CHAPTER 7  MARKETING OF BANKING SERVICES

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7.1 SBI MARKETING

INTERNATIONAL BANKING

International banking services of State Bank of India are delivered for the benefit of its Indian customers, non-resident Indians, foreign entities and banks through a network of 84 offices/branches in 32 countries as on 31 March 2008, spread over all time zones. The network is augmented by a cluster of Overseas and NRI branches within India and correspondent links with over 522 banks, the world over. Bank's Joint Ventures and Subsidiaries abroad further underline the Bank's international presence.

The services include corporate lending, loan syndications, merchant banking, handling Letters of Credit and Guarantees, short-term financing, collection of clean and documentary credits and remittances.

The Bank has carved a niche for itself in the Euro land with branches located in Antwerp, Paris and Frankfurt. Indian banks and corporate are able to avail single-window Euro services from the Bank's Frankfurt branch.

CORPORATE BANKING

SBI is a one shop providing financial products / services of a wide range for large, medium and small customers both domestic and international. 26 Working Capital Financing

- Assistance extended both as Fund based and Non-Fund based facilities to Corporate, Partnership firms, Proprietary concerns
• Working Capital finance extended to all segments of industries and services sector such as IT Term Loans to support capital expenditures for setting up new ventures as also for expansion, renovation etc. Deferred Payment Guarantees to support purchase of capital equipments. Corporate Loans For a variety of business related purposes to corporate. Export Credit To Corporate / Non Corporate Strategic Business Units (i) Corporate Accounts Group (CAG) (ii)Project Finance (iii) Lease Finance

An exclusive unit providing one s shopping to Corporate
A dedicated set up specialized in financing of infrastructure and other large projects
Exclusive set up for handling large ticket leases.
Pricing
SBI's Prime Lending Rates (PLR) is among the lowest
Presently Bank has two PLR's
SBAR for loans payable on demand and up to one year for loans payable beyond one year.

SERVICES

Listed below are Services, SBI offers to its customers.

• DOMESTIC TREASURY
• SBI VISHWA YATRA FOREIGN TRAVEL CARD
• BROKING SERVICES
• REVISED SERVICE CHARGES
• ATM SERVICES
7.2 ICICI MARKETING

Banking at your fingertips!!!

Why be inline when you can be online for paying your utility bills, mobile bills, prepaid mobile recharge, Shopping, Credit card, insurance premium and lots more.

- INTERNET BANKING
- E-PAY
- E-RAIL
- RBIEFT
- SAFE DEPOSIT LOCKER
- GIFT CHEQUES

7.3 GOVERNMENT BUSINESS

State Bank of India's linkage with Government business is widespread. No wonder that out of 9315 branches in India, about 7000 branches are conducting Government Business. The large network of our branches provides easy access to the common man to deposit the following Government dues and pension payments.

SME (small scale industries)

State Bank of India has been playing a vital role in the development of small scale industries since 1956. The Bank has financed over 8 lakhs SSI units in the country. It has 55 specialized SSI branches, 99 branches in industrial estates and more than 400 branches with SIB divisions. The Bank finances for Small Business activities which are of special significance to a large number of people as many of these activities can be started with relatively lower investment and with no special skills on the part of the entrepreneurs.
1. The ICICI bank and SBI can work towards reducing transaction cost and speedy decision – making. The banks can achieve this by creating flat organizational structure with minimum hierarchy. Here the staff also needs to show innovative and creative abilities. Similarly in case of lending these banks, should adopt less complex procedure. The important factor for considering by these banks is flexibility by adopting simplified banking procedures and practice.

2. Meaningful appraisal of customers services is an essential activity of ICICI bank and SBI. This can be done with customer surveys at regular intervals. Information collected through such surveys after analyzing, will throw light for rectification, refinement, which will go in a long way to improve customer services in banks.

3. The banks should maintain feedback team, which should be given authority to solve customers’ complaints satisfactorily. In fact each and every operational branch should have a response team for such complaints redressal and feedback. These customers complaints should be reviewed at monthly meetings at branch level and rectify the deficiencies prevailing either in system or service.

4. Relationship banking means having a mutually beneficial and long – term relationship not only with the existing customers but also with the prospective customers. ICICI banks and SBI should use this technique to attract and retain customers.

Suggestions regarding service charges:
The major reason that has emerged by the present study for customers dissatisfaction with the ICICI bank (7.0%) and SBI (10.8%) bank is service charges. Both the banks should consider the following suggestion in respect of service charges.
The amount required to open saving account with both the banks Rs. 5000/- which needs to be reduced because, the middle class customers find it too high amount for opening of saving account.

In case of cheque bouncing the customer of both ICICI bank and SBI has to pay between Rs. 300 to Rs. 500 whereas in public sector banks its is Rs. 50 to Rs. 75 only as fines and charges. These two banks needs consider the huge difference in charges and accordingly fix their charges.

7.4 SWOT ANALYSIS OF ICICI BANK

Strengths of ICICI Bank

- ICICI is the second largest bank in terms of total assets and market share
- Total assets of ICICI is Rs. 4062.34 Billion and recorded a maximum profit after tax of Rs. 51.51 billion and located in 19 countries
- One of the major strength of ICICI bank according to financial analysts is its strong and transparent balance sheet
- ICICI bank has first mover advantage in many of the banking and financial services. ICICI bank is the first bank in India to introduce complete mobile banking solutions and jewelry card
- The bank has PAN India presence of around 2,567 branches and 8003 ATM’s
- ICICI bank is the first bank in India to attach life style benefits to banking services for exclusive purchases and tie-ups with best brands in the industry such as Nakshatra, Asmi, D’damas etc
- ICICI bank has the longest working hours and additional services offering at ATM’s which attracts customers
- Marketing and advertising strategies of ICICI have good reach compared to other banks in India
Weaknesses of ICICI Bank

- Customer support of ICICI section is not performing well in terms of resolving complaints
- There are lot of consumer complaints filed against ICICI
- The ICICI bank has the most stringent policies in terms of recovering the debts and loans, and credit payments. They employ third party agency to handle recovery management
- There are also complaints of customer assault and abuse while recovering and the credit payment reminders are sent even before the deadlines which annoys the customers
- The bank service charges are comparatively higher
- The employees of ICICI are bank in maximum stress because of the aggressive policies of the management to win ahead in the race. This may result in less productivity in future years

Opportunities of ICICI Bank

- Banking sector is expected to grow at a rate of 17% in the next three years
- The concept of saving in banks and investing in financial products is increasing in rural areas as more than 62% percentage of India’s population is still in rural areas.
- As per 2010 data in TOI, the total number b-schools in India are more than 1500. This can ensure regular supply of trained human power in financial products and banking services
- Within next four years ICICI bank is planning to open 1500 new branches
- Small and non performing banks can be acquired by ICICI because of its financial strength
- ICICI bank is expected to have 20% credit growth in the coming years.
- ICICI bank has the minimum amount of nonperforming assets
Threats of ICICI Bank

- RBI allowed foreign banks to invest up to 74% in Indian banking
- Government sector banks are in urge of modernizing the capacities to ensure the customers switching to new age banks are minimized
- HDFC is the major competitor for ICICI, and other upcoming banks like AXIS, HSBC impose a major threat
- In rural areas the micro financing groups hold a major share
- Though customer acquisition is high on one side, the unsatisfied customers are increasing and make them to switch to other banks

7.5 MARKETING EFFORTS OF ICICI BANK

Unlike other banks in India, all of whom began as private banks and became nationalized or public banks through the intervention of the government laws, the concept of ICICI Bank came from ICICI. This was an institution set up for public purposes. Yet, this bank is one of those which have a group of very satisfied customers and high deposits. This what all banks try for and these may be considered as the proof of marketing success of ICICI bank.

Unlike other banks in India, ICICI Bank was not established as a bank, but the beginning was as ICICI. This started in 1950s with support from World Bank, government of India and certain Industrialists. Its purpose was to provide development finance for Indian business\(^1\). Development of this organization led to ICICI Bank. The purpose was to collect funds directly and thus at a lower cost. This aspect of Indian finance can be seen even now as practically all banks are profitable. At the time of establishment, this was a small organization with only 1,200 staff as compared to 30,000 people working for the bank today.
From the beginning itself, the bank knew that its success as a bank will depend on customer satisfaction. One of these aspects was for the staff. They made it easy for members of staff to contact each other. This is called People finder. Every employee has his/her own profile on it as also their own areas of interest. This helps employees to locate persons suitable for getting advice when they do not know what should be done. This system of collecting information has been used by ICICI Bank in all areas, and today all these are computerized data. These are "documents and ideas and in harnessing external structured data such as content and databases versus internal structured data, such as data warehouses, enterprise resource-planning applications and databases".

Has the bank been right in its marketing strategies all the time?
It is a bank that has a very developed outlook by Indian standards. Yet, it has tried methods for better service to many of them. In 2005, it tried to go deep into rural areas. It was not very successful then and its rural loans had to come down to Rs. 10 billion in September 2007 from Rs. 20 billion in March. On the way, it was cheated of Rs. 2 billion at State and Central government warehouses in Kolhapur district.

The bank is again looking at the rural areas for business. "As we focus on enhancing our capabilities to serve our corporate and retail customers across India's towns and cities, it is also our endeavour to proactively reach out to rural India and to the vast numbers of our people who do not have access to formal financial services." - Managing director and CEO Chanda Kochhar.

There is also a proposed merger with Bank of Rajasthan which will give it some 200 branches in rural and semi-rural areas. This is a large number for a bank which has only some 2000 branches now. But, it has still some way to cover
before it can reach its earlier levels of penetration. The loans given in those areas still amount to only Rs. 17.3 billion.

**What are the positive strategies for gaining customers of the bank?**

The most important asset of any public service organization (whether it has an objective to make profits or not) are the people that it serves. This is handled by Customer Relationship management of that is called Customer Relationship Management. This can also be spelled out in various terms like additional numbers of customers served, or even additional profits obtained from each customer. How does one know whether these goals are being achieved?

The measurement of customer also reflects in the organization through increased profits, increases in numbers of customers serviced, etc. This is not easy for a large bank like ICICI. It has more than 13 million customers/clients to be dealt with. There are also many aspects to be dealt with – 2025 ATMs, many call centres, banking through Internet and mobile banking. The customers also keep shifting from one medium to another. ATMs and electronic transfers are the way now to handle more than half the money. There are also special ATMs which have the ability for large deposits to be made.

Yet the bank is handling all these customers and their various requirements. This is through customer service. Training of personnel to a high level is done as also more of direct marketing to customers telling them that they can get better facilities if they switch their account to ICICI. Customers are studied more through studies and communications required for them from departments within the bank are well prepared. Total information about the service that will be given to them is also made clear. In short, know the customers and their requirements better; then provide them with service they require.
All products and services require marketing efforts to succeed and ICICI Bank is no exception. It continues to develop its services to customers and change them with changes in their demand. After all, my grandfather is different to me.

7.6 SWOT ANALYSIS OF SBI

**Strengths**

- SBI is the largest bank in India in terms of market share, revenue and assets.
- As per recent data the bank has more than 13,000 outlets and 25,000 ATM centres
- The bank has its presence in 32 countries engaging currency trade all over the world
- The bank has merged with State Bank of Saurashtra, State bank of Indore and the bank is planning to go further acquisition in the current FY2012.
- SBI has the first mover advantage in commercial banking service
- SBI has recently changed its vision and mission statements showing a sign of inclination towards new age banking services

**Weakness**

- Lack of proper technology driven services when compared to private banks
- Employees show reluctance to solve issues quickly due to higher job security and customers’ waiting period is long when compared to private banks
- The banks spends a huge amount on its rented buildings
- SBI has the largest number of employees in banking sector, hence the bank spends a considerable amount of its income in employee’s salary compensation
- In spite of modernization, the bank still carries the perception of traditional bank to new age customers
• SBI fails to attract salary accounts of corporate and many government sector employees salary accounts are also shifted to private bank for ease of operations unlike before

Opportunities

• SBI’s merger with five more banks namely State Bank of Hyderea, State bank of Patiala, State bank of Bikaber and Jaipur, State of bank of Travancore and State bank of Mysore are in approval stage
• Mergers will result in expansion of market share to defend its number one position
• SBI is planning to expand and invest in international operations due to good inflow of money from Asian Market
• Since the bank is yet to modernize few of its banking operations, there is a better scope of using advanced technologies and software to improve customer relations
• Young and talented pool of graduates and B schools are in rise to open new horizon to so called “old government bank”

Threats

• Net profit of the year has decline from 9166.05 in the year FY 2010 to 7,370.35 in the year FY2011
• This shows the reduce in market share to its close competitor ICICI
• Other private banks like HDFC, AXIS bank etc
• FDIs allowed in banking sector is increased to 49% , this is a major threat to SBI as people tend to switch to foreign banks for better facilities and technologies in banking service
• Other government banks like PNB, Andhra, Allahabad bank and Indian bank are showing
• Customer prefer to switch to private banks and financial service providers for loans and mortgages, as SBI involves stringent verification procedures and take long time for processing
Customer centricity is core SBI scale of operations. Many pro-

1. Offers 14 payment options - The only Company in India to offer 14
different modes of payment options to customers. This includes SBI
Account holders who can direct their remittances through
Onlinesbi.com; National Electronic Fund Transfer (NEFT) and Over The
Counter (OTC) (at SBI Branches)
2. One of the first few companies to have migrated to the Europay,
MasterCard and Visa (EMV) platform. SBI Cards uses this cutting-edge
technology for its wide spectrum of Credit Cards.
3. Insta-Card for making immediate spends
4. Comprehensive real-time SMS alerts system with more than 60 types of
useful and critical alerts for cardholders
5. www.sbicard.com that allows cardholders to discover the power of
convenience & manage their SBI Card account 24*7
6. A cutting-edge IVR (Interactive Voice Response) system, which is truly
customer-friendly and has a host of services for the customers
7. The SMS channel for grievance redressal wherein cardholders can simply
SMS the word "Problem" to <9212500888> and get their concerns
addressed.
8. SBI Cards is also highly active on Twitter & Face book, the Social Media
Channel thus enabling a 360 degree approach to reach out to customers &
in turn giving them various ways to contact us.