

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Business
Advanced Level

EFFECTIVE BUSINESS COMMUNICATIONS

5172/01

Core Module

May 2005

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper
Graph Paper

READ THESE INSTRUCTIONS FIRST

The time allocated for this examination includes 15 minutes reading time.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
You may use a soft pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Attempt **all** tasks.

Start each task on a new piece of paper.

Please leave a margin on the right and left hand side of each new page.

At the end of the examination, fasten all your work securely together, in the correct order.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **4** printed pages.



You must read the case study below and attempt all the tasks which follow.

Electronic Chip Credit Cards

In partnership with its retail colleagues, the banking industry has in the past year moved a step closer to minimising fraud. Fraud is a problem faced by the retail industries, with losses over the past year rising by more than 30 per cent to \$350million¹. This rise is due to high levels of organised credit card crime, as well as the increased usage of these credit cards.

The old type of credit cards used to have a magnetic strip which contained personal information. However, new credit cards have been developed with an electronic chip and 20 million of these credit cards have already been introduced. The electronic chip, which helps to ensure that the credit card is not a counterfeit, holds information so securely that it is not possible to copy or alter the data contained in it but allows for the reliable identification of the cardholder. 5

People buying goods and services with the old type of credit card used to hand it over to the retailer who would then 'swipe' it through a machine. The customer would sign the credit slip at the point of purchase. These new electronic chip credit cards require the cardholder to use a personal identification number (PIN) instead of a signature. This will mean that there will be less fraud. 10

Working together, banks and retailers will need to upgrade or replace over 100 million debit and credit cards, 750 000 point-of-sale terminals and 35 000 cash machines. 15

Banks and retailers will need to help their 40 million customers to use PIN numbers, rather than signatures, and guide them through the transition process. The magnetic strip will remain on cards in parallel with electronic chips for a number of years to ensure that cards with the old and the new technologies can be used around the world.

Ahmed is a Customer Relations manager within one of the largest banks. He has been asked to manage the communication process for informing customers about this new type of credit card. Also, Ahmed has local responsibility to train the bank's staff in understanding this type of new credit card. 20

¹ The dollar referred to in this case study is the US dollar [US\$]

You must attempt ALL of the following tasks.

- 1 Ahmed is worried that new bank staff will not understand the new electronic chip credit card and its benefits.
- (a) Explain the role of internal communications within the bank, and the potential consequences of poor internal communication when introducing the new system. [6]
- (b) When training the new staff in customer communications, explain **two** methods of two-way communication which Ahmed could use. [8]
- (c) You notice that a number of staff seem to have problems in understanding the message about the advantages of the new credit card. Explain **each** of the following and give **one** example for each.
- (i) Non-verbal communication
- (ii) Metacommunications
- (iii) Paralanguage [6]
- [Total: 20]
- 2 Ahmed has been asked to help improve external communications with customers who have the old type of credit card.
- (a) Write a letter to the current customers who have the old type of credit card, explaining the new electronic credit card and its benefits. You should try to encourage customers to request the new type of card. You can 'create' any information to help. [14]
- (b) Explain **three** disadvantages of using electronic methods of communication to convey this information to customers. [6]
- [Total: 20]
- 3 Ahmed notices that the internal bank staff do not seem to be working effectively as a group.
- (a) Identify and briefly explain **four** sources of staff conflict which could be the reasons for this. [8]
- (b) Ahmed decides to interview some junior staff to identify the reasons for low staff morale. Explain each of the following types of questions which Ahmed could use within these staff interviews. Give an example for each type of question.
- (i) Closed question [3]
- (ii) Leading question [3]
- (iii) Open question [3]
- (iv) Hypothetical question [3]
- [Total: 20]

4 Explain the purpose of each of the different types of business interviews which Ahmed may undertake with his staff.

- (a) Performance appraisal review
- (b) Induction
- (c) Termination of employment
- (d) Discipline
- (e) Counselling

[5 x 4]
[Total: 20]

5 Ahmed knows that he needs to track the number of customer requests for further information about the new credit cards, and then record these.

- (a) Explain one **advantage** and one **disadvantage** of the following types of graphical forms of communication which Ahmed could use to present this data.
 - (i) Pie chart
 - (ii) Line graph
 - (iii) Bar chart
 - (iv) Table

[4 x 2]

(b) Ahmed is aiming to design a brochure about the new credit cards. Explain how Information Technology can help in this process. [6]

(c) A press release will be written about the new credit cards. Explain the characteristics of a press release. [6]

[Total: 20]