

Marketing of the Banking Services

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Abstract

Banks deliver services, which aims at satisfying the needs and wants of consumers and a Profit Organization must recognize not only the desires of the would-be consumer; but his budget should also be taken into consideration without sacrificing the organisation's profit-making motive. A successful marketing firm must not only retain her large consumers but should make efforts to increase its size in the face of fierce competition.

This study examines the marketing of bank services in banks and issues faced by them. It also aims at identifying the various marketing principles which are applied, and which actually enhances consumers value and consumers satisfaction.

Data for the study were obtained from primary and secondary sources. The study concluded that applying various marketing concepts enhanced consumer's satisfaction and helped the banks to give a strong competition in the Industry.

Keywords: *Consumer satisfaction, Profit Making Motive , Marketing Principles.*

Introduction

The banking services sector has undergone significant changes in the last years. Banks are now required to cope with stiff competition in business and also the complex regulatory norms regarding capital adequacy and provisioning. Banks are forced to adopt various marketing techniques and approaches. Thus, marketing has become imperative for all banks including those in the public sector. New banking perceptiveness oriented towards market have influenced banks to create new market. Banks have started to perform marketing and planning techniques in banking in order to be able to offer their new services efficiently. Today, marketing in the banking industry is characterized by many innovations in products and services, use of advanced technology in product design, up gradation of delivery system, advertising and sales promotion activities, whether in public sector or private sector. There was an absolute shift from sellers into buyers' market, establishing the 'consumer' as the key factor in the market. The dictum "as the bank exists because of its customers, has become more pronounced and relevant in the present context". Thus, marketing constitutes the key strategy for banks to retain good customers and also anticipate their future demands.

Objectives

- 1)To study and identify the role of Marketing in Banking Industry.
- 2)To study how the Marketing Mix places an important role in formulating the Marketing Strategies.
- 3) To discuss about the problems faced in marketing their banking services.
- 4) Measures to overcome the difficulties in implementing the Marketing Strategies.

Methodology

Based on the Primary and Secondary data from Reference Books, Magazines, Periodicals, Research Articles, Research Journals, Websites etc.

Bank Marketing

Bank marketing is called to develop a distinctive brand image which is considered the capital-reputation of the financial institution. It is a process, consisting of identifying the most profitable markets now and in future; assessing the present and the future needs of the customers; setting business development goals and making plans to meet them; and managing various services and promoting them to achieve the plans – all in the context of a changing environment in the market.

Purpose of Marketing Bank Services

A combination of developments arising from technological advancements and a liberalised marketplace - disintermediation, blurring of traditional roles and boundaries, emphasis on shareholder value-creation - has led to a transformation of the banking sector which ultimately has given rise to marketing of the services. Change in demographic structure, Intense competition in financial service sector and Bank's wish for increasing profit are some of the major reasons why marketing is done of the banking services.

Role of Marketing in Banking Industry

Marketing has lately entered the banking industry not in the form of marketing concept, but in the forms of advertising and promotion concept. It has been realised that marketing transcends advertising and friendliness. Earlier, it was recognised that personal selling was not necessary. The bankers even eliminated the word 'selling' and they called the function of customer-contact 'business development function'. But gradually they have begun to realise that marketing is a lot more than smiling and friendly tellers. Customers relationship, commitment and loyalty ensure a successful customer service and banks will keep their strong customer-centric orientation image to the customers, which will help banks in further development. Customer satisfaction represents a modern approach for quality in enterprises and organisations and serves the development of a truly customer-focused management and culture. Also, In case of the banking industry, customer retention plays the critical role in customer service. Customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment. The key factors influencing customers' satisfaction and ensuring customer retention of a bank include the range of services, rates, fees and prices charged. It is apparent that superior service alone is not sufficient to satisfy customers. Prices are essential, if not more important than service and relationship quality.

Launching new schemes with advertisements attracts new depositors. However, what ultimately sustains the process of generation of new deposits and continues the acceleration of deposit mobilisation is the quality of customer service as perceived by clients. Banks' performance in different banking services like withdrawal of cash, collection of cheques, quality and adequacy of infrastructural facilities available to customers, attitudes of bank employees towards customers, promptness, and general attitude have to be analysed and evaluated before strategy formulation. There is a need for professionalism and market-oriented banking in our country. Market-oriented banking will require a new culture: a disciplined, professional, and committed manpower; employees trained for specialised services; specialised branches; strong marketing organisation in different banks; aggressive selling; meeting new customers' expectations; and cost effective and efficient services for gaining customer satisfaction and loyalty. Banks should remember that, it is so tough to make a customer enter a bank, but it is a fraction of second for a customer to move from one bank to another. Competition is increasing at a regular basis and customers are enjoying it. The more the competition, the better the services banks needs to provide for business retention.

Marketing Mix in Banking Sector

Service

Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

Price

Banks should be very careful in determining their prices and price policies. Because mistakes in pricing cause customers' shift toward the rivals offering likewise services. Traditionally, banks use three methods called "cost-plus", "transaction volume base" and "challenging leader" in pricing of their services.

Promotion

One of the most important element of marketing mix of services is promotion which is consist of personal selling, advertising, public relations, and selling promotional tools.

Personal Selling

Due to the characteristics of banking services, personal selling is the way that most banks prefer in expanding selling and use of them.

Advertising

Advertising media and channels that banks prefer are newspaper, magazine, radio, direct posting and outdoor ads and TV commercials. In the selection of media, target market should be determined and the media that reach this target easily and cheaply must be preferred.

Selling Promotional Tools

Another element of the promotion mixes of banks is improvement of selling. Mostly used selling improvement tools are layout at selling point, rewarding personnel, seminaries, special gifts, premiums, contests.

Problems Faced in Bank Marketing

1. Low Quality Service

The Quality of services provided by the financial institutions are of very low quality these days. Some patronise these financial institutions just because there are no readily available alternatives around. Lack of prompt services is the talk of the day. Once the quality of services is below standard or taste of the customer , he tends to withdraw from such institution.

2. Inadequate Promotional Activities

Promotional Activities like advertisement are still lacking. People have not been enlightened enough on packages available from these financial institutions. Confidence has not been restored in the case of those that have lost confidence in the financial sector. Most of the time, information to promote their activities thereof making it difficult for the impact of their promotional activities to be felt by the population.

3. Inadequate Channel of service

This is one of the major weakness of the marketing strategy . The places where these services are obtainable have not been adequate and they tend to make the banks ineffective and inefficient Branch offices providing these services are not equitably distributed and as such needy individuals cannot receive bank service promptly. These are those who are interested in patronizing these financial institutions but cannot do so owing to lack of accessible branch net work.

4. Unappealing Prices

Users of the services of the banks usually consider the prices charged by these institutions for their services not appealing. Also depositors consider the interest paid on deposits very low and unattractive when compared to the earning yield in other sectors of the economy. The inadequate pricing tend to discourage people from patronizing the bank and in turn it leads to reduced sales volume on the part of the banks.

Measures to overcome Marketing Difficulties

Marketing difficulties can be eliminated by performing Promotional Activities , introducing sales bonanza, increasing social responsibility,giving out effective advertisements and many more measures as discussed below:

1. Customer Orientation

The banks should focus on their customers while designing their marketing strategies . Customer needs change and a banks ability to meet those needs must change.

2. Long Term Profitability

Without customers, Bank would have no revenue. Marketing is directed at protecting and expanding the stream of revenue. It does so by keeping existing customers, broadening their banking relationships by cross selling services and attracting new customers.

3. Branch Network

Extensive branch network of banks constitutes an effective retail outlet for their services. The branches should be adequately distributed to serve the populace for whom they are meant.

4. Automation

The operators of these financial institutions should be automated. Payment system, fund transfer system, documentation services and so on, should be handled with the use of computers.

5. Correspondent banking

In situations where it is not possible to establish branches, correspondent banking relationship should be used by banks to boost effective and speedy services for their customers.

6. Time Stipulation

Time required for the delivery of each service should be specified and defined to avoid spending too much time on one particular job. The time required for each service should be ensured so as to effect implementation.

Conclusion

The achievements in communication techniques and e-trade gave rise to many results for marketing practices and perceptions. But, one of them is especially important that occurred in banking sector in marketing. Today, marketing services are of great emphasis on both customer and bank. It is submitted that the banking system is on the threshold of a momentous era of change and continuity in growth and development, of individual customer needs and corporate practices, technology and competitions. The role of marketing in the banking industry continues to change. The now focus is on the individual customer meeting and even anticipating his or needs and developing trusting, long-term relationships by delivering high quality personalized service. Marketing both as a philosophy and an activity; is expected to contribute immensely to the realization of goals both immediate and future. All though all the elements of the marketing concept – customer satisfaction, profit integrated framework and social responsibility must receive the greatest emphasis in the years ahead.

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