ISQ Examination – Summer-2013
Business Communication for Financial Services – Stage-I

Q. Write a promotional letter to a client informing him about a new credit card service that your bank is launching. Use a proper format with appropriate tone for persuading the client to use this new service.

Q. Write the following sentences in active voice:

A. The report was written by the Operation Manager.
B. The cheque was returned by the officer in clearing with the reason "Post dated".
C. The proposal was turned down by the Head Office for no apparent reason.
D. The budget was approved by the board.
E. Your estimates will be checked by the Finance department.

Q. The following letter is old fashioned and can be considered curt by the customer. Make necessary changes to the underlined phrases in the letter so that it follows modern business letter writing practices.

Dear Customer:

In **pursuant to our policies** and in accordance with relevant clauses stated in the Account Opening Form, **we hereby wish to intimate** that we have observed zero balance in your above mentioned account for a long period of time.

As per **regulations that govern the bank's modus operandi**, we are required to close and furnish the account details of consumers who **do not succeed to preserve the required balance in their accounts.**

We have enclosed herein a copy of the Regulations for **your perusal** and we hope that the requirements will be met at your earliest. **In the event that you are unable to visit** our bank to complete the necessary procedures within in the stipulated period of thirty days, we will have no other option but **be compelled to proceed** with the closure of your account without any **further notice on the basis of pertinent clauses affirmed in the bank's policy** as well as in the terms and conditions of account maintenance with this esteemed bank.

Thanking you in anticipation and assuring you of our best customer service at all times.

Sincerely,

ABC Bank

Q. Read the following text and answer the questions IN YOUR OWN WORDS

Companies' pricing decisions depend on one or more of three basic factors: production and distribution costs, the level of demand, and the prices (or probable prices) of current and potential competitors. Companies also consider their overall objectives and their consequent profit or sales targets, such as seeking maximum revenue or maximum market share, etc. Pricing strategy must also consider market positioning: quality products generally require 'prestige pricing' and will probably not sell if their price is thought to be too low.

Obviously, firms with excess production capacity, a large inventory, or a falling market share, tend to cut prices. Firms experiencing cost inflation or those in urgent need of cash, tend to raise prices. A company faced with demand that exceeds its possibility to supply is also likely to raise its prices.

When sales respond directly to price variations, demand is said to be elastic. If sales remain stable after a change in price, demand is inelastic. Although it is an elementary law of economics that the lower the price, the greater the sales, there are numerous exceptions. For example, price cuts can have unpredictable psychological effects: buyers may believe that the product is faulty or of lower quality or will soon be replaced, or that the firm is going bankrupt, etc. Similarly, price rises convince some customers that the product must be of high quality or will soon become very hard to get hold of and so on.

A psychological effect that many retailers count on is that a potential customer looking at a price of Rs.699/- will register the Rs.600/- price range rather than the Rs.700/-. This technique is known as 'odd pricing'. Obviously most customers consider elements other than price when buying something: the total cost of a product can include operating and servicing costs and so on. Since price is only one element of the marketing mix, a company can respond to a competitor's price cut by modifying other elements: improving its products, services, communications, etc. Reciprocal price cuts may only lead to a price war, good for customers but disastrous for producers who merely end up losing money.

Whatever pricing strategies a marketing department selects, a product's selling price generally represents its total cost (unit cost plus overheads) plus profit or 'risk reward'. Overheads are the various expenses of operating a plant that cannot be charged to any one product, process or department and which have to be added to the prime cost or direct cost which covers material and labor. Cost accountants have to decide how to allocate or assign fixed and variable costs to individual products, processes and departments.

Micro economists argue that in a fully competitive industry, price equals marginal cost equals minimum average cost equals breakeven point (including a competitive return on capital) and that a company's maximum-profit equilibrium is where extra costs are balanced by extra revenue; in other w where the marginal cost curve intersects the marginal revenue curve. reality, many companies have little idea what their optimal price or production volume is, while most micro- economists are happier with their models than actually talking to production managers, marketers or cost accountants.

A. What are the THREE basic factors to consider while making pricing decisions?

B. What is the psychological effect of odd-pricing?

C. What is meant by overhead costs?

D. Can price-cuts have psychological effects?

E. What is the difference between elastic and inelastic demand?

Q. Workplace gossip or office grapevine is an inevitable part of organizational life and as per researchers, 70% of all organizational communication occurs at the grapevine level.

A. Explain any two ways to respond to workplace gossip.

B. List any two disadvantages or downsides of workplace gossip.

Q. Write positive sentences of the following negatives without changing the meanings:

A. We cannot open your account today as you have not provided us the required documents.

B. The delivery of the ATM card cannot be made today. The earliest we can deliver is on Thursday.

C. As per company’s policy, the goods you purchased cannot be returned after 3 weeks of purchase.

D. Customers cannot smoke or use their cellular phones to make calls while inside the bank premises.

E. Do not park your vehicle in front of the entry gates as we will not be responsible if your vehicle is towed away.

Q. A. Listed below are FIVE observations that were made during a tr[...] workshop.

		(Answer)
i.	While the presentation was being made, Ahmed was busy on his cell phone and Syed seemed lost in his thoughts.	
ii.	Ayesha thought that the speaker's accent was funny.	
iii.	Azeem thought that the presentation was useful uptil the point the speaker presented the yearly figures and financial ratios. He didn't care much about the explanation.	
iv.	Salman's feedback was that the presentation did not follow a pattern.	
v.	Saima was most vocal amongst all the participants. She spent nearly half of the time arguing with the speaker.	

Match these observations to the following listening challenges:

A. Listening to facts only.
B. Have a preconceived notion of the flow of presentation.
C. Letting emotion laden words throw you off focus.
D. Faking attention.
E. Criticizing the speaker's delivery.
F. Disagreeing with the speaker's message.
G. Evading difficult material.
H. Being Distracted.

Q. B. In each of the scenarios mentioned above, suggest ways to improve the listening ability.

Q. Ali and Hammad are working for the Product Management Department at Rahi Bank. The bank is in the process of launching a new deposit account for its customers and Ali and Hammad are currently planning and finalizing the matter to be written on the promotional materials. Following is the conversation that takes place between them:

Ali: "The rate of return on the deposit account is bound to fluctuate keeping in mind the variability of the portfolios where they are being invested. However, I think this is a common notion and we should not put this in writing. I don't see any need to create a fuss over something which may or may not take place".

Hammad: “Sure! As it is, the matter that we have designed is clear, co and correct. Giving additional information will just confuse the customer. can always tell them about the fluctuating rate of return when it occurs. As they say, “I’ll cross the bridge when I come to it.”

A. Who are the parties who can potentially be affected in this scenario?

B. Are Ali and Hammad justified in their reasoning? Give reasons in support of your answer.

C. Are there any ethical implications in the scenario above that one must consider? If yes, as Ali’s supervisor, please state how, you would deal with the matter.

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