

CONTENTS

Preface xiii

Introduction 1

01 Business customers 3

Learning objectives 3

Introduction 3

Types of business customers 4

Small and medium enterprises (SMEs) 4

Segmentation 6

Sector specialists 7

Sole traders 11

Partnerships 12

Limited companies (corporate personality) 15

Private limited companies (Ltd Company) and public limited
companies (PLCs) 17

Limited liability partnerships (LLPs) 24

Published accounts 25

Filing accounts 26

Reporting regimes 26

Appointment of auditors 29

The contents of accounts 29

Other non-personal accounts 31

Executors and administrators 33

Trusts 33

Chapter summary 35

Objective check 35

Further reading 35

References 36

Appendix 1.1 36

Appendix 1.2 36

02	Products and services	37
	Learning objectives	37
	Introduction	37
	Bank accounts	38
	Savings and investments accounts	39
	Premium banking	40
	Private banking	40
	Personal overdrafts	41
	Personal loans	43
	Credit, debit and charge cards	44
	House purchase loans	44
	Bridging loans	48
	Probate loans	48
	Further advances	49
	Second mortgages	49
	Business lending products	49
	Business overdrafts	50
	Sales (receivables) financing	53
	Loan accounts	55
	Secured and unsecured loans	55
	Second mortgages	55
	Asset finance (hire purchase and leasing)	58
	International trade finance	60
	Bills of lading	62
	Bill discounting/acceptance credits	62
	Forfaiting	63
	Guarantees/avalization	63
	Standby letters of credit	63
	Bonds, indemnities and guarantees	64
	Foreign exchange risks	67
	The spot market	69
	Forward currency contracts	69
	Forward currency options	70
	Currency swaps	70
	Interest rate management	71
	Fixed rate loans	71
	Caps, collars and floors	71
	Forward rate agreements	72
	Interest rate futures	72

Interest rate swaps 72
Product suitability 73
Digitalization 74
Chapter summary 76
Objective check 77
Further reading 77

03 Reputational risk and ethics 79

Learning objectives 79
Introduction 79
The global financial crisis 80
Mis-selling 83
Market abuse 86
RBS's Global Restructuring Group (GRG) 87
Corporate governance 88
UK Corporate Governance Code (2016) 90
Ethical behaviour 96
Sustainability of financial services 99
Corporate social responsibility (CSR) 99
Product governance 101
Rebuilding trust and reputation 103
An industry response 103
The Chartered Banker Code of Professional Conduct 104
Doing the right thing and making the right decisions: questions
to ask yourself 104
Raising concerns 105
Chapter summary 109
Objective check 110
Further reading 110
References 111
Appendix 3.1 112

04 The changing nature of banking 113

Learning objectives 113
Introduction 113
Customer data and information 114
Big data 115
Challenger banks 117
FinTechs 118

Open banking	118
Alternative finance and the government bank referral scheme	119
Customer expectations	120
Omnichannel experience	120
Digital channels	121
New designed branches	122
Social media and banking	123
Cyber-security	123
Customer relationship management (CRM) systems	124
Sharing information	127
Relationship management digital tools	127
Chapter summary	129
Objective check	130
Further reading	130
References	130
Appendix 4.1	130

05 The changing nature of regulation and legislation 133

Learning objectives	133
Introduction	134
Regulation	134
Senior Managers and Certification Regime (SMCR)	139
Independent Commission on Banking (ICB)	142
Financial Services (Banking Reform) Act 2013	143
Payment Services Regulator (PSR)	143
The Second Payment Services Directive (PSD2)	144
EU Payment Accounts Directive (PAD)	144
Current Account Switch Service (CASS)	145
Financial Ombudsman Service (FOS)	145
Financial Services Compensation Scheme (FSCS)	146
European Banking Authority (EBA)	146
Basel Committee on Banking Supervision (BCBS)	146
Banking Conduct Regime	148
Banking Conduct of Business Sourcebook (BCOBS)	149
Mortgages and Home Finance Conduct of Business Sourcebook (MCOBS)	150
Consumer Credit Sourcebook (CONC)	150
Fair treatment of customers	151
Lending Standards Board (LSB)	151

Standards of Lending Practice (SLP) 152
Legislation 154
Anti-money laundering 154
Bribery Act 2010 156
Data protection 157
Open banking, GDPR and CASS 160
Consumer protection 161
Markets in Financial Instruments Directive II (MiFID II) 162
Small Business, Enterprise and Employment Act 2015
(SBEEA) 162
Bank levy 163
Chapter summary 164
Objective check 164
Further reading 164
References 165
Appendix 5.1 166

06 The role of the relationship manager 167

Learning objectives 167
Introduction 167
Salesperson versus relationship manager 168
Retail customers 169
Business customers 180
Competences, skills and knowledge 188
Teamwork 196
The role of teams 196
360-degree peer review 198
Chapter summary 202
Objective check 202
Further reading 202
References 203

07 Tools and techniques to help relationship managers 205

Learning objectives 205
Introduction 205
PESTEL 206
Porter's five forces 209
Competitive advantage 213
The strategic environment matrix 216

Product portfolio matrix	219
Ansoff's growth matrix	221
Assessing management capabilities	223
The decision-making unit (DMU)	228
SWOT analysis	229
Chapter summary	233
Objective check	233
Further reading	233
References	233
Appendix 7.1	234
Appendix 7.2	234
Appendix 7.3	236
Appendix 7.4	236
Appendix 7.5	237

08 Customer service and portfolio planning 239

Learning objectives	239
Introduction	239
Customer service	240
Service quality	241
Service quality gaps	243
Customer satisfaction	244
Customer data and key account planning	252
Portfolio planning	255
Developing a contact programme	257
The consultative mindset	258
The trusted financial professional	263
Chartered Banker Institute's Code of Professional Conduct	265
Chapter summary	266
Objective check	266
Further reading	266
References	267

09 Relationship strategies: customer retention, development and acquisition 269

Learning objectives	269
Introduction	270
Selling	270
Customer retention, development and acquisition	271
Chapter summary	288

Objective check 289
Further reading 289
References 289
Appendix 9.1 290
Appendix 9.2 290

10 Case study: gaining new business 293

Learning objectives 293
Introduction 293
Background 294
Meeting 1 297
Meeting 2 304
Meeting 3 304
Meeting 4 305
Meeting 5 307
Meeting 6 308
Chapter summary 310
Objective check 311
Appendix 10.1 312
Appendix 10.2 316
Appendix 10.3 341
Appendix 10.4 353
Activity answer 10.1 356
Activity answer 10.2 358
Activity answer 10.3 359
Activity answer 10.4 360
Activity answer 10.5 361
Activity answer 10.6 363
Activity answer 10.7 364
Activity answer 10.8 365
Activity answer 10.9 366

Glossary 369

Index 373