CONCLUSIONS

AND

RECOMMENDATIONS
So far the study was concerned with research methodology, data collection and tabulation, analysis and interpretation of the responses to our queries. In this chapter, the important conclusions drawn from the study are highlighted. As it has already been stated that main objectives of the study were to measure the extent to which marketing is adopted in financial services sector and the scope of marketing in the field of financial services, to know what factors were considered important in client attractions and what sort of communication mix was being used to inform prospective customers about the services, to know whether the 'satisfaction of client' was 'central' goal of financial institutions, to determine if these financial institutions feel change ... change in what respect and their valuable suggestions for improvement. As the present study ‘Marketing of Financial Services’ is basically exploratory in nature, and has made an in-depth analysis with the help of various statistical tools. The collected data has been interpreted and then the following conclusions have been drawn:

1. ✓ A very surprising and unpleasant observation of the study was that most of the respondents were equating marketing with ‘selling’, ‘promotion’ and ‘advertising’; which according to them, they can’t practise at branch levels as RBI guidelines restrict them to use ‘publicity’ and ‘advertising’ only to comply with some obligatory and statutory requirements and not to sell their services. As bank only at corporate level can use ‘publicity’ and ‘advertising’ jointly for all branches; so respondents did not easily accepted that at branch levels they were using or can use marketing as they principally equated marketing to ‘selling’, ‘publicity’ and ‘advertising’ only.
There seems to be a need on the part of bank executives to realise that marketing plays an increasingly more important role in the overall success of their financial institutions. Selling, advertising, promotion, etc. are only some of the elements of marketing and not marketing as such. Marketing is a more comprehensive term which starts with the identification of needs and wants of the clients and ends with their satisfaction.

2. It was observed that there were no separate marketing departments at branch or regional levels. However, both the banks were having separate marketing departments at corporate level. But the functions performed by this department were not so familiar among the bank employees. As most of the respondents (72%) were having moderate level of awareness about the functions of their respective ‘marketing department’ (with t-mean 4.303 and C.W. mean 1.80).

The potential danger in introducing traditional marketing-departments as a means of managing services marketing was tested in a study* of executives of service firms. The result of the study closely indicated that “a separate marketing department may widen the gap between marketing and operations”. In the content of Indian banks, it also seems that introduction of such marketing departments has influenced the banks adversely. Employees at operational level think that their bank have marketing specialists and hence they need not bother about customer related responsibility any longer. That is why they were not performing marketing functions at branch levels as they were of the opinion that only marketing department is concerned with this aspect.

3. A need for de-regulation of these institutions was observed as 72 and 60 per cent respondents, respectively feel that 'government policies and RBI guidelines' and 'internal policies and management' were big constraints in the formulation and implementation of marketing strategies. While 36 respondents blamed lack of trained and qualified staff as a constraint in the formulation and implementation of marketing strategies. On the other hand, relaxation in government and RBI regulations/guidelines was the main suggestion (72%) for making marketing strategies more effective and 66 per cent respondents had suggested for professional development of employees. While 32 per cent (16) respondents had suggested for marketing-research.

- Expansion of market economies and growing inter-dependence of national economies through the worldwide tendency to de-regulate and to reduce structural rigidities to enhance competition; the main among the deregulatory measures should be financial liberalization to create a climate of competition between institutions and markets. So, without exception, each individual working in the bank should be considered 'marketing person', every individual should be considered capable in satisfying customer need and, therefore, should be empowered more or less in making and implementing marketing strategies.

- Banks need not to have separate marketing officers at branches if every individual working in bank is trained in such a way that they start realising themselves responsible for the ultimate satisfaction of customers. Every individual working in the bank should be considered marketing man and should be developed with this theory; then there will be no constraint in the formulation and implementation of marketing strategies. So basic requirement is the development of marketing culture.

- Market-Research should be considered the basic and most important aspect of 'marketing strategy'. Carrying Market-Research means bank is market oriented and which simply means that bank's decisions are
made through the eyes of customers of the bank. If the market research is centered in finding the needs and requirements of customer and searching the most appropriate ways to satisfy them, then automatically marketing is adopted as marketing itself is consumer-oriented philosophy.

4. The highlight of the study was that according to a majority of respondents (66%), banks were partially adopting marketing. As, according to them, banks were adopting only 2 to 3 aspects of marketing out of 5 aspects set up as norms for marketing. While according to 24 per cent respondents banks were adopting 4 to 5 aspects of marketing and on the other hand, 9 per cent of respondents stated that banks were not adopting ‘marketing’ at all. Further, according to respondents, the aspects which were mainly lacking were ‘Market-Research’ and ‘Pricing and promotion’. According to respondents, no market-research was carried out before introducing any service and before making some significant changes in the existing products. Most of the service products were not pre-tested but launched; and if successful then expanded. Thus, first and foremost aspect of ‘marketing’ was lacking in Indian banking sector.

Marketing begins with the information about customer’s needs and requirements and competitor’s plans and strategies, and market research is the process by which a bank attempts to obtain such customer and competitor information. So there is a need to realise on the part of financial services sector that ‘Market-Research’ is a systematic process of collecting, recording, analysing and interpreting of information for the decision making process related to marketing function. Further, pricing and promotion, which are also very important aspects of marketing were also lacking in Indian financial services sector.

5. A very positive sign towards ‘consumer-orientation’ was found in our results as majority of our respondents (64%) said that main reason for introducing new schemes was ‘customer needs and requirements’. Fifty six per cent of total respondents stated that the reason for introducing new
services/schemes was 'business growth'. Even this shows the emergence of 'commercial-approach' in service industry like banking. While 36 per cent and 32 per cent respondents said that competition and government policies respectively insist them to introduce new services.

- Serving a customer is not that much difficult, if the banker takes some more interest in knowing the need of the client. The banking business is becoming increasingly customer-driven and the success will depend upon the provisions of the right product at the right price, any time, any where. So, it is must to understand and study the needs and requirements of customers before introducing new products.

- This 'customer-oriented' approach seems to be theoretically popular among the respondents as they had stated it as the main reason for introducing new schemes. However, informal discussions with bank executives reveals that very rarely this happens to be the reason for introducing new services. Whereas new services/schemes were introduced merely because of the reason that competitors had introduced such services or those schemes seem to be profitable to the institutions. Else of these facts, it was a positive finding that bank employees were having positive attitude towards 'customer-orientation' even though theoretically. This attitude can be exploited for the growth and survival of banks in the long run.

6. When asked about the reasons of getting their services unpopular a majority of respondents (84%) feel that not fixing targets at branch level was the biggest reason for getting their products unpopular. Further, another majority of respondents (76%) feel that no openness of staff in 'implementation' was another big reason for getting their services unpopular. While 66 per cent respondents blamed to 'lack of follow-up action'. Thirty-six percent of our respondents feel that change in requirement of customers and products inability to cope with those requirements makes the
products/services unpopular. This result is proved by the other result of this very much study which shows the views of clients of these banks upon the features of the services. While 42.33 per cent of clients respondents had not given any view, but rest of the respondents feel that schemes/services itself are not so bad, but their implementation lacks which causes for their unpopularity.

It seems that a good marketing scheme with a bad delivery system or a good delivery system of a badly conceive marketing design does not produce the desired results. If any of these two lacks in a service industry, that will surely hit the popularity of the service. So efficiency and effectiveness of final delivery of a good service product is the criteria for the success or failure of that service product.

There seems to be a need of banks to run on commercial lines. Every branch - every region - every zone - should be considered as profit centre and accordingly accountability should be fixed. For this purpose targets of each and every branch should be defined in terms of services/schemes, areas/segments, customers and finally the profits.

A majority of clients (70.67%) of these two financial institutions were found just satisfied after availing the financial services. They said that schemes/services were not so bad but their implementation lacks. By implementation their mean was rigid formalities and bad delivery system. While 15 per cent respondents were strongly satisfied and 10.17 per cent were dis-satisfied and only 4.16 per cent clients were very much dis-satisfied.

This conclusion can help a lot to Banks in image-making and making their clients more satisfied just by deleting some unnecessary formalities and by abolishing lengthy and time consuming procedures.
While in the context of marketing of intangibles, four ‘Ps’ inadequately sum up the concept. In a service industry like banking dealing with intangibles, two more Ps, viz. ‘People’ and ‘Procedures’ become important. Six Ps, thus, become the concern of bank marketing. Successful selling of financial products on an on-going basis presupposes the establishment of a firm relationship with the customers. It involves ensuring a high degree of consistency and quality in terms of both ‘product-creation’ and ‘delivery’. So, good schemes/services with bad delivery system and good delivery system with bad schemes/services would not satisfy and hold customers for long run. So, for making bank customers satisfied bank should emphasis on both ‘good service products’ and ‘good delivery system’.

8. There seems to be a need for proper and adequate publicity and advertising for making product-launch successful. Even the need of involvement of staff either willingly or through some motivation was recognised for the success of product-launch. As 92 per cent of our respondents consider lack of publicity and advertising as a big constraint for the successful launch of new products. Eighty and seventy-six per cent respondents blamed the ‘lack of motivation and incentives to staff’ and ‘lack of involvement of staff’ respectively as constraints in the successful launch of new products. While 72 per cent respondents consider ‘lack of awareness/literacy of customers’ as a constraint in the successful-launch of new products. On the other hand, 82 per cent respondents suggested for staff acceptance/willingness/training for successful product launch. Further, 76 per cent respondents had suggested for better service-distribution/delivery to make product-launch successful. While 54 per cent respondents had suggested for creating consumer awareness, whereas for the successful development of new products, a majority of respondents had suggested for motivation to staff as well as to customers for new ideas. On the other hand, institutions should be receptive to those ideas.
Promotional aspects of marketing are particularly relevant in a service industry like banking where the product, i.e., the service cannot be readily 'seen'. Customers are not interested in bank's 'service-product'. They are interested in the benefits and facilities these services offer. Promotional efforts should, therefore, highlight the 'benefits' those services can offer which seek to inform, educate and actualise the market/clientele sections.

So, it is necessary to first prepare the ground for product launching through customer education and such other efforts. For the success of new product launch, it is necessary that customer should be invited for the 'development' of new products by way of inviting and implementing (if feasible) their ideas and suggestions.

As all the banks are compelled to sell similar products at similar prices from similar location with similar working hours, they have no option in selection of price and place. But the differentiation in product (i.e. service) is possible by the attitudes, responsiveness and skill of the employees. The only way in which one bank can claim to be 'different' from the other is in terms of 'product delivery' or 'customer service'. Now, product delivery involves the personnel of the banks. So, making product-launch successful, it is necessary to motivate and professionally train the bank employees to assist the better delivery system.

9. Appex level management of both the banks claimed a very systematic approach in 'new product development'. Steps followed by both the banks in new product development were — Product Idea Development —> Discussion on Ideas —> Model Schemes —> Test Launch/Adaptability —> Final Launch —> Follow up —> Review. The aspects of new-product-development seems to be very standardised and compatible to the theory of new-product development. But the informal discussions with bank executives reveals that their banks rarely go for market-survey to locate
and judge the requirements of the customers. Rather, it seems to be the last step of new product development as customer’s satisfaction and success of product launched was reviewed only after launching of that particular product. No way it was the part of product development as claimed by the management. It was only after launching the product that the success or failure of the product was measured.

10 It was concluded that a systematic approach towards promotion-programme was lacking in Indian financial sector. As 60 per cent (30) respondents were not following any aspect of promotion-programme, 32 per cent (16) respondents were following only few steps of a standard promotion programme. While only 8 per cent (4) respondents were adopting all the steps. Thus, majority of our respondents were not adopting promotion-programme as proved with t-mean and C.W. mean (1.48), Further, a very unpleasant thing was observed, i.e., most of the respondents were equating the term ‘promotion-programme/plan’ with one or the other way of promotional mix, i.e., ‘advertising’, ‘publicity’ etc. The main aspect which was not stated even by a ‘single’ respondent for preparing budget for promotion programme. The reason for this is that branches can’t spend on ‘promotion’ at their own.

- Once again, lack of understanding of the concept of ‘marketing’ was observed as most of the respondents were not clear with the most important ‘P’ of marketing, i.e., ‘Promotion’. For them, promotion programme means only one or the other way of ‘promotional-mix’. Inspite of the fact that they can’t use ‘advertising’, ‘publicity’ at their own, they should realise the fact that they can follow complete promotion-plan through the technique of ‘personal-selling’. As there is no restriction on a Branch Manager in deciding the overall objectives of the branch —— deciding target audience for various services in his branch area —— deciding the exact message content for those services to be used by the men on the counter —— deciding the way mode of personal selling. Thus, without having separate budget for branch, a very systematic promotion programme can be followed by the bank executives for their branches — regions — zones.
The promotion plan would vary from bank to bank and area to area, depending upon the major customer segments and the type of service offered. So, there is a need to develop and train each and every man working in the bank with a feeling of 'marketing-man'.

11. Inspite of the fact that most of the respondents were not familiar and clear about the term 'promotion-programme', each and every respondents, i.e., 50 (100%) respondents claimed that promotion plan of their institution influences on both (i) stimulating demand, and (ii) making a corporate image. It shows that unknowingly they were knowing either less or more about the promotion-programme and even in the same way were following more or less aspects of promotion programme. It was further observed that a majority of respondents (68%) think that awareness of customer (marketing enthusiasm) was important factor that affects promotion plan. While 36 per cent respondents feel that 'staff acceptability and involvement' and 'government policies' equally (36%) affect the promotion programme.

- It was a positive finding of the study that bank employees were of the opinion that a good promotion programme should emphasis on both, i.e., stimulating demand as well as making a corporate image. Similarly, even the promotion programmes at branches, regions or zones level should emphasis on both the aspects.

12. Public sector banks have to work within a restricted framework in pursuing their advertising and publicity measures involving expenses. Banks in the public sector are permitted to advertise in press, individually, only to comply with obligatory and statutory requirements like branch opening and shifting announcements, holding of customer meets and statutory advertisements, such as balance sheets of banks etc. or in case of some unique schemes. Further, sales promotion cannot be used by the banks as in the case of marketing of products in the form of prizes and gifts. As GRACE (Ground Rules and Code of Ethics of IBA) restrict to offer prizes,
gifts, lucky coupons etc. as consideration for deposits. Thus, the only promotional device which can be used freely by the banks individually is 'personal-selling'; as JPC (Joint Publicity Committee) or any other authority does not have any restriction upon it. Even our results show that most popularly used promotional-device was 'Personal-Selling' as 100 per cent (50) answers were received in this favour. But this promotional-mix was used only in the way of attending customers with a pleasant and courteous behaviour or in certain situations by way of personally approaching customers and making them understood about the schemes. Second popular promotional-device was seen 'publicity' with 76 per cent (38) answers in this favour. Further, all the respondents claimed that they use 'publicity' device by way of (i) conducting seminars/discussions/quiz contests, (ii) inviting suggestions from the public, (iii) doing some social works like organising blood donation camps etc. But all these ways used for publicity rarely gets media coverage and thus these ways rarely serve the purpose. But these ways seem to be quite effective in case of small areas/cities. Forty-four per cent (22) respondents answered in favour of sales promotion by way of approaching the public and inducing them to their services through puppet show, magic performance, hari khatta etc. and distributing calendars, diaries etc. While only 26 per cent (13) respondents said that they use 'advertising' for promotion purposes that too in the way of printed media, displays at branches and public places, distribution of printed literature, etc.

In an administered and restricted atmosphere where banks cannot go individually for advertising and publicity, the only way or promotion device which is left with them is personal selling. As JPC or any other authority does not restrict on personal selling. So, personal selling should not be used only as a mode of delivering or distributing the services as it is of particular relevance to any service industry. Personal-selling should be used in promoting the retail banking services. It is necessary that bank staff adopt the characteristic of retailer's approach, i.e., ask for business and remind the customer asking for a particular service as well as for other services bank offers.
Personal selling is of particular relevance to banks. Product knowledge and effective communication are the two aspects vital for successful personal selling in banks. The employee at the counter or the employee contacting the customer/prospective customer should have a sound knowledge of the range of facilities offered and the rates applicable and benefits offered under each product.

Customer's requirements should be properly assessed. Bank staff should inform and not confuse the customer about the services relevant and help him decide on the service that offers him the maximum benefit. The employees should avoid from using too many technical banking terms that would confuse the customer.

There seems to be fierce need for organised approach in bank advertising. However, advertising was the most popular media used by JPC for the joint promotion of all the public sector banks; but the JPC emphasis on only saving and deposit schemes almost neglecting the marketing of credit and other customer services offered. In 1983, J.D. Singh concluded even the same results in his study "Bank Advertising in India: 1971-1980". He said that "while all was not bad with the art of bank advertising the efforts need to be organised more scientifically. Some of the gaps which appeared were related to: (a) lack of specification in the identification of target groups and the consequent inability to use market segmentation strategy, (b) emphasis on savings and deposit schemes and near neglect of the promotion of other customer services offered as well as the marketing of credit"*. Thus, it seems that bank advertisements were created just for the sake of advertising only rather than for creating the market or serving the customer satisfactorily. Whereas bank advertising should emphasise on the benefits of the products offered rather than emphasising on the names of the schemes. As bank services/products are intangibles and banks have nothing to display in advance, so their advertising should emphasise on the benefits lying in the services offered and differentiating

the services offered to the different segment customers on the basis of different benefits/utilities for every segment of customers.

There is a need to develop philosophy among the bankers that inspite of the standardised and strict framework, they can differentiate the products (i.e. services) by the attitude, responsiveness and skill of the employees. As most of the respondents were found of the opinion that everything in banking is standardised and there is nothing in their hands to distinctly advertise for their bank. For example, if any branch can issue a demand draft with very short time say 7 or 8 minutes, then they should display it on the branch as 'Enjoy Our Promote Service', which is in no way banned by JPC or any other authority and surely will work as a very effective advertising. The actual need is of healthy involvement and devotion and commitment of employees towards the institutions with the feeling of 'own-work'.

There was observed a need for increasing the budgets or funds for promotion purposes. As majority of our respondents (64%) blamed 'limited funds allocation' as a big constraint in the way of promotion-plan and the same way it was the biggest suggestion (i.e. 56%) to increase the budget for promotion programme. As in the year 1987, it was decided that promotion budget of every public sector bank on the whole would not exceed 0.05 per cent of gross earnings of that bank with a restriction to contribute 20 per cent of their publicity budget to JPC (Joint Public Committee). In 1989-90, while all the other measures continued to be in force, the contribution to be made by banks to the JPC was hiked to 30 per cent of the budget of 0.05 per cent.

On the part of bank customers, it was found that majority of respondents (58.17%) get information about financial services from unorganised sources like friends, agents, chartered accountants (in case of corporate customer) and bank employees. Other important sources of
communication like T.V., Radio etc. were least used as only 15 respondents (2.50%) were getting information from these two services and that too especially the clients of mutual funds only. This was why because JPC allows publicity and advertising individually only for some unique schemes or to comply with obligatory or statutory requirements. Further, it was found that occupation has an effect on the source of information for financial services (with \( X^2 = 19.0 \) and \( C.X^2 = 87.891 \) and d.f. = 9) as service and profession class gets information about financial services more from press/printed material and displays at branches and public places than that of friends, agents, staff etc. However, most of the client respondents (70.17%) accepted that they are just satisfied with the information given to them and 22.50 per cent were strongly satisfied and only 7.33 per cent were dis-satisfied.

Thus, financial institutions can use this finding for differentiating promotional strategies by way of using the press/printed materials, magazines for professional and service class related service products and other ways for business class and housewives related service products.

Though the advertising and publicity by individual banks are not permitted, banks are having an advantage of going for publicity by innovative schemes by which they can build their image, and have an identity separate from others. That is why banks are trying to diversify their activities by innovating new schemes. That is why clients of new innovated schemes like under-writing, mutual funds, stock invest etc. have got information about their respective services from T.V., radio and press advertising. This relaxation by the government will increase and support 'innovation' in banking industry.
15. A majority of respondents (67.83%) had not stated any difficulty in obtaining or understanding information regarding financial services. While 16.83 per cent respondents blamed 'lack of advertising and publicity' causes difficulties in obtaining and understanding information about financial services and on the other hand, 11.67 per cent respondents feel that lack of interest/knowledge of staff causes difficulties in obtaining and understanding information about financial services. Further, cross-analysis reveals that education had no impact with difficulties in obtaining and understanding information regarding financial services (with $X^2 = 7.38$, d.f. = 2; calculated $X^2 = 4.102$). It was further cross-examined that non-corporate clients face more difficulties and corporate clients face less difficulties in obtaining and understanding information.

Had there been more relaxations to individual banks for advertising and publicity of some more services; clients would not have to wander for collecting information regarding financial services and thus the level of satisfaction of clients will increase. If taken, this will be a welcome step on the part of customers. Further, the services which are neglected to be informed properly are specially of non-corporate sectors; which contains small customers.

Banks cannot exist without the customers. The purpose of bank should be to create, win and keep a customer. Thus to create customer, a systematic use of promotion-plan is required. The starting point for organisational design should be the customer. As "A business is not a business if it cannot stay in business. It cannot stay in business if it does not attract and hold enough customers — no matter how efficiently it operates". *Banking, being a service industry, every individual working

with this industry should try to attract customers and to serve them properly. For this, complete knowledge of products and, on the other part interest and willingness to convey the same to customers is required.

16. Since 1985, all the public sector banks have adopted a uniform schedule of charges in respect of major items of service commonly offered by them. The foreign banks, the private sector Indian banks and other bank groups, however, continue to have the freedom to decide individually in respect of the charges to be levied by them. Pricing of services relating to new areas, such as merchant banking, consultancy and counselling, sophisticated and mechanised services etc. will have to be based on cost assessments and commercial considerations. "Since Banks in India function in an administered structure, where the rates of interest on deposits and advances are prescribed by the Reserve Bank of India, theories relating to pricing which assume the free play of market forces are of little relevance"* says R.K. Madhukar in his book 'Dynamics of Bank Marketing'. Thus, to comply with RBI and IBA (Indian Bank's Association) guidelines is a big constraint in freely fixing prices of financial services as it was also stated by a majority of our respondents. Further, most of the respondents (64%) had suggested for more freedom/powers at branches in pricing decisions. While 46 and 35 per cent respondents had suggested for 'cost-profit analysis' and 'commercial approach in pricing', respectively. On the part of bank clients, 44.17 per cent of client-respondents were found just satisfied with the pricing of their respective financial services, while 12.30 per cent respondents were strongly satisfied. Only 17.17 per cent were dis-satisfied and 1.33 per cent were very dis-satisfied. Thus, most of clients don't find the prices of financial services too high as 50.33 per cent of respondents had not suggested anything upon pricing by saying that there is no need to suggest. And only 34.17 per cent respondents suggested to reduce prices.

Thus, banks can exploit this observation by way of increasing expenditure on better service-quality and better delivery system and as a result increased cost can be charged by increasing prices. Thus, it seems that consumers will not mind to pay a bit more for better quality of services delivery and better system of communication.

Thus, there seems to be a need for more liberty for the free play of financial institutions and to encourage healthy competition. However, keeping the purpose of nationalisation into consideration, the uniform schedule of charges for some major services commonly offered by all public sector banks onwards from 1985 is a welcome step. However, the branch level functionaries should acquire a clear understanding of the total range of services offered and the extent to which each of them covers the cost and brings in a net return. Branch Managers should be informed and understand clearly the discretion vested with them in deviating from the prescribed schedules.

No one of our respondents could answer upon the basis of selection to use a particular form of distribution. As they have to comply with the guidelines and restrictions imposed by RBI and their respective Head Offices. Further, RBI allows only the direct form of distribution/delivery that too by the staff or bank employees at fixed channels (i.e. branches only) to the public sector banks. However, foreign banks and private sector banks are entertaining some relaxation over delivery system. It was further observed that majority of executive respondents claimed that in a particular area/city selection of branches/sites was made on the basis of business potentials, judging the customer requirements and wants and bank’s ability to deliver the same. Thus, the basis for selection of branches for distribution of particular services were — (i) Business potentials, (ii) Customer needs/requirements, (iii) Bank’s capacity to deliver the same ——> which branches recommends to R.O. ——> R.O. recommends to Z.O. ——> Z.O. recommends to H.O. ——> Final selection of site and location for delivery was made.
- Thus, it is a very positive approach as consumer needs and requirements are considered important and then matched with business potentials and institutions capacity to cope with the requirement. Thus, it was concluded that location, design and timing of service availability were considered important in marketing of financial services of these two financial institutions, which was one of the objectives of the study set-up earlier.

There seems to be a need for more relaxation to public sector banks even for delivery of their services because in a service industry like banking, it matters a lot that how the final delivery of service-products are made to clients. And client’s expectations and requirements are increasing and changing speedily with the changes in socio-economic environment. Customer requires convenient delivery of services. So, to satisfy emerging needs of customers, banks should be permitted to deliver their services through indirect ways like agents, intermediaries, brokers etc. too.

18. It was concluded that lack of monetary incentives to staff and lack of professional and skilled staff on the part of service provider (Banks) and lack of literacy and market enthusiasm on the part of service receivers (Bank Clients) were main constraints for better delivery/distribution of financial services. As banks have to sell intangibles, they can’t rely solely on advertising and direct marketing. Because people do not come into a bank branch to shop rather bank employees should be made sure to sell the products; and sale incentives are the best way to do this.

- So, front line employees should be given incentives to sell more than just what the customer asks for, otherwise, the bank revenues will fall and competitors will continue to grow. As foreign banks are giving directly sale commission to their employees and are constantly grabbing
more market-share. Even this was concluded by Dr. Narender Kumar and V.K. Jain in a study* conducted by them under the title 'Study of Motivational Techniques Generally Adopted by Bank Executives in India' that “most of the techniques used by the executives in motivating their staff have been non-monetary and positive. It is through better personal relation that executives get the work done. They fulfil the psychological needs of the staff by praising them, by discussing bank problems with them, by taking interest in their personal problems and by extending co-operation in their work”. This is why because government guidelines restrict to provide any monetary incentives to employees of public sector banks.

- As services are produced in the presence of customers and production and consumption of services is inseparable, so, if the customer is literate, market oriented and capable to understand, that will certainly help in the better delivery of financial services.

- Adequate and systematic training is, therefore, most desirable to an employee. A learned skill is an asset that can be taken away only by the complete elimination of the need for that skill, an increase in skill usually results in an increment in both quality and quantity of output.

19. On the part of bank clients, it was found that 35.33 per cent and 14.50 per cent of respondents face difficulty of rigid/lengthy formalities and lack of interest and involvement of staff respectively while availing the financial services. It was further observed that there was a relationship between corporate/non-corporate customers and difficulties while availing their respective service (with $X^2 = 7.38$ and calculated $X^2 = 44.612$)

thus, it was concluded that non-corporate customers faces more
difficulties in availing their respective financial service due to illiteracy
and lack of awareness about financial services markets due to non-
availability of Kiss and advocates etc. to them for assistance. It was
further observed that 69.83 per cent of our client respondents feel that
bank-personnel were capable of providing information regarding
queries about financial services and that was another thing that they
were not interested and don’t want to provide it to customers very
easily. Even it was stated as a big difficulty in getting and understanding
the information regarding financial services. On the other hand a majority
of client-respondents had stated the behaviour of dealing staff ‘just
satisfactory’ thus not strongly satisfactory.

Thus, bank, can use this conclusion to make the direct distribution
more effectively by way of emphasising the professional development
of their personnel, as possession of needed skills help to meet such
basic human needs as security and ego satisfaction. This value inculcates
confidence in one’s own self-confidence, contributing to better output
and customer service. An employee with high morale also results into
better accretion of deposits and recovery performance.

20. A very important conclusion drawn from the study was that general
public was not having positive attitude towards public sector banks. As a
majority of our respondents (75.67%) blamed that the quality of services
provided by Nationalised Banks in comparison to private/foreign banks
was ‘poorer’ and 16.50 per cent respondents stated it ‘very-poorer’ and
only 7.83 per cent of our respondents found it ‘sometimes better’. This
attitude was more high in urban respondents in comparison to rural
respondents (with \(X^2 = 7.38 \) and calculated \(X^2 = 104.675\) at 2 degrees of
freedom). Further, 63.83 per cent of client-respondents suggested for
privatisation of nationalised banks and they supported their answers by saying that — it will improve the overall working, will increase in accountability and finally will result to prompt and better services. While 36.17 per cent respondents did not agree for privatisation on the grounds — that it will cause more costly services, unemployment and will be limited to luxury class or metropolitan cities only. But, even these respondents wished for overall improvement in banking system.

Thus, to overcome this perception of public, it is necessary to improve the quality of services and working of institutions by way of allowing healthy competition to ensure better service quality at lower prices. However, government should exercise control to some extent as these institutions are basically services industries and the objective of nationalisation was inspired by a larger social purpose and to subserve national priorities and objectives.

RECOMMENDATIONS

1. There seems to be a need on the part of bank executives to realise that selling, advertising, promotion etc. are only some of the elements of marketing and not ‘marketing’ as such. Marketing is a more comprehensive term which starts with the identification of needs and wants of the clients and ends with their satisfaction.

2. Marketing for service industry like banks is a philosophy to be understood by the whole organisation from chief executive to the person working at the counter. The first and most important step in applying the marketing concept should be the whole-hearted commitment to customer orientation by all the employees. The marketing function in Indian banks is required to be integrated with operation.
3. Bank marketing is the ‘aggregate of functions’ which signify the totality of the marketing activity. This aggregate of functions is the sum total of all individual activities consisting of an integrated effort to discover, create, arouse and satisfy customer needs. *This means, without exception that each individual working in the bank is a marketing person who contributes to the total satisfaction of customers and bank should ultimately develop customer orientation among all the personnel of the bank.*

4. Market-Research should be considered the basic and most important aspect of ‘marketing-strategy’. Carrying market-research means bank is market oriented and which is simply means that bank’s decisions are made through the eyes of the customers of the bank. If the market research is centered in finding the needs and requirements of customers and searching the most appropriate ways to satisfy them; then automatically marketing is adopted as marketing itself is consumer-oriented philosophy.

5. Selling focusses on the needs of the seller while marketing focusses the needs of the buyer. Therefore, marketing strategies must emphasise the satisfying of the needs of the customer with a good delivery system of services. A good marketing scheme with a bad delivery system or a good delivery system of a badly conceived marketing design does not produce the desired results. Marketing strategies of banks should offer products and services of demonstrable value at the time and place that best suit the customer — the right product at right price, anytime, anywhere. A majority of the client-respondents were of the view that schemes in itself are not bad but their implementation lacks. By implementation their mean was the rigid formalities/procedures and people serving/delivering the product are not interested to deliver them efficiently. *Thus, in the marketing of intangibles like banking services four Ps are not adequate to sum up the concept. Rather, two more Ps, viz. ‘People’ and ‘Procedure’ become very important.* This conclusion can help banks a lot in their image-building and making their clients more satisfied by way of abolishing or
deleting unnecessary and lengthy procedures and creating market culture among the people working with the banks.

6. As all the banks are compelled to sell similar products at similar prices from similar location with similar working hours, they have no option in selection of price and place. But the differentiation in product (i.e. service) is possible by the attitudes, responsiveness and skill of the employees. The only way in which one bank can claim to be different from the other is in terms of 'product delivery' or 'customer service'. Now, product delivery involves the personnel of the banks. So, to make product-launch successful it is necessary to motivate and professionally trained the bank employees to assist the better delivery system.

7. While all was not bad with the promotion of banking services, most of the respondents were of the opinion that they can't use promotion-programme as initially they were equating 'promotion-plan' with one or other mode of promotion-mix, i.e., 'advertising', 'publicity' etc. and banks individually can not go for advertising and publicity. The only mode of promotion which banks can use freely was 'personal selling'. Now, it will be made clear that how a systematic 'promotion-plan' can be followed at every level and every bank. As there is no restriction on a branch manager in deciding the overall objectives of the branch ——> deciding the target audience for various schemes in his branch area ——> deciding the exact message content for those services to be used by the men on the counter ——> deciding the mode/way of personal selling. Thus, without having separate budget for branch, a very systematic promotion-programme can be followed by the bank executives for their branches — regions —— zones.
8. There is a need to develop the philosophy among the bankers that inspite of standardized and strict framework, they can differentiate the products (i.e. services) by the attitude, responsiveness and skill of employees. As most of the respondents were of the opinion that everything in banking is standardised and there is nothing in their hands to distinctly advertise for their bank. Further, personal selling is of particular relevance to banks. Product knowledge and effective communication are two aspects vital for successful personal selling in banks. The employee at the counter or the employee contacting the customer/prospective customer should have a complete knowledge of the range of facilities offered and the rates applicable and benefits under each product.

9. There seems to be a fierce need for organised approach in bank advertising. As it was found that there was lack of specification in identification of target groups and the consequent inability to use market segmentation strategy and inappropriate marketing-mix with over emphasis on savings and deposit schemes and nearly neglecting the credit schemes and other customer services. Though advertising and publicity is not permitted to individual bank, banks are having an advantage of going for publicity of innovative schemes by which they can build-up their image, and have an identity separate from others. So, individual banks should try to enjoy this relaxation by way of searching new products.

10. Most of the client-respondents were of the view that service-products are not priced too high but not compatible to quality. Thus, Banks can exploit this observation by way of increasing expenditure on better service-quality and better delivery system and as a result increased cost can be charged by increasing price. Thus, it seems that consumer will not mind to pay a bit more for better quality of services and better system of delivery and communication.
There seems to be a need for more relaxation to public sector banks even for delivery of their services. In a service industry like banking, it matters a lot that how the final delivery of service-products are made to clients. And clients expectations and requirements are increasing and changing speedily with the changes in socio-economic and technical environment. Customer requires convenient delivery of services. So to satisfy emerging needs of customers, banks should be permitted to deliver their services through indirect ways like agents, intermediaries, brokers etc. and delivery through more mechanised channels like ATM (Automatic Telling Machine), telephone banking, service through computer etc.

As banks have to sell intangibles and they can’t rely solely on advertising and direct marketing. Because people do not come to bank branch to shop rather bank employee should be made sure to sell the products; and the sale-incentives are the best way to do this. So, frontline employees should be given incentives to sell more than just what the customer ask for, otherwise, the bank revenue will fall and competitors will continue to grow. As foreign banks are giving direct sales-commission to their employees and are constantly grabbing more market share. So, with sale incentives, adequate and systematic training is most desirable to an employee. As a learned skill is an asset that can be taken away only by the complete elimination of the need for that skill. An increase in skill usually results in an increase in both quality and quantity of output.

Finally, the marketing concept is essentially about the following few things which contribute towards bank’s success - (a) the bank cannot exist without the customers, (b) the purpose of the bank is to create, win and keep a customer. The customer is and should be the central focus of every thing the bank does, (c) it is also a way of organising the bank. The starting point for organisational design should be the customer and the bank should ensure that the services are performed and delivered in the most effective way. Service facilities also should be designed for customer’s convenience, (d) ultimate aim of a bank is to deliver total satisfaction to the customer, (e) customer satisfaction is affected by the performance of all the personnel of the bank.

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