



## Marketing excellence in banking services – A study of selected banks

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### Abstract

Banks provide services that are intended to fulfill the requirements and desires of customers. A profit-making organization must acknowledge not only the wishes of the potential customer, but also take into account his budget without compromising the organization's goal of turning a profit. In the face of intense competition, a successful marketing agency should strive to grow in addition to retaining its huge clientele. This study focuses at the problems banks face and how they sell their services. It also seeks to uncover the different marketing tenets that are put into practice and that genuinely raise customer satisfaction and value. Both primary and secondary sources provided data for the research project. According to the study's findings, using a variety of marketing strategies improved customer satisfaction and gave banks a competitive edge in the market. It is clear that the extension of institutional Finance is being shifted from the primary sector to the secondary and tertiary sector right from the first five years plan to recent tenth plan. In this study is to evaluate the banking finance as an important source for agricultural development in India.

**Keywords:** Consumer satisfaction, profit making motive, marketing principles

### Introduction

The banking services sector has witnessed substantial changes in recent years. Banks face increased competition and rigorous regulatory requirements for capital adequacy and provisioning. Banks are required to use a variety of marketing strategies and approaches. Marketing has become crucial for all banks, particularly those in the public sector. New market-oriented banking practices have led banks to establish new markets. Banks use marketing and planning approaches to effectively offer new services. Marketing in the banking industry include innovative products and services, enhanced technology, improved delivery systems, advertising, and sales promotion, both in the public and private sectors. The market has shifted from selling to buying, with consumers being the primary factor. The expression, "as the bank exists because of its customers, has become more pronounced and relevant in the present context". Marketing is a critical technique for banks to retain clients and anticipate future demands.

In 1969 the national Institute of Bank Management, Poona organized a workshop at Madras on customer services. The objective of the workshop was to find the ways of improving services offered to customers and to solve technical difficulties and innovate new methods, so that customer could have more efficient services. The financial services, including banking services are the fastest growing sectors now. The recent boom on the stock market was led by banking sector, followed by other services; banking is a service industry, the banking services are concerned with the acceptance of such resources in profitable advances and investments.

### Concept of the Study

Generally marketing refers to all activities connected with sales and distribution. Marketing in banking has some uniqueness to marketing in other industries. Banks deal with money a sensitive commodity and deliver the services are involved in selling its products because service is the product of the banking industry. So, bank marketing can be

defined as "both the creation and delivery of consume satisfying products goods or services a profit to the bank". Marketing approach in banking sector had taken significance after 1950 in western countries and then after 1980 in Turkey. New banking perceptiveness oriented towards market had influenced banks to create new market. Banks had started to perform marketing and planning in banking in order to be able to offer their new services efficiently.

### Components of Bank Marketing

A marketing approach to banking includes the following components determining in a rational informed and strategic manner the base identifying the current and future needs of desired customer.

### The Elements of Bank Marketing

Though bank marketing approach touches every area, the specific areas that require marketing approach are indicated below.

1. Identification & determination of the customer's financial requirements.
2. Target marketing
3. Programmes to meet the needs of target customer.
4. Determining the price.
5. Deciding procedure of the service.
6. Guide lines for optimizing the results of bank marketing.

For optimizing the results of marketing efforts within the bank, specific guidelines are required. These guidelines will be particular interest to top executives in a bank facing the challenge of a marketing program that does not quite seem to produce for results. The following are the Guidelines:

1. Basic marketing function with in the marketing organization.
2. Top management support.
3. Imperative upon both banks.
4. Product orientation.

5. Learning curve of the chief marketing executives.
6. Relationship of marketing to other bank divisions.

### Scope of the Study

Though the study aims at examine marketing of Banks financial services and Non-Banking financial companies. An In depth analysis is restricted to certain selected issues of marketing mix decisions and services with regard to priority- sector.

### Objectives of the Study

1. To present an overview of commercial banks in India and profile of selected commercial banks in terms & performance.
2. To study the aspects relating to rate of Interest charges and commission of bank schemes and services.
3. To identify the problems involved in marketing of bank financial services.
4. To suggest measures to improve the marketing of banking services.

### Methodology and Data Base

The study is based on both primary and secondary data.

The main sources of primary data, the data collected through primary sources mainly relate to the experiences and opinions of respondents in respect of various aspects of financial services of SBI.

The secondary data collected from Annual reports of SBI Records, published material from various Departments of banks at Head office, branch level, House journals, bulletins, leaflets, and documents of the banks, Souvenirs and brochures of the banks.

### Review of Literature

Srinivasa Rao, KS and Rama Rao, U. (1998) <sup>[12]</sup> reviewed the PUSHPA System which was proposed on hassle-free Utility Payment System using Technology by Sri WS Saraf, Executive Director, RBI who was the Chairman for the Committee held in 1994 on Technology Issues relating to Payments Systems, Cheque Clearing and Securities system in the Banking industry. The authors have foreseen the possible Technological issues while implementation of PUSHPA System and indicated the measures to be taken up. Chowdari Prasad (2002) <sup>[13]</sup> has studied the impact of Economic Reforms on Indian Banking and suggested how the banking sector will face the changes and challenges.

Antonella De Angeli, *et al* (2004) made a study on understanding of Automated Teller Machines (ATMs) adoption in Mumbai, India. The study combined, as part of their research, field observations and semi-structured interviews of early ATM adopters, bank customers who do not use ATMs, and people who used the ATM for the first time. The results demonstrated the unique role of the cultural context in affecting the users' expectations and behavioral possibilities, thus determining people's response to the machine. It was concluded that an understanding of cultural biases and metaphors. can facilitate technology diffusion and acceptance informing design localization and supporting the development of strategies to motivate and train. the users.

### The Marketing and Service in Banking Sector Service

Recently, banks are in a period that they earn money in servicing beyond selling money. The prestige is get as they offer their services to the masses. Like other services, banking services are also intangible. 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

The price which is an important component of marketing mix is named differently in the base of transaction exchange that it takes place. Banks have to estimate the prices of their services offered. By performing this, they keep their relations with extant customers and take new ones. The prices in banking have names like interest, commission and expenses. Price is the sole element of marketing variables that create earnings, while others cause expenditure. While marketing mix elements other than price affect sales volume, price affect both profit and sales volume directly. 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.

### Distribution

The complexity of banking services are resulted from different kinds of them. The most important feature of banking is the persuasion of customers benefiting from services. Most banks' services are complex in attribute and when this feature joins the intangibility characteristics, offerings take also mental intangibility in addition to physical intangibility. On the other hand, value of service and benefits taken from it mostly depend on knowledge, capability and participation of customers besides features of offerings. This is resulted from the fact that production and consumption have non separable characteristics in those services.

Most authors argue that those features of banking services makes personal interaction between customer and bank obligatory and the direct distribution is the sole alternative. Due to this reason, like preceding applications in recent years, branch offices use traditional method in distribution of banking 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. Personal selling occurs in two ways. First occurs in a way that customer and banker perform interaction face to face at branch office. In this

case, whole personnel, bank employees, chief and office manager, takes part in selling. Second occurs in a way that customer representatives go to customers' place. Customer representatives are specialist in banks' services to be offered and they shape the relationship between bank and customer.

### Advertising

Banks have too many goals which they want to achieve. Those goals are for accomplishing the objectives as follows in a way that banks develop advertising campaigns and use media.

1. Conceive customers to examine all kinds of services that banks offer
2. Increase use of services
3. Create well fit image about banks and services
4. Change customers' attitudes
5. Introduce services of banks
6. Support personal selling
7. Emphasize well service

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.

### Public Relations

Public relations in banking should provide;

1. Establishing most effective communication system
2. Creating sympathy about relationship between bank and customer
3. Giving broadest information about activities of bank.

It is observed that the banks in Turkey perform their own publications, magazine and sponsoring activities.

### Conclusions and Suggestions

#### Conclusions

It was agreed that the banking industry in the future will be judged primarily by the quality of the service it provides to its customers both depositors as well as borrowers. It was concluded that the teller system or an equivalent fast payment system should be introduced immediately leaving the choice to each bank regarding the particular system to be used. It was felt that the vigorous competition between banks would be conducive to a steady liberalization of the conditions as the banks gain more confidence based on experience. Each bank individually and the banking Industries collectively begin negotiations with the employees to arrive at a satisfactory agreement for improving customer services.

It was agreed that the marketing of banking services have been much neglected aspect of banking. Marketing of banking services would help guide to them about how to long term profitable relationship develop with their customer. Today, marketing services are great on both customer and bank. The quality and quantity of banking products increased and a result of this, recent developments in marketing thoughts in services such as internal marketing, network marketing, data base marketing and relationship marketing became more favorable practices

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### Suggestion

Banks should be allowed to open more branches in urban areas in order to avoid congestions in busy locations. Banks should take necessary steps to meaning full approach. An air courier system between four metropolitan cities should be introduced. The banking industry should take immediate steps to improve quality services to the customers. The procedures should be simplified in case of housing loan to avoid delays in loan delivery. The housing loan facility should be extended to all rural areas.

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