immediate feedback is obtained compared to the use of emails, mobile phones enable the customer to negotiate with the seller and conclude the issue immediately, emails usually causes delays because the seller might be offline or he/she may not give the response immediately. It is important for the customer to confirm the balance since this enhances transparency and accountability and the organization is able to correct its areas of weakness when dealing with customers thus avoiding loss between the two parties.

10.4 Cash is retrieved from till as per banking policy

The bank has offered different methods of retrieving cash whereby the customer may use any method he/she may feel appropriate to him/her. These methods are illustrated below:

- **Use of mobile phones**

The bank have set guidelines concerning the retrieving cash some services such as M-pesa provides a link whereby customer can withdraw the cash by use of phone, the procedure is simple since the customer requires only to have a bank account and a Safaricom registered line.

- **Use of ATM cards**

Banks have issued out rules of ATM card for example ATM cards services is 24/7 and a customer can retrieve cash anytime. ATM cards are obtained from the bank and they are not compulsory, the customer can operate his/her account without the ATM card and since the service offered 24/7 the banks have provided a security to the ATM gadgets.

- **Direct contact with the bank**

A customer may visit the bank to retrieve the cash, in the bank tellers are always in the bank during the working hours and the customer may ask any question concerning cash that is the balance left in the account after withdrawal hence the bank provides a receipt invoice so that the customer can reconcile his/her account with amount withdrawn and the amount balance left in the account. It is the responsibility of the management to top up the till with cash in order to enhance continuous retrieval of cash by the customer, most of the banks have person whom are trusted with such kind of work.

Importance of retrieving cash from the till

- Cash retrieved from the till is the actual amount thus enhancing better services to the customer and more attraction of customer
- Retrieving cash from the till is faster and quickly since the method used to retrieve the cash are faster for example use of phone to retrieve cash
- It is cheap to retrieve cash from the till, customer incurs low cost when retrieving cash

10.5 Cash is counted as per banking policy

The bank have a cash office that ensures that the cash management and loan approval procedures are adequate, functional and are as per the standard regulating the money as provided by the central bank.

The main function of the cash office include;

Counting and recording of both incoming and outgoing cash in order to ensure how much money has been deposited into the bank account and how much money has been credited. Also in the book we have tellers whom they count cash manually. When the customers are retrieving cash in the bank, the teller normally count the cash several times by confirming the amount.

The customer also counts the cash to confirm that the amounts given are correct as per invoice receipts. In the bank we have a money counting machine the notes are arranged in an orderly manner and then inserted into the machine. The machine is so accurate such that it cannot count the money which is fake and the teller sometime may count the cash manually to confirm that the amount is correct thus avoid loss.

Benefit of counting the cash include

- Counting of the cash helps to settle a conflict between bank teller and management due to mistrust.
- Counting of cash increases customer confidence because whenever he customer count the cash and realizes that the amount is correct he/she will have a confidence with bank.
- Counting of cash increases the teller and customer relation since each party has come into the conclusion that the process of exchanging the cash have been terminated properly.

In the bank only assigned personnel can count the cash not all person counts the cash.

Process of counting cash

Cash is counted by two methods:

- **Use of manual:** The teller counts the cash one note at a time and noting down out the actual figure
- **Use of machine:** The teller usually arranges the cash that is note and then he/she puts the notes in a machine and then the machine counts all the notes. The machine is more accurate compared to manual method.

10.6 Cash is confirmed by customer as per banking policy.

In the bank the cash is always confirmed by the customer in order to raise any issue; however when the customer withdraws the cash, immediately he/she is issued with a receipt invoice. The receipt invoice consist of the following information as illustrated below:

- **Date:** This is the current date when the cash was being withdrawn.
- **Time:** This is also the current time when the cash was being withdrawn.
- **Bank balances:** The balances include what is being left in customers account and also the amount of bank charges are shown.
- **Amount of cash withdrawn:** Exact amount of cash retrieved is clearly shown on the receipt invoice.

Importance of customer confirming cash in the book is as follows;

- The customer is able to verify his/her account by knowing how much money was left in the account this helps in minimizing loses that may occur due to the teller mistakes.
- By confirming the cash, the customer increases his confidence and thus increasing companies' public image and the bank can increase the number of customers.
- Confirming the cash help to identify the error that might occur unexpectedly since the customer can raise the issue and the matter can be settled at convenience way because of information technology failure due to information overload then the errors might be countered.

- Confirming of cash enhances the accuracy, when the customer confirms that the cash amount is correct then accuracy is enhanced.

The customers have different ways of confirming the cash that is for instance a customer may use, direct call emails, receipt invoices, letters and even he/she can confirm direct face to face in the bank.

10.7 Cash withdrawal duplicate slip is signed by customer as per banking policy

Cash withdrawal duplicate slip is a piece of paper used in bank to withdraw cash from the account. The withdrawal slip consist of the following information:

- Amount withdrawn in words and figures exact amount is shown on the slip to ensure customer is satisfied.
- Name of the customers, details of the customer signifies the ownership of the account whereby only the owner of the account can withdraw the cash.
- It also consists the customers signature, the customer insert his/her signature whereby the signature resembles the same as previously.

The importance of providing the signatures in the bank usually help prevent fraud, the signatures are secured and confidential. A customer should use a signature that is not easy to forge or imitate. Some measures may be taken to prevent signature fraud, as demonstrated below:

- i. A customer should not write signature slowly; the fraudster may easily practice what you have done and write the same sign.
- ii. A customer should try to bring complexity in his/her signature, the customer should try to include long strokes in the signature because sometime withdrawal slip might be misplaced or theft.
- iii. A customer should have more than one signature. A customer should have one legal signature and rest signatures for other purposes, fake signature will confuse the fraudster.
- iv. Lastly the customer should avoid unnecessary upload of signature on internet also even misplacing the duplicate document since the victims can use withdrawal slip signature to use it in an unnecessary manner.

Benefit of signing cash withdrawal, duplicate slip

- Signing cash withdrawal duplicate slip helps to minimize the fraud, the management checks the customers details before signing the slip and this will minimize the slip
- Signing cash withdrawal duplicate slip helps to authenticate a writing or provide notice of its source and to bind individual signing the writing by the provisions contained in the withdrawal duplicate

10.8 Copy of cash withdrawal duplicate slip is stored as per banking policy

Copy of cash withdrawal slip is the document that contain information same as the one contained in the original document, the duplicate slip contains stamp and details of the customer. Withdrawal duplicate slip is usually given out by the bank. The following are the importance of withdrawal duplicate slip;

- Duplicate shows the actual information as per the original, the bank withdrawal document consist of the very same information as that of the customer
- Cash withdrawal duplicate slip can be used by the bank to settle the conflict which may arise between the customer and the bank because the customer might claim a compensation which is not indicated in the actual documents.
- The duplicate slip are important since the details of the customer like signature and stamp are contained in that item, so that to ensure the customer is satisfied a duplicate is issued.
- Withdrawal slip duplicate is important since it can be used in the future to confirm certain things such as balance and dates which was certain events took place.

The bank can store the withdrawal duplicate slip for future reference since the customer might claim non-existence information thus suing the company. The duplicates can be stored for a period of time, this duplicates are stored in a safe place such as in a file and being checked regularly by the person in charge in the bank. The bank duplicate can be stored for a time which is required as per the internal regulation rules. The bank usually ensures custody of the withdrawal duplicate, this is done to ensure privacy of the customer's information.

Conclusion

This learning outcome covered; cheque, validation of customer details, determination of a cheque validity, importance of counting the cash, how the cash is retrieved, and determination of a cheque validity, customer request and duplication of the cash withdrawal slip.

Further Reading



1. Read on how to sign documents.

8.3.11.3 Self-Assessment



Written Assessment

1. The following are methods of how customer request are received except?
 - a) Use of emails
 - b) Use of telephone calls
 - c) Use of live chat
 - d) Sending vulgar messages to the firm
2. Which one of the following does not signify the methods used to confirm customer balance?
 - a) Use cheque
 - b) Use of receipt invoices
 - c) Direct calls
 - d) E-mails
3. Do you think a customer can use a mobile phone to retrieve cash from the till?
 - a) None of below
 - b) Yes or no
 - c) No
 - d) Yes
4. Which of the following is not the benefit of cash counting?
 - a) Cash counting increases customer confidence.
 - b) Cash counting decreases bank managers cash
 - c) Cash counting increases public image of the bank.
 - d) Cash counting increases the relationship between the customers and employees of the bank.
5. Bank policy usually help to run the management of the bank and it outlines the procedures to be followed internally by the bank, identify which party designs those rules and procedures.
 - a) Customers
 - b) Board of governors
 - c) Government agency
 - d) Employees
6. Cheques are sometimes dishonored by the bank, which one of the information is not correct?
 - a) Cheques are dishonored because of differing amount in figures and in words.
 - b) Differing in signature make a cheque to be dishonored
 - c) Cheques are dishonored when the date elapses.
 - d) Cheques are dishonored when they have large amount of cash.

7. Customer request can be made by use of email, the following are disadvantages of emails except?
 - a) Junk mails
 - b) Sometimes emails are un-responded
 - c) It is expensive to install computers and desktops
 - d) Emails enhances speed
8. What do you understand by the term customer request?
9. Discuss method of withdrawing cash in bank
10. Cash is confirmed by customer in many ways, elaborate that statement.
11. Analyse validation of customer's details.
12. Discuss the following terms;
 - a) Cheque
 - b) Banking

Oral Assessment

1. What is a request?
2. What is a policy?

Practical Assessment

Identify one of the banks in Kenya, make a visit to determine the content of a cheque and validation of customer details.

8.3.11.4 Tools, Equipment, Supplies and Materials

- Writing materials
- Projector
- Computer
- Flip chart/white board
- Furniture
- Phones

8.3.11.5 References



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