Chapter 7

FINDINGS AND RECOMMENDATIONS

This chapter concludes the findings of the study based on which the recommendations have been made. The direction for future research is also presented at the end of this chapter. The findings highlighted are related to the objectives of the study as they are stated in chapter two and analysed and interpreted in chapter five.

7.1. CONCLUSION AND FINDINGS:

7.1.1. Findings from Ethiopian Banks:

The analysis of the information about Ethiopian sample banks discloses the following findings.

1. Ethiopian Banks saving deposit schemes are limited and they are not providing different types of schemes for various segment of the market.

2. The following are the major findings of loan schemes of Ethiopian banks:

   a) Ethiopian banks collateral requirement for loans and advances is not flexible. They require collateral of fixed nature or bank guarantee for all their loan and advance schemes.

   b) Most of the loan schemes of Ethiopian banks are targeted to limited number of corporate customers in the market and they do not have loan schemes that motivate the small scale sector and encourage entrepreneurship at the lower level.
3. The value added services provided by Ethiopian banks are very limited. Their effort of introducing new fee based services by considering the customers’ requirement and potential area of business is week.

4. Ethiopia is a country in which more than 85% of the population lives in rural area. Contrary to this reality, private sector banks are not observed of extending their branches in these parts of the country. Their branch network is concentrated in major cities of the country.

5. Ethiopian banks use branches as major channel to deliver their services. Their move in extending modern delivery channels is limited.

6. The promotion strategies of Ethiopian banks are weak in many aspects. The findings in promotion measures of Ethiopian banks include:

   a) The form and content of advertisement has not been changed for long.

   b) The investment of Ethiopian banks in public service activities is limited.

   c) The materials prepared for publicity are not available in sufficient quantity.

   d) There always is a delay in releasing information of their operational result to the public.

   e) Their personal selling effort is limited to management group and interested employees. There is no institutionalised effort for promoting their services to the public.
7. The salary scale and employee benefit of Ethiopian public sector bank is low and non-attractive as compared to the banks in private sector. Besides, the staffs in this bank are less cooperative.

8. The physical evidences used as a tangible for customers are less in Ethiopian banks.

9. The process of availing banking service is more tedious and time consuming in public sector bank.

10. As observed from the policy documents of the government, in Ethiopia, foreign institutions are not allowed to operate in the financial sector.

7.1.2. Findings from Indian Banks

From the analyses of the information about the marketing mix elements of sample banks the following points are the major findings as far as the Indian banks are concerned.

1. Indian banks offer wide variety of saving and loan products to their customers. The schemes in the deposit and loan category are very much diverse in which they address the need of all economic sectors and various need of personal consumption. These banks also introduce new schemes in policy direction of the government. One point observed in Indian banks is, in saving deposit accounts there is no non-interest bearing deposit scheme to accommodate the interest of peoples who do not want to collect interest.

2. Indian banks provide varied rate for different schemes of saving and loan products. Besides, the Indian banks strategy of paying interest at term deposit rate for saving deposit accounts above predetermined limits is a good mechanism to motivate the savers to save more money in their saving account. But, the
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additional fee requirement of private sector banks for depositing cash in current account can be a point of dissatisfaction for customers in the long run.

3. Indian banks utilize multi delivery channels to distribute their products and services to the public. All banks in private and public sector are harnessing technology to make use of modern delivery channels. However, private sector banks are concentrated in metro and urban centres. The proportion of their branches in rural and semi urban areas is very much less as compared to those in urban and metropolitan area.

4. Indian banks promote their products and services widely. The number of magazines, newspapers circulating and different television channels available in the country help their effort to promote their services widely. In publicizing their bank, their contribution for social service activities is so significant and some of it is invested in areas that contribute for future development of the country. With this wider promotion and investment it is very simple for them to attract the public to the banking.

5. The salary and benefit of Indian public sector banks is less attractive as compared to their counterpart in private sector. Most of the employees in these banks are also less cooperative and aged, as a result not inviting to be approached for service by outsiders.

6. The inside look of branches and its organization in public sector banks is not eye-catching. In general the look of public sector banks is not attractive compared to their counterpart in the private sector which uses latest technology and occupy new and accessible buildings for their branches.
7. Indian public sector banks have wider customer base. As a result the number of customers waiting for service in their branches and ATMs are large. Most of the time there is a crowd in service centres and customers are required to hang around for getting banking services.

In general, it is found from the analysis and interpretations of this work that:

- In marketing mix elements the private sector banks are performing well as compared to public sector banks in both countries.

- The country wise comparison of banks shows that Indian banks are more developed and provide different schemes through multi-delivery channels to their customers. Therefore, the level of development of Ethiopian banks is incomparable to that of Indian banks.

7.2. RECOMMENDATIONS AND SUGGESTIONS

The analysis of the data collected from sample banks in private and public sector revealed that the application of marketing mix elements adopted in the industry require improvements on many counts. Some suggestions for improvement are given below so that utilization of these recommendations can be exercised in a better manner.

7.2.1. Recommendations and suggestions for Ethiopian Banks

1. Ethiopian banks must think of providing different alternative schemes to address the saving requirement of the different demographic group. With these schemes they also have to consider of giving some additional incentive like differential interest rate for different group of customers. In this direction the senior citizen scheme, women’s
account, quantum optima facility and salary account of Indian banks can be a good example.

2. The loan schemes of Ethiopian banks would have to be strengthened. In this direction the following are suggested.

   a) These banks have to make their collateral requirement more flexible. They must come with strategies of providing loan and advances for professionals and self employed people by considering their qualification and income.

   b) These banks need to concentrate on retail banking to address the banking requirement of large mass of the country. So, they have to coin schemes by considering the personal expenditure pattern of retail customers.

   c) In their term loan, these banks are required to introduce schemes targeted to small scale business firms. These schemes have to be designed by considering the service requirement of the public and with the intention to encourage entrepreneurship and ownership in the public.

   d) Ethiopian banks need to consider the development of loan schemes with the development policy direction of the government. Coining schemes with this policy direction benefits the implementation of policy plans and the future development of the country at large.

3. Ethiopian banks are required to increase the other value added services in their product category. They have to consider providing services of collecting tax and other payments for government, dealing in government securities, bill payment of different service providers, pension payment, co-branded card with other establishments and
other that can contribute to the public and banks by reducing the mental and physical hassle and increasing income from service charge simultaneously.

4. Ethiopian private sector banks need to consider the introduction of their branches to rural Ethiopia. At least they can have limited model rural branches in un-banked areas or they can introduce their service centres in the form of one man office, extension counter or mobile office.

As banking is one major requirement in the development of any country, in this aspect, it is also possible for the government to give some mandatory requirement for opening rural branches to the commercial banks operating in the country.

5. The existing situation around the world tells us that using technology in banking is not an option but rather a necessity for the existence of the bank. Ethiopian banks, therefore, must consider using different technological delivery mechanisms for their services. These include channels like telebanking, Internet banking, mobile banking and extending ATM facilities. Even if it is costly to provide these services throughout, they have to think of introducing these services in convenient places and for limited segment of their market.

6. The promotional measures of Ethiopian banks should be improved and strengthened in many aspects. The following points suggest the possible efforts that can be taken by these banks.

a) As the economic status and living condition of most people is low, investing their time and money for public service activities help these banks to be recognized and attract the attention of the public towards their services.
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Therefore, these banks need to increase their investment for public service activities.

b) These banks have to use different personality pictures to make their brochures more attractive, improve the quality of printing, and prepare them in sufficient quantity for wider distribution.

c) Ethiopian banks have to release their annual report timely so that they can attract potential customers and all stakeholders of the bank can evaluate their performance timely.

d) Personal promotions are more believable than non-personal promotions. In country like Ethiopia, the contribution of these promotion methods towards influencing customers is significant. So, these banks need to use relationship management techniques to convince people towards their services. This can be done by having their own sales team or by using public figures in the community.

e) Ethiopian banks need to change the format and content of their advertisement regularly. They have to make their advertisement desirable for customers, unique in its presentation, and easy to deliver their promise.

7. The public sector bank must adjust the pay scale and benefits to employees. This helps the bank to attract the best talent and retain the experienced staff. This bank also needs to consider the provision of continuous training and orientation of employees to make them more cooperative and helpful to customers.
8. Problems in the process of getting services are the major causes of dissatisfaction for service customers. To improve the total time required and other procedural factors Ethiopian banks, especially those in public sector, needs to consider way of increasing service points, mechanism of immediately changing other points to cash counter whenever the customers in queue are large, differential treatment for worthy customers, having information desk in each branch, interconnection of all branches, and upload important information and update their website continuously.

9. If foreign banks are allowed to operate in Ethiopia, they will provide modern banking to the citizens and their work culture will inject a sense of competition in local banks. So, the government has to consider the possibility of allowing foreign institutions to invest and operate in the banking sector.

7.2.2. Recommendations and Suggestions for Indian Banks

1. Bank customers in some cases do not require collecting interest on saving. Indian banks have to introduce the saving deposit scheme suitable for these customers.

2. Private banks have to encourage people to use their current accounts as they are using the money without paying the interest. Therefore, even if they are not paying interest, they have to reconsider their policy of charging fee for the cash deposited in current account as it is having impact of reducing the demand in the long run.

3. As the business potential of rural and semi urban areas is high, private sector banks need to divert their attention to these areas by opening more branches and other delivery channels in order to provide their standard products and services to the community.
4. Indian public sector banks need to come with revised and improved salary and benefits package as retention-attraction strategy to retain experienced service personnel and also attract the highly talented ones. They should also consider injecting fresh and young blood by emphasizing on recruiting new graduates and young people as front office personnel. Besides, these banks must consider continuous orientation and seminar for the presently existing staff so that they will be customer friendly.

5. Indian public sector banks have to make the interior of their branches neat and attractive, front office employees must be advised to clear the pile of paper on their table, provide waiting space for customers, have information desk (lobby man) in each branch, and prepare stylish brochures in sufficient quantity.

6. In order to minimize waiting time of customers, they have to increase service points (cashers, passbook posting point), devise system of converting other service areas to cash counter with possible minimum effort, and identify some attracting incentives that can motivate customers to shift their usage time.

7.3. DIRECTION FOR FUTURE RESEARCH:

As stated earlier, present research has not covered other marketing areas except the marketing mix elements in banks, and hence is a limitation of this research work. Future research can be carried out in the following marketing related areas.

1. The marketing strategies of the banks in both countries.

2. The impact of different marketing mix elements on the total business of banks.
3. The satisfaction/dissatisfaction level of customers by the service of banks in both countries.

4. The efficiency of employees in serving the customers and the satisfaction level of these employees with their job.

5. The preference of customers in using alternative delivery channels and the cost and benefit of these channels to the bank.

6. The demographic characteristics of the customers and their media preference.