

MARKETING OF BANKING SERVICE

❖ CONCEPT OF MARKETING OF BANKING SERVICE

The development of marketing in the financial services sector has been slow and for a long time the industry was seen as primarily product led. But the financial service organization operate in a high contact business where the nature of buyer - seller interactions and the establishment of long term relationships based on confidence and trust have real implications for successful retention of customers and recruitment of prospects. And this necessitates a relook at the entire marketing mix especially when it comes to financial services marketing by banks.

An idea as to the seven elements of marketing mix that can be effectively used in bank marketing is as follows-

PRODUCT	PRICE	PLACE	PROMOTION	PEOPLE	PROCESS	PHYSICAL EVIDENCE
Development	Theories	Branch Expansion	Advertising	Selection	Customer Orientation	Essential Evidence
Range Variety	Practices	Network	Publicity	Incentive Systems	System Studies	Peripheral evidence
Innovation	Service Charges	Amalgamation	Communication	Training	Management Audit	
Product Differentiation Product Cost	Costing Exercises	Location	Promotional Mix	Attitude and Behavioural Aspects Creativity	Mechanization	
Product Mix Services of the future		Architecture Layout Overseas office	Evaluation	Morale	New Technology Documentation	

FIG: The 7P's of marketing of banking service

❖ USERS OF BANKING SERVICES

- **General Users** - Persons having an account in the bank and using the banking facilities at the terms and conditions fixed by a bank are known as general users of the banking services. Generally, they are found small sized customers.
- **Industrial Users** - The industrialists, entrepreneurs having an account in bank and using the credit facilities and other services for the establishment and expansion of their business are known as industrial users. Generally, they are found large-sized.
- **Prospects** - The general or industrial prospects do not use the banking services at present but they have the potentials to become a customer if induced or motivated in a right fashion.

❖ CHARACTERISTICS OF MARKETING OF FINANCIAL SERVICES

- **Intangibility** - Basically, financial services are intangible. Financial services are presented to customers in varied forms- current account, savings account, mortgage account, credit cards by banks. Likewise, various insurance policies are offered to suit the diverse needs of customers. All these financial services are intangible which are supported by certain tangibles like pass book, cheque book, policy documents etc. They enhance the image of both the service provider and the customers.
- **Inseparability** - Bank transacts with different types of customers. They may be general users, industrial users and prospects. A prospect has the potential to become a customer if attracted by their service. Customers of banks and insurance companies avail the various financial services by visiting such organizations.
- **Variability** - Financial service transactions can differ among institutions and even with one institution. However, computerization provides a greater degree of standardization. Persons having an account in the bank use the basic banking facilities. The industrialists and entrepreneurs use credit facilities offered by the bank for expansion of their business. Some customers may want transaction to be handled as speedily as possible while others may prefer a carrying approach and a friendly chat.
- **Perishability** - This feature depends on the type of transaction. When a cheque needs to be cleared by a certain date and if the system causes a delay, then the benefits to the consumers are lost, so the service could be said to be regarded perishable. An insurance service becomes perishable when it expires and in the case production and consumption

are not simultaneous with financial service. A person dining in a hotel consumes the services immediately. But a customer signing for saving for a savings plan offered by the bank may expect benefits over a long period.

- **High involvement and long time purchases** - Sometimes, a customer take a long time to plan their purchase. They collect information about the products from a variety of sources including advertisements, advice from colleagues and formal advice from consultant. They will also study carefully competing brands and products. When a customer buys a car or any other major asset, the financial service includes high involvement purchase. The incidence is high and a lay man experiences difficulties in assessing the potentials of the service entailing high involvement purchases.
- **Brand loyalty** - Bank loyalty of customers is observed in banking and insurance transactions. Once a person has opened an account with a bank, he is likely to stay in long term relationship with the bank. Customers use the service of their banks to cater to needs arising out at different points of time. Customers prefer the same bank for saving their surplus as well as for availing loans. Customers will not hesitate to change the service provide if they are dissatisfied. So, the service providers must study the changing needs of their customers and introduce the financial products to retain satisfied customers.