



NEED OF MARKETING OF FINANCIAL SERVICES IN BANKING INDUSTRY

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ABSTRACT: Finance and banking are the driving force behind any economy. They are the life blood of exchange, business and industry. At present, banking is the foundation on which any business stands. Advancement of any nation depends on its banking framework. A bank is a financial institution which either accepts deposits or advances loans to people and dispenses other money-related functions. Today, the banking sector is one of the most fundamental and indispensable parts of our existence. In our fast-paced and dynamic way of life today, the progress of people cannot be possible without a strong and developed banking structure. The banking system in India majorly consists of nationalized banks. The organization of the banking sector is more thoroughly connected to the economy than maybe that of some other sector. According to recent assessment, the development of the Indian economy has dialed back. The financial stasis and worldwide improvements have impacted the banking sector's organization in India in FY12, bringing about a moderate business development. It has compelled banks to unite their tasks, re-adjust their concentration and endeavor to fortify their asset reports. The specialist's goal here is to concentrate on the advertising blend and recent trends in the banking sector.

KEYWORDS: Banking Industry, Finance, Business Development, Nationalized Banks.

INTRODUCTION: The idea of money and banking originally developed hundreds of years ago in Egypt and Greece. The establishment of General Bank of India in 1786 signaled the beginnings of the banking framework in India. No banking organization existed prior to this and individuals were helpless before local greedy money lenders. The banking sector developed in the nineteenth century and grew fundamentally in the twentieth century. Post twentieth century, major changes came about in the banking sector and combined with technological improvements, it has given another lease of life to banking in India.

With the constantly growing monetary requirements of individuals, the banking system today has become indispensable for all, from princely individuals to the lowest income groups. In the long run, the market has expanded enormously for banks. For some banks, corporate lending has turned out to be a major

component of their business. New sections of customers like women, students and provincial individuals have also come to avail banking services. Aside from the customary functions of a bank like giving out loans, safekeeping deposits, installment of service bills, bancassurance, and consultancy services have expanded the range and expansiveness of banking.

With the rise of several non-banking monetary organizations, banks face a fierce competition in the market today. Nonetheless, there are other numerous valuable doors which are open for banks to offer creative services to customers and expand their business. Banks need to equip themselves with modern means to survive and flourish in the new market.

THE CONCEPT OF BANKING INDUSTRY:

Banking is an industry which stands upon the foundation of trust. Customers deposit their money with a bank, on the condition that they trust the bank to keep it safe. Likewise, the bank doles out credit to its customers only when it trusts in them. Banks work with customers' money by accepting deposits from them and by giving out credit on revenue. For any bank to become a successful business, it is the 'trust' that is important first of all, not the capital it possesses.

A bank is a financial institution that accepts cash deposits from people and channels the money received into the market by giving out loans. Bank promoting refers to each of the functions which are supposed to take special care of the monetary and other related requirements of the customer, remembering the paramount goal of keeping the customer happy.

MARKET SEGMENTATION IN BANKING INDUSTRY:

Market segmentation for banking companies should be possible in view of various measures. Market needs or the customer base provides major reasons for any segmentation. Earlier, market division was primarily done on the basis of topographical conveyance and socioeconomic order of the customers. However, eventually, it came to be understood that these measures, especially that of geographic division, were not tenable. According to socioeconomic order, customers can be ascertained to be old enough, or divided by their occupation, financial position and so on. For example, for credit eligibility, customers can be divided according to age groups, as kids and youth (for instructive necessities), middle age groups (for lodging and different requirements) and senior age groups (for food needs). In any case, the changing profiles and needs of the customers has made it increasingly difficult to divide the market rigorously on the basis of socioeconomics. For instance, in this day and age, an individual in the age group of 25-30 years can look for lodging credit and a middle-aged individual can decide on retirement. Likewise, the market for personal loans has expanded enormously as the present milieu believes in spending more today than in saving for the future. Additionally, the speculation market has significantly dwindled.

According to recent observation, the reasons for division in banking companies have altered. Be that as it may, it is not a rigid division and can change further with the changing customer profile and people's changing way of life and interests. Based on customer profiles, in the banking industry, the market can be divided into the following categories:

- Retail Banking;
- Commercial Banking;
- Corporate Banking;
- NRI Banking;
- Investment Banking.

Similarly, according to customer needs, the loans market can be divided into the following categories:

- Consumer Finance;
- Trade Finance;
- Corporate Finance;
- Project Finance;
- Venture Capital.

MARKETING MIX:

Product: The products presented by a bank may be either in the center or in the expanded structure. The fundamental or center products presented by a bank are the essential aid contributions given by practically every bank. For instance, a bank might grant reserve funds, bank records or lodging credits to its customers. The expanded products include each of the particular advantages that assist the advertisers with separating their contributions from those of their contenders. These include the valuable services offered by the bank to the customers.

An product blend refers to each one of the products presented to customers by a specific vendor. The product blend of a huge bank might include a great number of services, giving the customers every one of the financial services under one umbrella. Novel and creative products are being proposed to customers to meet their changing demands. Most of the products which are generally offered by today's banks are as under:

- Savings Account, Debit Card;
- Salary Savings Account;
- Current Account;
- Fixed Deposits;
- Recurring Deposits;
- Loans for Two-Wheeler Vehicles, Home Loans, Personal Loans, Home-Equity Loans;
- Overdrafts, Cash Credits, Credit, Virtual, Charge, Smart Cards;
- Payment Services of Utility Bills;
- Advisory & Consultancy Services;
- Depository Services;
- Selling or Cross-Selling of Products Like Bancassurance, Prospectus of Other Institutions;
- Transfer of Money Through Demand Drafts, Checks, Challans;
- Public Limited Companies' Public Issue Services.

To meet customer expectations and satisfy customer needs, these basic products must be additionally enhanced with supplementary services. Some of these services are as follows:

- Net, Phone, Mobile, ATM, Mobile ATM Banking, Home Banking;
- 24-Hour Customer Care Service;
- Anytime & Anywhere Banking;
- Add-On Debit & Credit Cards.

Pricing: Pricing of any product or service is fixed in light of the fact that the cost incurred by the customers decides the interest for the contribution and further incomes and services created thereby. In general, the primary source of income for any bank was the financing cost differential between the premium paid upon speculation and that which is charged on loans. In any case, the situation has changed in modern banking. There are a lot more sources of revenue for banks today. The yearly charges for credit and check cards, fines, commissions for strategically pitching and charges for installment of service bills form part of a bank's revenue sources. However, due to the accessibility of different pricing methodologies like expense-based, rivalry-based and customer-based pricing, many banks base their system of pricing on risk/return settlements.

In any case, responses from customers as well as contenders must be considered thoroughly while bringing about a price change.

Place: The qualities of specific services could represent a bunch of issues for bankers. Earlier, customers had to stand in queues for extended periods of time to cash a check or put aside an installment. On the opposite side, the bank representatives would have a tiring day of work noting customer questions and answering them. Since, generally all banks were shut on Sundays and other public holidays, customers needed their issues dealt with beforehand in the event that there arose some crisis. The fact of perishability of companies likewise increased the burden on both bankers and customers. When it was pay time in the banks, most customers required to withdraw cash and this brought about a chaotic rush in banks. Nevertheless, many changes have come about in the banking area. The introduction of technological developments in the form of electronic channels of dispersion have become a source of strength. Recent developments such as portable banking, ATMs, net banking along with 24-hour customer assistance have empowered the banking sector and brought advertisers to the table. Customers can carry out their financial and non-financial exchanges with greater effectiveness and at a lesser cost. Customers are no longer disabled by factors like rush hour and public holidays. They appreciate the greater adaptability and comfort while profiting from banking services. These technological advancements have also decreased the factor of irregularity in companies, as an ever-increasing number of companies have been automated.

Place refers to making banking companies open and accessible to all customers. The different channels for banking, which includes both traditional and modern distribution channels are as follows:

- Physical channels of distribution or bank branches;
- Telephones and call centers;
- ATMs and ALMs (automatic lending machines);
- Internet banking and home banking;
- Plastic cards (virtual, smart and mini credit and debit cards);
- Virtual branches and automated video banking;
- Mobile offices and mobile ATMs.

Promotion: The banking business has been facing extreme competition since the opening up of the economy and the entry of unfamiliar banks into the Indian market. Indian banks have responded emphatically to such challenges by overhauling their companies and making great advances simultaneously. Banks make use of different time-saving methods, such as individual selling, publicizing, limits, melas and so on and so forth. For example, banks like HDFC and ICICI have customer care executives who get in touch with their

customers either through the telephone or other means in order to spread the knowledge about their new services or products. The SBI has held home advance melas and property fairs all over the country as the credit rates plunged and the market turned out to be in a precarious situation. Banks also team up with organizations from different enterprises to help the organization as well as the customer. For instance, ICICI Bank has united with HPCL to offer a Visa to its customers, who can benefit from a 15 percent rebate on PUC checks, 5% on MRF tires and Exide batteries, 2.5 percent overcharge on fuel is waived for them as well. This furthers the use of the ICICI bank Visa as well as HPCL's deals.

People: Individuals have always been indispensable when it comes to the advertisement of any service. However, the role of individuals has significantly declined in banking companies in light of modern innovations. Yet, practically speaking, their commitment cannot be ignored. For example, the banker provides individual assistance to the customer by convincing him that he can avail credit and use it for any private reasons, like marriage, education, and other purposes. The banker really makes sense of payment through EMIs (simple regularly scheduled payments), the effective expense of the credit and the pace of revenue. As the banker enters into direct communication with the customers, he understands their choices and interests better. He can provide tailor-made services which match the customer's expectations perfectly. For example, if the customer believes that greater EMIs should reimburse a vehicle credit quickly than the EMIs originally set by the bank, the banker can offer him a changed deal which is suited to his needs. Likewise, the banker can identify the objective customer from among his current customer base and discuss a problem with the least time and effort expended, as he most acutely aware of their inclinations by virtue of his intimate relationship with them.

Process: Process plays a decisive role in winning customers and expanding a business. The cycles in a bank decide the productivity of its tasks and the nature of services offered to customers. Each bank has a number of pre-decided processes for each of its exchanges. For example, the time stipulated by a customer to obtain an interest draft has declined from hours to minutes. Increased competition has forced banks to further enhance their work-cycles and subsequently increase their productivity. The different cycles in a bank have been improved by making it quicker and better disposed to handle customers. Data innovation also been a great help to bankers.

Physical Evidence: Along with individuals and customer interaction, physical evidence is also vital for banks to run their companies successfully. The following may present actual proofs to prospective customers of a bank's viability:

- Ambiance, buildings and lawns;
- Air-conditioned branch offices and ATMS;
- Furnished lounge for customers in queue;
- Amenities like newspapers, drinking water etc., for customers;
- Displayed awards and certifications like ISO 9001;
- Displayed achievements, financial results, business milestones;
- Displayed associations with reputed blue-chip companies;
- Cheque books, communication letters, brochures etc.

THE EMERGING TRENDS:

In the recent past, the banking area has seen further changes due to private and unfamiliar banks. The cap on unfamiliar interests in banks has increased from 49% to 74%. The recent changes in the banking sector have prompted Indian banks to be more cutthroat and efficient in order to thrive and flourish in the present market. For example, SBI, Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Central Bank of India and Corporation Bank have been focused on maintaining their position among Asian banks, exploiting the recent changes and the retail blast, as suggested by The Asian Banker (TAB) diary.

Major technical developments have further opened up new channels for advertisers of banking services. At the same time, they also pose certain new difficulties to the advertisers. For instance, Internet banking is yet to pass the test of safety. Banks also face new competitors in the shape of non-banking monetary organizations (NBFCs) and other financial organizations. As banks offer term credits, other financial organizations are also activating deposits, which was the function of banks alone earlier. The banking business has witnessed enormous changes in the past ten years.

- Branding banking services has become imperative in view of the increased competition and little differentiation between services.
- Banks are preparing themselves anew to face the competition from NBFCs and other unconventional sources.

- The banking industry is trying to use technology in the best possible ways, while trying to minimize the risks involved.
- Banks have become more customer friendly and are striving to offer customized services to meet specific customer needs.
- There is a greater focus on high net-worth customers who contribute more to the business revenue.
- Banks have been offering 24-hour services to customers, all through the year, by means of customer care centers and anywhere, anytime banking services.
- As the RBI has made it mandatory for foreign banks to have a capital of Rs. 300 crores if they wish to set up a subsidiary in India, the market is expected to see a rise in mergers and acquisitions.
- As more corporates turn to the equity market to raise funds, banks are in search of new prospects in the retail, agriculture and infrastructure sectors, apart from personal banking.
- There have been some substantial changes in the Indian demographics as the lifestyle of customers have altered with an increased willingness among them to avail credit.
- There has been a total shift in the promotional strategies of companies, as banks team up with companies from other fields to leverage the synergies involved.
- Banking reforms have altered and are expected to undergo further changes, similarly the working of many public sector banks in India will change as they get ready to compete with foreign and private banks, apart from NBFCs.

AN ASSESSMENT:

Thus, we can point out that the bank is a monetary institution which accepts money deposits and loans the money received to its customers. Since banks take care of their customer's finances, banking is a high-contribution company. Therefore, it is very important for banks to win the trust of their customers. In light of the customer profiles, banks classify their market divisions into retail banking, corporate banking, individual banking and so on. Dependent upon customer needs for finance, the market can also be divided into exchange finance, buyer finance, and so on. For the banker to extract the best returns and upgrade his position in the market, the showcasing blend must be perfectly suited to the enterprise. The products offered by a bank might be either in the center or expanded structure. The center products offered by a bank include an investment funds bank account or a lodging credit. The expanded products include companies like web banking, ATMs, 24-hour customer assistance and so forth. These additional companies assist the banker to distinguish his company from those of his rivals.

The spot component of the advertising blend refers to making the bank's companies accessible and open to all its customers. Improvements in the accessibility of companies have changed the traditional ways of banking and made it much more dynamic. Technical developments have developed newer channels like the Internet, which has aided banks enormously in expanding business and attracting new customers. ATMs, credit and check cards add to the ease of customers, bringing about greater efficiency in banking activities. These advancements have aided banks with expertly managing the difficulties of company advertisement. The advancement or correspondence blend in banking refers to shifted systems such as individual selling, publicizing, limits, and exposure and so forth, which are used by present day banks to further their company contributions.

Individuals also play a significant role in the banking business. This is despite the fact that their jobs have been thrown into obscurity by the advent of innovation in the recent past. Process determines the productivity of banking operations and maintains the quality of a bank. Actual proof is given by the foundation and structures in bank workplaces and its different branches. Additionally, the ATMs or different spots of communication, even the nature of books and mailers of customer's structures furnish actual proof of a thriving banking business.

The banking business has suffered significant changes in the last ten years. Changes in the modes of banking and the opening up of the economy to foreign and private banks have impacted the working of the public sector banks enormously. It has made the support of the customers of the banking business indispensable to its growth. Increased rivalry and greater innovation have further enhanced the nature of company offered to the customers and added to an increase in profits for bankers.

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