

CSB — Customer Service in Banks

Complete Book | Table of Contents | 33 chapters + 10 sections

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**CH-1****Banking Products and the Customer Promise****Topic 1 — Banking as a Service****Proposition**

- **Two parts** — A banking product combines a **financial arrangement** with a **promise of service**.
- **Savings account** — It is not merely a balance in a computer.
- **Customer expects** — Access to funds, accurate records, clear charges and help when something goes wrong.
- **Loan** — It combines funds with an application process, repayment arrangements and continuing communication.
- **Product quality** — It includes both the financial features and the **experience of using them**.
- **Hidden failure** — A technically correct transaction may still cause dissatisfaction if the customer had to visit repeatedly to obtain it.

Remember this

- Product quality = **financial features + experience of using them**.

Topic 2 — Liability Products

Deposits are **liabilities** from the bank's perspective because the bank **owes money to depositors**.

Deposit product	Main use
Savings account	Personal saving and routine payments
Current account	Generally supports frequent business transactions
Term deposit	Holds funds for an agreed period
Recurring deposit	Supports regular contributions

- **Variation** — Features differ across products and institutions.
- **Explain before acceptance** — Access conditions, interest arrangements, charges and **premature withdrawal terms**.
- **Two views** — A customer's own deposit is an **asset for the customer**, though it is a liability on the bank's balance sheet.

Remember this

- Deposit = **customer's asset** and **bank's liability**.

Topic 3 — Asset Products

- **Bank's view** — Loans and advances are **assets** because borrowers owe the bank principal and applicable interest.
- **Examples** — Housing loans, education loans, vehicle loans, working capital finance and overdrafts.
- **Starting point** — The service task begins with understanding the **purpose and repayment capacity**.
- **Affordability** — A low advertised instalment does not by itself establish affordability.
- **What matters** — Tenure, fees and rate changes all affect affordability.
- **Security** — It reduces some lender risk but does **not replace** assessment of repayment ability.
- **Suitability** — A credit product should match the customer's **cash flows**, not merely the maximum amount available.

Remember this

- Loan = **bank's asset**. Security never replaces assessment of **repayment ability**.

Topic 4 — Payment and Transaction Services

- **Scope** — Banks help customers transfer money, receive collections and manage payments.
- **Linked services** — These may accompany deposit and credit products.
- **Customer must understand** — Beneficiary details, transaction limit, expected processing stage and the available complaint route.
- **Accepted is not received** — A payment instruction being accepted differs from the beneficiary receiving funds.
- **Status states** — Staff should distinguish **pending, successful, failed and reversed** states using reliable records.
- **Duplicate risk** — Where a transaction is uncertain, repeated submission may create duplicate payments.
- **Good service** — Communicate the status and give a **reference number** for follow-up.

Remember this

- Uncertain status → **check records first**; repeating the payment may create a **duplicate**.

Topic 5 — Third-Party Products

- **Distribution** — A bank may distribute products supplied by another organisation, such as **insurance or mutual funds**.
- **Not a deposit** — Distribution does not turn an investment into a bank deposit.

What staff must explain

- **Issuer** — Who issues the product.
- **Risk** — Who bears the investment or insurance risk.
- **Cost** — The applicable charges.
- **Service** — The service responsibilities of each organisation.
- **Nature of benefit** — The difference between a **protection benefit** and an **investment return**.

When cross-selling becomes harmful

- **False compulsion** — The customer is led to believe an optional product is compulsory without a valid basis.
- **Concealment** — Material exclusions and exit costs are hidden.

Remember this

- Sold at a branch ≠ bank deposit. Always disclose the **issuer** and **who bears the risk**.

Topic 6 — Unique Characteristics of Banking Products

Characteristic	What it means in banking
Intangible	Customers cannot physically inspect a future complaint response or loan decision before purchase.
Produced and consumed together	Production and consumption often occur together during a service interaction.
Variable quality	Quality can vary across employees, channels and time.
Cannot be stored	Unused capacity, such as an available appointment slot, cannot simply be stored for tomorrow.
Continuing and sensitive	Banking involves continuing relationships, confidential information and financial consequences.

- **Trust evidence** — These features make evidence of trust important.
- **Making it visible** — Clear documents, reliable systems, competent staff and consistent explanations help customers assess an otherwise invisible service.



Topic 7 — Matching Needs and Explaining Trade-Offs

Steps in a suitable recommendation

- 1. **Ask first** — Begin with the customer's purpose, time horizon, likely withdrawals and tolerance for uncertainty.
- 2. **Explain both sides** — Present benefits and limitations together.
- 3. **No hiding** — Do not use a single feature, such as a higher return, to hide restrictions.
- 4. **Confirm understanding** — Ask the customer to describe the main terms in their own words.
- 5. **Record** — Record the agreed product and the necessary consent.

Example: An **emergency reserve** needs ready access, while money meant for a **known future expense** may support a different choice.

Remember this

- A completed sales form is **not proof** that the product was understood or met the customer's needs.

Topic 8 — Managing the Complete Product Journey

- Journey stages** — Service continues through onboarding, first use, routine maintenance, changes and exit.
- Weak points** — Delayed activation, incorrect personal details and unclear renewal instructions.
- Design each step** — Define ownership, give realistic time estimates and identify how exceptions will be handled.
- Two measures** — Measure both **speed and accuracy**.
- False efficiency** — Opening accounts quickly but creating frequent correction requests is not efficient service.
- Complaint review** — Review complaints by product and process stage.
- Patterns** — They can reveal a confusing form or a product rule that repeatedly causes avoidable customer effort.

Remember this

- Service ends only after **exit**, not at the sale. Measure **speed + accuracy**.

Topic 9 — Reading the Product Terms as a Customer

A useful product comparison separates **price, access, risk and service**.

Element	What it covers
Price	Interest and applicable charges
Access	Withdrawal or transaction conditions
Risk	Uncertainty and possible loss
Service	How the customer obtains help

- Like with like** — Do not casually compare a quoted annual return with an amount over a different period.
- Conditions** — Ask whether a benefit is conditional and whether a charge applies only after a threshold.
- Early exit** — Explain the consequence of ending the arrangement early.

Changing perspective during revision

Product	For the customer	For the bank
Deposit	Asset	Liability
Bank loan	Liability	Asset

- Beyond labels** — Identify what each party expects to receive and what each must do.
- Scenario use** — This helps when a product is described by its practical features rather than named directly.

- Avoid confusion** — It separates a bank's own product from a third-party product distributed through the bank.

Topic 10 — Resolved Case: The Emergency Reserve

- Situation** — Meena has money for possible hospital expenses and asks for the highest available return.
- First instinct** — The employee initially considers a long-term product.
- Better approach** — After asking about access needs, the employee explains the **trade-off between return and liquidity**.
- Options** — Suitable deposit choices are discussed under the bank's available terms.
- Outcome** — Meena keeps the urgently needed amount accessible and places only the rest in a suitable term arrangement.
- Lesson** — Discover the purpose before recommending the product.
- Key point** — A higher headline return cannot compensate for poor access when the money is needed.

Topic 11 — Resolved Case: The Misleading Investment Description

- Complaint** — An investment sold at a branch has fallen in value.
- Belief** — The customer thought every product bought inside the branch was a deposit.
- Manager's action** — Checks the sales record, listens to the explanation given and arranges appropriate grievance review.
- Explanation** — The customer learns the issuer, market risk and available options, with **no promise to recover the loss**.
- Process fix** — The branch changes its sales discussion so deposit and third-party products are visibly distinguished.
- Training check** — Staff understanding is tested through **role-play**, not just another circulated instruction.

CSB | Module A | CH-1 | MCQs

Q1. A fixed deposit represents what to the accepting bank? [Ref: Topic 2, p. 2]

- (a) An equity investment (b) A service fee
(c) A customer loan (d) A liability

Q2. Which question should normally come first in product selection? [Ref: Topic 7, p. 3]

- (a) What is the customer trying to achieve?
(b) Which target is unfinished?
(c) Which form is shortest?
(d) Which product pays the highest commission?

Q3. A housing loan is ordinarily which item for the lending bank? [Ref: Topic 3, p. 2]

- (a) An insurance claim (b) A deposit liability
(c) An asset (d) A contingent advertisement

Q4. What is the main danger in describing a mutual fund as a deposit? [Ref: Topic 5, p. 2]

- (a) It reduces paperwork (b) It makes the account digital
(c) It conceals the nature of risk (d) It shortens the discussion risk

Q5. Which feature best describes an emergency reserve? [Ref: Topic 7, p. 3]

- (a) Ready access matters (b) Access is unimportant
(c) Return alone decides (d) Longest tenure always wins



Q6. A payment is shown as pending. What is the best response? [Ref: Topic 4, p. 2]

- (a) Call it successful
- (b) Immediately repeat it three times
- (c) Check status before advising another payment
- (d) Delete the reference

Q7. Which measure exposes poor onboarding quality? [Ref: Topic 8, p. 3]

- (a) Number of posters
- (b) Size of the branch
- (c) Correction requests after opening
- (d) Number of visitors only

Q8. Why do clear documents matter for an intangible service? [Ref: Topic 6, p. 2]

- (a) They provide evidence of the service promise
- (b) They remove all risk
- (c) They guarantee profits
- (d) They replace all staff

Q9. What should accompany a statement of product benefits? [Ref: Topic 7, p. 3]

- (a) An unrelated offer
- (b) Material restrictions and costs
- (c) Only a slogan
- (d) A compulsory upgrade

Q10. When does product service end? [Ref: Topic 8, p. 3]

- (a) Immediately after sale
- (b) Only after the full relationship and exit duties are handled
- (c) At the first advertisement
- (d) After collecting a signature

Answer key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	d	3	c	5	a	7	c	9	b
2	a	4	c	6	c	8	a	10	b

CH-2

Designing and Delivering Banking Services

Topic 1 — Design Starts with the Customer's Task

- **Core question** — Service design asks what the customer needs to accomplish.
- **Bank's role** — Make that task **clear, reliable and accessible**.
- **Real outcome** — Account opening should aim at a **usable account**, not merely a completed application.
- **Map the steps** — Trace the journey from first enquiry to successful first use.
- **Note the details** — What information is requested, who reviews it and where delays arise.
- **Compliant but hard** — A process can comply with requirements and still be unnecessarily difficult.
- **Aim** — Remove avoidable effort while preserving necessary controls and informed customer choice.

Remember this

- Design for the **outcome** (a usable account), not the **form**.

Topic 2 — Understand the Whole Journey

- **Customer journey** — The experience across different touch points.
- **Loan example** — Online enquiry, branch visit, document submission, verification, decision and disbursement.

- **One bank** — The customer sees one bank even when several departments are involved.
- **Coordination signal** — Repeatedly asking for information already held signals poor coordination.

Tool	What it shows
Customer journey	The visible experience across touch points
Service blueprint	The internal activities supporting that visible journey; it identifies dependencies, handovers and failure points

Remember this

- Assign an **owner** to unresolved cases so the customer is not the messenger between departments.

Topic 3 — KYC as a Service Responsibility

- **Purpose** — Know Your Customer procedures support identification, verification and understanding of a customer relationship.
- **Protection** — They help prevent money laundering and misuse of financial services.
- **Applicable rules** — Staff must follow the instructions for their institution and customer category.
- **Good service** — Explain the reason for a requirement and the acceptable route to satisfy it.
- **No waivers** — Good service does **not** mean waiving mandatory checks.
- **No extra demands** — Do not demand extra documents out of habit when an approved process lets the customer proceed without them.

Remember this

- KYC: **keep the control, explain it**. Neither waive mandatory checks nor add habitual extra demands.

Topic 4 — Documentation and Clear Instructions

- **Checklist** — Give a complete, understandable document checklist for the relevant transaction.
- **Mandatory vs conditional** — Distinguish the two and explain why additional information may be needed.
- **Prompt checking** — Check submissions promptly and communicate deficiencies **together** where possible.
- **Avoid fragmentation** — Piecemeal requests cause repeated visits.
- **Originals** — Handle them carefully and return them according to the process.
- **Copies and images** — Protect them from unauthorised access.
- **Counter discipline** — Never leave a document with personal information visible at a common counter.
- **Accuracy** — Correct name, address and operating instructions prevent later service problems.

Remember this

- Communicate all deficiencies **in one go** to avoid repeat visits.

Topic 5 — Processing, Timelines and Exceptions

Processing stages (do not confuse them)

- **1. Receive** — The request enters the process.
- **2. Check** — The submission is examined.
- **3. Approve** — The request is authorised.
- **4. Complete** — The requested service is delivered.
- **Received ≠ approved** — An application received is not necessarily approved.