

90845R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Level 2 Business Studies, 2012

**90845 Apply business knowledge to a critical problem(s)
in a given large business context**

2.00 pm Friday 30 November 2012
Credits: Four

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Business Studies 90845.

Check that this booklet has pages 2–3 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

RESOURCE A: CASE STUDY – VIRTUAL BANKING

Commerce Bank is New Zealand's first virtual bank. It opened in 2009 and now employs over 100 people, including banking and lending specialists, and administrative and technical support staff. The CEO is Ms Lynn Bennett, who is experienced in this type of banking.

Commerce Bank has no physical branches. All banking services are conducted online or via mobile phone technology, and are available 24 / 7. The bank operates in real time, which minimises delays for its customers (refer to Resource B).

With the increased use and advanced technology of smartphones, mobile commerce is the preferred method of banking for many people in the 21st century. However, a choice of only three mobile phone networks, and issues around their reliability, have created some problems. Certain areas in New Zealand do not have coverage. A recent customer survey showed that 20% of customers are not satisfied with the service. The team at *Commerce Bank* has investigated this and found that the bank's server is not able to cope during peak user times. Another cause of the dissatisfaction is that during off-peak times there are still delays due to software problems, because the bank has not invested in upgrading its software during the recession.

In addition, Ms Bennett had to deal with one of her managers, Mr Roy Davis, who was charged and prosecuted for fraud and dishonesty. Mr Davis had access to customers' personal information and their account details. He used his knowledge and the trust placed in him by both customers and the bank's management team to transfer \$300 000 from a customer's bank account to an overseas bank account in his partner's name. The bank's investigation into this matter revealed that the bank did not have a code of conduct for its employees. It also highlighted problems around the following of correct practices and procedures in some of its daily operations. Several employees did not let customers know promptly when there were unexpected withdrawals from, or deposits into, their account. Mr Davis was found guilty. He was forced to resign and ordered to reimburse the bank. The judge commented that Mr Davis's actions resulted in a loss of reputation for *Commerce Bank* and had a negative impact on staff morale and customer satisfaction.

Both the fraud investigation and its outcome have created some dissatisfaction amongst key personnel at *Commerce Bank*. Three experienced senior managers, who had established excellent customer service at the bank, have left in the last six months and taken up positions with other banks. Important customers who have dealt with those managers for their banking needs have left *Commerce Bank* to follow their preferred bank manager. When Ms Bennett questioned the managers about their reason for leaving, she was told that the other banks were more reputable and offered better salaries and conditions.

Ms Bennett has reflected on this and is researching not only the introduction of a code of conduct (refer to Resource C) for the bank's employees, but also a more attractive salary and benefits package for key personnel.

RESOURCE B: THE *COMMERCE BANK* FACEBOOK ADVERTISEMENT

Commerce Bank
www.commercebank.co.nz

Home Loan
5.75%
Fixed for 3 years

Commerce Bank is part of the ASA Group, an AAA rated British cooperative founded in 1920. It is one of New Zealand's leading banks, servicing customers for over two years, 24/7.

We offer savings and cheque accounts, credit cards, term deposits, foreign exchange, lending and insurance services.

We are located at: 12 Quay St, Wellington 6000.

Contact us on 0800 123 456 or visit us at:
www.commercebank.co.nz

RESOURCE C: EXTRACT FROM THE CODE OF CONDUCT DOCUMENT FOR ANOTHER FINANCIAL INSTITUTION**6.3.1 Fraud, theft, and other dishonest practices**

Information technology has created many new ways to commit fraud. At the same time, online ways of doing business have created new ethical dilemmas. The bank provides the following resources to help you:

- ethics and fraud checklists, policies, and procedures
- articles on current fraudulent practices
- best practice tools to combat fraud
- resources to improve ethical standards in all areas.

