CHAPTER 6
SUMMARY AND CONCLUSION

6.1.1 SUMMARY

This part of the thesis is drafted on the background of entire research report being submitted.

The report gives the overview that in the testing times of the companies it’s the innovation and its marketing capabilities the companies can survive. This holds true for not just companies around a particular country but a universe universal fact. In this context the product innovation as well as the marketing strategies plays a crucial and important factor in the business success or failure.

Any countries financial health can be determined with the help of its financial system and its stability which is based on many pillars and components. Though the companies in the country would be dynamic enough to function in the market, the regulators and their reforms of regulations decides about the stability of the country’s overall picture and profile.

One of the leading pillars of the financial system is banks and the way they connect to the customers in the market. The bank in modern times is a trusting factor for every business and normal individuals. There are many financial services of the banks being offered in the market and reaching to the right audiences is a key ingredient in today’s complex and competitive world.

Investment is one of the most important things in the given period of time, as the basic objectives of investment are safety, liquidity, returns and beating the inflation. The market offers a wide variety of financial products to the consumers and sometimes it reaches to the target audiences and sometimes it doesn’t reach, to identify the same
marketing of financial services is a crucial factor to check and thus benefits both the consumers as well as the banks as whole.

Based upon the given scenario, Marketing of Financial Services offered by banks became an imperative vertical to identify and check the promises made by the banks are fulfilled and the services received by the customers are truly being adhered or not. Marketing of financial services is a very unique kind of financial services as it is required to be done in a very different manner. The marketing part of services is quite dynamic as it is intangible in nature and it ensures the mechanism through which the ownership never transforms but still the person taking the service is given the best of the business, this is where we use the concept of fiduciary responsibility to connect between the service provider and service consumer.

The banking sector has grown very fast and now it’s based upon the customized services been offered by the banks to survive in the market. In comparison to this context the need for understanding a sample size of commercial banks and industrial banks were taken into account and needed a focused approach.

There are many different types of financial services been offered by the banks to market their product and services, but from the research point of view the financial services been offered by the banks in this report has been considered is Mutual Funds. Mutual Fund as the name suggests focuses on the area of the target investors that have a mutual objective and provide the funds to the knowledgeable person named Fund Manager via the Asset Management companies whose main task is to manage the funds invested by the investors.

Mutual Funds are one such financial instrument that is offered by the banks to the investors in the market. There are many different kinds of mutual funds being offered to the investors like the growth scheme or income fund or combo of both namely balanced funded scheme. The investors are looking for variety of options in this field and that’s the point where marketing comes into action as a useful tool to make the investors awareness about the available options in the market.
The banks both the commercial banks and industrial banks market the financial products and services to the prospective customers. This research thesis gives an overview of how the marketing strategies been used by the banks and banks employees has an impact on consumers towards mutual fund based financial product.

The report also briefs out the inputs given by the different research scholars, academic heads, professionals and other faculties in the stream of BFSI Sector (Banking, Financial Services Industry) with the help of research books, online links, Journals/Magazines, verbal communication with the professionals as a tool for conducting the research. This section of the report brings about the research being already carried out in the field of Marketing of Financial Services between Commercial Banks and Industrial Banks a comparative study on the financial services and offers the support to carry out the research.

The report also comprises of the organizational profile of the commercial bank and industrial banks representatives as an outline to identify and carry out the research on the basis of available data. The section caters to the study of State Bank of India (SBI), commercial bank and Industrial Development Bank of India (IDBI), industrial bank detailed products and services (Mutual Fund) offered by them into the market.

The report also gives a snapshot of how research has been carried out on the basis of primary data or secondary data to identify and justify the objectives with the help of hypothesis testing. To carry out the research the data analysis tools were used that would give the correct information of the testing of the hypothesis.
6.1.2 CONCLUSION

Data was obtained from the customer of the bank as well as bank employees to get an understanding of the marketing of financial services undertaken by both the banks. This section provides a conclusion of Industrial Development Bank of India (IDBI) as well as State Bank of India (SBI) respondent’s individual opinions with general viewpoint and the comparison between Industrial Development Bank of India (IDBI) and State Bank of India (SBI) in detail.

6.1.2 (A) RESPONDENTS PROFILE AND OPINIONS

1. INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

The below mentioned details gives a quick overview about the elements of marketing mix related to financial products from the customers/consumers and banks view points and based upon their suggestions the following conclusions are observed:

A) CUSTOMERS VIEWPOINT

1. The consumer survey indicated that consumers have good financial literacy and good knowledge about the financial products marketed by the financial institutions. They regularly invest in mutual funds as it provides a good source of income. However, consumers do not understand the financial performance and working of the mutual fund as the subject is highly complex and difficult for common person. Also, mutual funds face not much competition from other means of investment.
2. Today consumers get a good variety and mix of mutual funds being offered by banks. Banks have resorted to aggressive marketing strategies to get more and more customers. This has benefited consumers as they get better information and knowledge about the investment in mutual fund. Consumers are not aware of the fact that direct selling to them is beneficial or not. Customers are not aware of the possibilities of investment opportunities in the mutual funds.

3. Marketing of financial services can be influenced by the price factors as well as the non price factors. In the case of mutual fund the price factor is not the determinant of investment but it is the non price factor or the returns on mutual fund. The returns differ from fund to fund depending on the management of the fund by the bank or the asset management companies. Some professionally managed banks are able to provide better returns to customers. However mutual fund investments are also subject to risk and market fluctuations.

4. The distribution mix of financial services as compared to distribution mix of products is different. The normal channel in financial services distribution comprises of an agent and few intermediary channel members. Banks due to their large network of branches and customer base find it easier to market mutual funds. Though banks have separate designated branch for mutual fund but selling of mutual fund is carried out in all the branches. Banks and agents play an important role in the marketing and distribution of financial services like mutual fund.

5. Promotion is a basic tool in marketing of financial services as well as non financial products. It is the marketing interaction carried out through advertisement, publicity, personal selling, etc. for effective promotion of mutual fund marketing communication is most essential. Marketing communication will be effective if it is based on 7 C’s namely Clarity, Completeness, Conciseness, Consideration, Correctness, Concreteness and Courtesy. Banks also undertake the promotion of mutual fund through advertisement, sales promotion, public relations, events and experiences, direct marketing, word of mouth, etc. Direct marketing is done in the form of online, over the phone or face to face.
6. Service sector is people based sector as all services are delivered by people only. Customers get the feeling of the services when they interact with the employees. Hence the quality, productivity and skills of the employees is the key ingredient in the effective marketing of financial services like mutual fund. The success of IDBI in mutual fund is the result of the efficient services provided by its employees.

7. Process mix or element is important in the marketing if financial services. A simple and clear cut process facilitates effective marketing services. Bank has laid down efficient process in the marketing of mutual fund. IDBI process is comparatively better than SBI. But this aspect cannot be generalized simply on the basis of customer opinion unless the customers have experience of both the processes.

8. In marketing of financial services physical evidence plays an important role as services are intangible. It provides tangibility to the intangible services. It overcomes the marketing challenges faced by banks. It gives an idea to the customer about the quality of services. IDBI has taken this aspect and provided good physical evidence to influence the customer. Thus, banks show to sell on this count. Customers have rated IDBI more than SBI a point which need to be debated.

9. The Key to service marketing is to make customer delight and loyal and customer will be delighted when customer get better services. Bank has taken this task seriously and professionally and banks are taking all measures to provide more and more services to customer. In the wake of stiff competition in the banking and financial sector winning customer and retaining customer is more important acquiring new customer. Bank has succeeded in this task to a large extent.

10. To summarize the total evaluation of mutual fund concept by the bank, it can be said that the customers are fairly satisfied and content with 81% finding that the current marketing strategies of financial services provided by IDBI has been upto the mark and
they look up to more improvement on the current system thereby maintaining the current performance standards.

B) BANK EMPLOYEES AND MANAGEMENT VIEWPOINT

1. Marketing of financial services will be easy and attractive when the financial services (mutual fund) offers must features of open ended as well close ended, low risk as well as high risk, diversified fund, better services to the end users or customers. IDBI provides such diversified financial services including mutual fund.

2. From price viewpoint mutual fund market shows a type of perfect market in which banks sell homogeneous product at the same price. Therefore, price is not important but non price factors like NPA, customer services & product features are the major factor which influences marketing of financial services (mutual fund).

3. Place is another important factor in the marketing of financial services. Customers see convenience in the choice of location. Banks because of its large network of branches find it easier to market financial services (mutual funds) to large number of customer and it is economical to market as the distribution cost is spread to many branches. IDBI has branches and this provides sustainable competitive advantage to bank in establishing its market supremacy in the marketing of financial services.

4. The bank has used diversified tools of promotion in order to market the financial services. These tools cover advertisement, promotion, public relation, direct marketing,
word of mouth, etc. As a result the proportion of employees deployed on these two functions i.e. promotion and marketing is 14% and 13% respectively. That perhaps explains the management’s strategy of marketing its financial products and services. It also indicates the importance of marketing and promotion in banking functions after the operational functions. This change has taken place in the last one or two decades as earlier banks hardly devoted so much man power and budget on marketing activities. It shows the changing market condition, growing competition in the banking and financial sectors.

5. In the marketing of financial services employees are the key factor as they are interacting with customers on day to day basis. The quality and productivity of the employees can make marketing task much easier, quicker and faster. It appears that IDBI has done extremely well in this area of marketing by appointing specialized key personnel, giving them continuous training and providing with motivation. It appears that employees are highly satisfied with task given to them by bank. In today’s competitive world employees have to perform so that organization remain ahead in race.

6. Simple automated process can make marketing easy and IDBI has done well in this regard. Bank has utilised automated processes and also effectively used the multi channels i.e. offline as well as online for mutual fund marketing.

7. Physical evidence provides some guidelines and clue to customers about the service quality. IDBI has taken various measures to create good physical evidence to influence the customer in the marketing of financial services like mutual funds.

8. Productivity of employees contributes to higher profitability. IDBI has divided the market on some quantitative and qualitative features. The brand image and the brand name helps the bank in the marketing of financial services.
9. IDBI has adopted various measures towards CRM and customer retention. The continuous interaction with the customer has helped the bank to retain its customer and to expand its customer base.

2. STATE BANK OF INDIA (SBI)

The details given are about the components of marketing mix related to the products in the financial industry from both the consumers/customers and banks point of view and on the given suggestions, the conclusions are as such

A) CUSTOMERS POINT OF VIEW

1. Financial literacy for consumer can help in easy marketing of financial services. Majority of investors in MF are qualified and have good knowledge about financial products. There is regular investment in MF and is being marketed by various FI hence there is stiff competition among banks as well as from other financial products.

2. Mutual funds are financial services which are intangible in nature. Its marketing pose problems to bank. Hence to overcome this problem SBI offers large variety of mutual fund so that customers can choose what suits them best. Banks have resorted to aggressive marketing to create greater impact, awareness, knowledge, information about mutual funds.

3. Thus investments in the mutual fund schemes are not guided by price factors but by non price factors. In the era of growing competition consumer look for better services, better returns and the risk factor. Those banks which are performing well and providing good services can market the fund more easily than other banks.

4. Place is the distribution channel through which the final services are distributed. Distribution channel in the case of banks involve bank branches, agents or intermediaries and final customers. Distribution channel plays an important role in the marketing of
financial services. Banks have the advantages of more networks of branches so it can reach out to large customer base in marketing of financial services such as Mutual fund.

5. The most common mode of promotion used by the banks for the marketing of financial services is the advertisement in the newspaper, magazines, online display of information, etc. customers feel that banks are aggressively marketing the financial services sue to the intense competition in the financial market.

6. People are the key element in services marketing. It includes all employees from top to bottom. Happy employees are an asset in the organization. When employees are highly motivated they can perform better in the marketing of financial services as compared to employees who are not motivated. Employees need to be trained in the art of marketing. Training empowers employees by enhancing their knowledge, skills and aptitude.

7. Banks have simplified the delivery process by adopting simple procedures and documentation. Simple processes can be cost effective, economical and efficient. Customers can themselves understand such processes and act. The use of technology and online services has helped in the efficient marketing of financial services.

8. Physical evidence is crucial in marketing of financial services as it provides some clue to the customer about the quality of services and provides some tangibility to the intangible services. Banks have created good infrastructure and corporate look to provide better services to customers.

9. Good Customer service is essential to maintain sustainable competitive advantages at the market place. Today customers want better services as the available services are more demanding. Banks in order to make marketing of financial services effective must try to make customer delight and satisfied.

10. To give a brief evaluation and concluding the research, it can be seen that customers when were asked about their experience of being satisfied 37% of the respondents agreed
to the fact and 63% said that the marketing of mutual funds by the bank wasn’t as per the requirement. Hence we can say that, marketing of financial services (mutual fund) provided by SBI can be more aggressive to tap the market and gain the maximum advantage of the given scenario in the mutual fund market.

B) BANK EMPLOYEES AND MANAGEMENT POINT OF VIEW

1. Banks have succeeded in making product differentiation in case of mutual funds by offering large variety of product mix, with high returns and good services. It helps the bank in marketing to tap the large number of customers from different income segments.

2. Price is not the major factor in the marketing of financial services. It is an important non – price factor.

3. Place is the important factor in the purchase of any product or service as consumer look for convenience and ideal location of the services. Banks have use their branch network to market large number of customers in the urban areas specially.

4. Banks today are forced to adapt to aggressive marketing because of the changing economic environment in the country, growing market competition, higher customer expectations, so on. The marketing and promotion tools being used are much diverse. Thus banks uses multiplicity of promotion tools to reach out to large number of customers.

5. Manpower is the main asset in service marketing or in the financial marketing. When staff is qualified and competent it contributes to high efficiency, productivity and better marketing. SBI has all the advantages on this front.

6. The process mix of bank is well designed and clear cut. This will help in the easy completion of the delivery process. The offline and online services provision has benefited the customers and helped the bank in the marketing of financial services.
7. Physical evidence means tangibilising the intangible aspect of service. Excellent physical evidence can be of great importance and utility in the marketing of financial services. Banks have taken various measures to provide best infrastructure.

8. Service marketing is also segmented, targeted and positioned. Bank has segmented the market on the basis of some measurable features. Bank also targets specific segment and create an image in the minds of the customer. This along with the competent qualified staff will help bank in marketing its financial services much easier.

9. Maintaining and retaining customer is much more economical than finding out new customers. Bank has taken various measures to maintain good customer relations. This will facilitate the marketing of financial services (mutual fund).

6.1.2 (B) OPINIONS OF THE CUSTOMERS

The opinion of the customers about the financial services marketing of mutual funds by these banks can be summarized as below:

1. FINANCIAL KNOWLEDGE AND LITERACY
Customers of SBI have shown greater knowledge and literacy about financial products, working of financial markets, understanding about financial market performance and regular investment than those of IDBI. Out of ten questions covered SBI scored better in six questions and IDBI in three questions and one question both equally. This is an indication that SBI has large number of traditional investors as compared to IDBI.

2. FINANCIAL PRODUCTS/SERVICES
Regarding the financial services of the banks or the mutual fund both these banks i.e. IDBI and SBI have scored in the close range or marginal differences. The ratings or scores are not that significant. Hence we can conclude that both the banks offer variety of
mutual funds, provide good information about the products; undertake aggressive marketing of the financial services or mutual funds. This shows stiff competition among the two banks with respect to financial services.

3. PRICE MIX OF FINANCIAL SERVICES
Price is the most important element of marketing mix of financial services. While IDBI customers feel that it is important in marketing of mutual fund, while SBI consumers have rated price as less important factor. Thus, consumer perception about price is different. On the returns from mutual funds also consumers differ widely. SBI consumers feel that returns differ widely and IDBI consumers also feel the same but not many consumers. SBI (84% while IDBI 62%) customers mentioned on returns as the main factor or determinant of investments in mutual funds. Both the group of customers has ranked on the higher side. Thus, returns on mutual funds and the performance of the banks play an important role in the marketing of financial services.

4. PLACE ELEMENT
Mutual fund is easily available in all the bank branches. SBI has made focus on metro than IDBI. SBI has separate division for mutual fund than IDBI. While IDBI has more agents in the distribution network than SBI. These agents sell many financial services and not only mutual funds. Bank branches play an important role in marketing of mutual funds for IDBI as well as SBI.

5. PROMOTION MIX
The study reveals that both the banks aggressively market mutual fund. Both use advertisement (newspapers, magazines, TV, brochures, leaflet, display) to market mutual funds. Both banks undertake direct marketing. Both the banks are rated very close by the customers on advertisement and promotion mix.

6. PEOPLE MIX
People are important in the marketing of mutual fund. Employee productivity is the important factor in marketing. It is rated more than IDBI than SBI by the consumers. It also includes employee skills.

7. PROCESS MIX
Both the banks have rated closely by the consumers with respect to bank process, online services, KYC for mutual funds.

8. PHYSICAL EVIDENCE MIX
IDBI has rated better on the basis of physical evidence than SBI. It includes latest infrastructure, all facilities at one point, state of the art infrastructure, etc. IDBI is the new bank while SBI is the oldest bank in the country.

9. CUSTOMER SERVICES
Both IDBI and SBI are closely rated on the question of customer services, greater transparency and disclosures etc. Both banks provide better services to the customers. Majority of the customers are satisfied with bank services.

6.1.2 (C) OPINIONS OF BANK EMPLOYEES/MANAGEMENT/STAFF

The employee’s response and comparative analysis of IDBI v/s SBI are as follows:

1. PRODUCT (FINANCIAL SERVICES)
Both the banks are equally rated high with respect to product, features, variety, infrastructure, returns and expanding the size of the market.

2. PRICE COMPONENT
Both the banks are equally rated on price components, brand, NAV, product differentiation and hence the difference is not significance.
3. PLACE COMPONENT
Both the banks are given more or less similar rating by the employees about distribution network, branches, direct selling and promotion through branches.

4. PROMOTION MIX
The promotion mixes adopted by two banks are closely rated and hence there are not much significant differences between banks. The difference in rating is marginal.

5. PEOPLE MIX
On question of people mix overall rating of both IDBI and SBI is in close proximity with respect to employee role, training, employee performance, incentive, promotion.

6. PROCESS MIX
Both the banks are rated equally on the question of process mix.

7. PHYSICAL EVIDENCE
Both banks are rated high on basis of physical evidence, infrastructure and services.

8. PRODUCTIVITY AND CUSTOMER SERVICES
On basis of productivity and customer services both the banks are rated equally high.

6.2 RECOMMENDATIONS
The following recommendations are made in the light of the research findings about the Marketing of Financial Services (Mutual Funds) by IDBI and SBI. This will help the bank in better marketing or effective marketing of financial services.

Financial services (mutual funds) are not the main factor in marketing of financial services but non financial services are more important in the marketing of financial services. Non financial factors include product differentiation, service difference, risk factor, etc. hence both the banks IDBI and SBI should focus on Non – Financial services.
Returns from mutual fund are one of the key factors in the marketing of financial services (mutual funds). Hence banks should try to maximize returns or NAV to attract customers. Banks should control transaction cost, operational cost so as to improve returns from mutual funds.

Employees are rated very high in the marketing of financial services. It includes employee’s skill, knowledge, efficiency and productivity. IDBI has an edge over SBI. Hence SBI should focus on employee productivity so as to improve the marketing of financial services. Higher productivity can result in lower cost and higher profitability.

Both the banks should take up more and more publicity measures to create greater awareness about the mutual funds. Consumers should be provided latest updates and information on the mutual funds so that they can take better investment decisions.

Both banks have focused metro cities for marketing of mutual funds. Both undertake direct marketing as well as indirect marketing of mutual funds. Banks should also focus on rural areas to reach out to the middle and higher income group customers.

The potential and market financial services are very high even in the rural areas which banks have not fully tapped.

6.3 FUTURE SCOPE

Research is an ongoing activity and business research can never be complete. Marketing is a continuous activity and hence research on marketing of financial services should be continuous process. The marketing environment is changing and hence research should be taken up continuously to assess the impact of marketing. Future scope of research can be in the following areas which can add more knowledge to the existing research.

1. NON PRICE FACTORS:
Further research should be done to identify key non-price variables which influence marketing of financial services. These factors are large. Hence banks can identify key elements and focus on same, so that mktg. of financial services become more effective.

2. EMPLOYEE PRODUCTIVITY
Employee productivity is key factor in success of bank. Hence banks should take up measures to enhance knowledge skills and attitude of employees which can help in reducing cost, improving profitability of banks including marketing of its services.

3. INTERBANK BRAND PREFERENCE
Further research can be conducted and identify consumer brand preferences with respect to IDBI & SBI. What are the motives or factors influencing customers buy the services of IDBI & SBI. An insight into this aspect will help in proper marketing.

4. CUSTOMER SERVICES
Research can also be taken up to find out how banks can provide better services to customer and make them delighted or satisfied customer.

5. RURAL MARKETING
Banks should take up research to explore the marketing of financial services the rural areas. Mutual funds are economically affordable to all including customers in rural areas. These segments of the market provide ample opportunities.

6. LIMITATIONS OF RESEARCH WORK:
The study holds the following limitations.

1. The study is limited to SBI (Commercial Bank) and IDBI (Industrial Bank) in Central Mumbai.
2. The promotion strategies adopted by these banks may differ from the promotion strategies of banks located in other states and centers, as the study is restricted to only Mumbai Region specifically to Central Mumbai only.

3. The research is based on extensive quantitative data and quantitative data analysis.

4. The research study covers only Mutual Funds as the list of financial services is too large. Hence it is not possible to cover all financial services of all Commercial banks and Industrial banks.