

CHUKA UNIVERSITY

DEPARTMENT OF BUSINESS ADMINISTRATION

- BPLM 401
- CUSTOMER CARE & PUBLIC RELATIONS
- BACHELOR OF COMMERCE
- Y4S1
- 0755-994142
- CHUKA/MAIN CAMPUS—10 STUDENTS
- **ODEL**

INSTRUCTIONS

- SECTION A-QUESTION ONE (1)- IS COMPULSORY
- SECTION B-ANSWER ANY OTHER TWO QUESTIONS

QUESTION ONE (1)- IS COMPULSORY (30 MARKS)

KCB to spend Sh6bn in buying Rwandan, Tanzanian banks

KCB Group will spend a total of Sh6 billion to acquire two banks in Rwanda and Tanzania from London-listed Atlas Mara limited.

The Nairobi Securities Exchange-listed firm had earlier estimated it would acquire a 62 percent stake in Banque Populaire du Rwanda Plc (BPR) and a 100 percent ownership in African Banking Corporation Tanzania Limited at a cost of \$40 million (Sh4.2 billion).

The amount has increased after KCB sought to make a full buyout of the Rwandan bank by making an offer to its minority shareholders who hold a combined 38 percent stake.

“The group has made an offer to the remaining shareholders of BPR for the acquisition of the remaining stock at the same terms as Atlas Mara's to raise its ownership to 100 percent,” KCB says in its latest annual report.

“Once approved, the aggregate completion consideration that would be payable by KCB for acquisition of the combined assets is estimated at current values and exchange rates to be \$56.9 million (Sh6 billion).”

Atlas Mara is selling its African banks to KCB and other lenders to raise funds to pay its creditors, some of whom have launched liquidation proceedings against the multinational that was the brainchild of former Barclays Plc's chief executive Bob Diamond.

KCB says the acquisitions reflect its strategy of expanding its operations in the regional market. Big banks led by KCB, Equity, I&M and DTB have been deepening and expanding their presence in the region in pursuit of growth and diversification.

I&M completed the acquisition of a 90 percent stake in Uganda's Orient Bank Limited last month in a deal in which it spent Sh3.6 billion.

Uptake of financial services in the neighbouring countries are lower than Kenya, signaling future growth opportunities.

The ability to offer seamless services to clients across multiple markets is also seen as advantage in attracting and retaining multinationals.

KCB currently has banking units in Kenya, Tanzania, Uganda, South Sudan, Rwanda and Burundi. The units being acquired from Atlas Mara in Rwanda and Tanzania will be merged with KCB's existing operations in those markets.

"It is our intention to integrate these new acquisitions into the group over the next 12 months," KCB said. The bank says it is at an advanced stage in obtaining the approvals necessary to conclude the transactions, part of which will be approval from its shareholders at the May 27 annual general meeting.

Despite increased investment in regional expansion, Kenyan banking multinationals still derive the bulk of their earnings from the local market.

KCB's Kenyan operations, for instance, raked in a net profit of Sh17.5 billion or 89.3 percent of the total Sh19.6 billion in the year ended December.

The amounts to be spent in the deals with Atlas Mara, together with recapitalisation of National Bank of Kenya, are what prompted KCB to cut its dividend payout in the year ended December to Sh1 per share. The lender's dividend payouts previously stood at Sh3.5 per share.

REQUIRED.

A.) What would be your Public Relations approach for introducing K.C.B products into foreign market? **(10 Marks).**

B.) You have been assigned to advise K.C.B. The Bank management wants to open more new branches in Tanzania and Rwanda. What Customer care advice do you have for the Bank? **(10 Marks).**

C.) More new Branches are being opened up in neighboring countries. Discuss all the customer issues regarding the opening of this new locations. **(10 Marks).**

SECTION B-ANSWER ANY OTHER TWO QUESTIONS

QUESTION TWO

A.) Explain the Social exchange theory in Public relations by Kenyan firms. **(10 Marks)**.

B.) Discuss the objectives of a customer care loyalty program in a fast moving consumer goods company in Kenya. **(10 Marks)**.

QUESTION TWO

A.) Explain the Negativity theory in customer care field. **(10 Marks)**.

B.) Discuss the features of Public relations in Kenya's firms. **(10 Marks)**.

QUESTION TWO

A.) As a customer care manager at K.C.B, advise management on Successful customer Service Recovery strategies the Bank may adopt. **(10 Marks)**.

B.)As a Public relations manager, prepare a presentation to management on why the company needs to invest in Public relations. **(10 Marks)**.