

ISSUES AND PROSPECTS OF MARKETING IN THE BANKING SECTOR

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Abstract

The researcher provides extensive research work and rational analysis on the issues and prospects of marketing in the banking sector. The issues identifies amongst many others are:- making these banking sectors less more marketing and customers oriented, Assigning unimaginable and unattainable market targets by the executives, troubles planning for achieving objectives, issues of certain objectives of the banks that clashes with marketing objectives, the nature of environmental factors as a whole. The study therefore had the objective of finding out the phenomenon of these issues which its solutions pose as major challenges that leads to the prospects and marketing as the “man in the middle” the middleman playing the role of mediating. Four banks operating within Onitsha, Anambra state of Nigeria, namely United Bank for Africa, First Bank Plc, Union Bank Plc, and Eco Bank Plc were used. Primary data was obtained from surveying the views from marketing officials. The secondary data emanated from bank statement and brochures. Findings made are, the targets given to the service marketing field officers are not in line with their performance scope, adequate fiancé and training are not granted to these officials. Marketing folk are spending much time working with development of market they don't have enough time to conduct research and innovation. Recommendations:-The marketing group of these banks should do a great job of planning enhanced new services programmed in a timely manner. The marketing group should be organized in such a way that all the bank businesses are covered adequately, (outsourcing inclusive) there should be

periodically review of the bank marketing functions, plans and strategies etc to determine areas of corrections, improvements, investments based on specific customer requirements, education of actual and potential customers on the importance of banking, above all given the marketers achievable targets among others.

INTRODUCTION

The relationship between banking and marketing has undergone intensive and extensive empirical research. It is not out of place or over statement to state that banking system of every economy decides the growth as it expedite and facilitate means that routes money from the abundance sectors of the economy towards lacking areas of economy. Equally, marketing as “man in the middle” serves as the heart-beat of any banking industry. The management of any banking industry always remains unhappy when there are no or few customers. Marketing is that which continues to bring in customers thereby making the cash register to strike and thus make the management to smile forever. Therefore marketing today not only occupied a prime position in the banking industry, but a catalyst for economic development of both developed and developing economies. Marketing involves in the creation of value in the banking sector by the attraction of deposits from customers and making loans advances available to customer. Marketing concept of banking services is aimed at giving it to the customers the way they want them that is matching the services of the banking institutions with the needs of customers for funds, loans or deposits. The marketing concept of these services calls for given it to them at the right time, right place, right promotion and reasonable profit, which its challenges to the marketers includes identification of who, what, how, where, why, when etc.

Subsequently, there are other marketing issues faced by the marketers in the marketing of banking services. For example unattainable market targets, non availabilities of adequate finance and training for these bank marketing offices, lack of transparency, much working hours, the issue of reforms in the banking sector and competitive environment that have encourage the sudden unethical and criminal practices by some fraudulent bank workers. These regulations and marketing warfare are serious threats militating against survival and growths of these banks. Based on these and other reasons, there is urgent need to bring in that middleman “marketing” in rendering banking services as a bail out for these banks, since marketing has high prospects in the banking sector. Marketing is the only panacea that can transform weak banking sector in to a healthier institute.

An over view of the banking sector:-

Advanced learners dictionary 6th edition defined banking as the business activities of banks. Ogontade (1987:2), writes, financial Institutions, particularly the banks are economic decision units established for the purchase or providing financial services and products to its target market with primary objective of making adequate returns or profit on the funds. The banking sector in Nigeria has come of age and is now equipped in terms of technology, skills, promotion, place, process, product, physical evidence and financial resources to play an effective roles in the financial sectors scope and scale, financial assets, Also Nigeria banking system has witnessed significant growth over the last few years; it is important to

mention the fact that Nigeria is an emerging market as it have played central role over many years resulting to economic transformation. They offer a well developed financial system services comprising local and international related services. Central Bank of Nigeria and INDIC are main controller of these banks.

Nigeria as emerging market and the banking system is a key factor towards a better life status. Central bank of Nigeria as main controller of the supply of currency of Nigerian naira, assist Nigerian banks to offer a well-developed system comprising local and international aids.

Notwithstanding that Nigeria is an emerging market, it offers a well-developed financial system comprising local and international financial institution related to brokerage, insurance, investment but also financing. In the past years, there were so many epileptic banks available in Nigeria that these become vulnerable to fraud and other bank malpractices. Therefore in order to provide more reliable financial services, the solution was to perform mergers. In this way the number of banks available decreased, but the ones that remained had a better capitalization structure and were trust worthy. The current Nigerian banks are able to offer loan with longer terms as compared to before the mergers and this is an important aspect when it comes to financing the local projects.

Surprisingly or not, starting with 2006, the Nigeria financial sector enjoys success and worldwide recognition. Since many Nigerian banks have reached the list of the world's best 1000 banks. Having this in mind, the best Nigeria banks listed in this report are as follows:-

First bank, Zenith bank, Union bank, etc

To sum up from an economical and financial point of view, Nigeria is rapidly approaching the middle income level and this will lead to a better living status and investment projects through the nation.

BANKS, PRODUCTS, CUSTOMER AND CHARACTERISTICS

Bank products which can be said to be social products are priced although not often in the normal fashion. The benefactors directly or indirectly paid for them.

Today marketing is facing a new challenge concerning whether it concepts are applied in the daily non business of buying and selling, as well as other services areas, which the bank sector is among. In 1969, Professor Levy advanced the view that marketing is the relevant discipline for all organizations in as far as all organization can be said to have customers and products. Based on this assertion, one can rightly prostrate that every social unit is a marketer in as much as he/she or they have customers and products. Since marketing is relevant in all situations where one can identify a social unit, client, social object etc, whether or not payment is required or profit is immaterial. Until now all products in principles are priced. We must recall that product is something that has value for social units. All the social products are priced though often not in the normal fashion. Police services are paid for with taxes; religions services are paid for by the donations and offerings, while banking services are paid through bank charges.

Subsequently, banking sector as an organization with products and customers faces it own marketing issues, roles, and prospects with respect to her customers and products, they must study their market, its size and composition, there wants, attitudes, patronizing/transaction habits, etc, design their wants, attitudes, patronizing/transaction habits, etc, design their products to appeal to their target market, segment their market, "given it to them, the way they want them" (market oriented); develop channels and

communication programmed that will expedite and facilitate patronage, satisfaction, delight, and loyalty. They must develop customer opinion education and feedback system to enable them move in line with the customers' needs. As noted by Kotler et al (2007:141) customer are more educated & informed than ever, and they have tools to verify companied claims & seek out superior alternative.

BANKING PRODUCTS: - Banking (products) services refers to:

1. Saving accounts comprises banks services to its public, among them are multiple saving instruments, checking accounts, commercial and agricultural loans, trust and credit card services etc. Writing on banking services, Lipsey and Stener (1983:611), stated that they hold deposits for their customers, permit certain deposits, to be transferred by cheque from one account held in any bank in the country, make loans available to households and firms, also invest in government, securities.
2. **Money Market:** - This is short-term trade in low risk securities that is the trade in low risk securities that have a life of one year or less.
3. **Checking Accounts:** A bank account that enables one to make withdrawals or payments to other people using cheque.
4. **Certificate of deposit:** This is document guaranteeing funds that is a financial document showing that a person, group or organization has a specific sum of deposit at a bank, usually for a set of period.
5. **Retirement Account:** It is account retirement plans of government employer and individuals that are financial programmed that provide livable income when the person involved stop work.
6. **Credit Card:** Card for deferring payment that is a card issued by a bank that allows somebody to purchase goods and services and pay for them later often with interest.
7. **Debit Cards:** Refers to card used for shopping without cash that is a plastic card that the holder can used to pay for purchases, the money being transferred directly from the holder's bank account to the seller.
8. **Mortgage:** An agreement by which somebody borrows money from bank and gives the bank the right to take possession of property given as security if the loan is not repaid. Rose (1997) opted that loan arise from negotiation between banks and it's customers and results in written agreement for adequate security and income.
9. **Home equity loan:** Mishkin (1992:203) stated that a loan is a liability to the individual or firm receiving it, but asset to banks because it provides income to them. Home equity loan referred to a loan by which the borrower's home is used as collateral usually secondary to first mortgage.
10. **Mutual Fund:** An investment bank that uses members' capital to buy diverse group of stocks from others.
11. **Time Deposit:** A bank deposit from which withdrawal can be made only after a set period to time or after giving notice.
12. **Automated Teller machine (ATM):** This is an electronic machine that enables customers withdraw paper money or carry out other banking transactions on insertion of an encoded plastic card.

13. **Current Account:** Account with money readily available, that is account at bank building from which money be drawn on demand.

14. **Money creation:** Whenever a bank gives out a loan in a fractional reserved banking system, a new sum of vital money is created.

These and other numerous services rendered by banks made up of what we called banking services or product. These explanations will be inconclusive without briefly mentioning their customers:

1. Depositors that is fixed, current and savings depositors.
2. Borrowers that is those in need of grants and advances with reasonable and adequate collateral to back up
3. Agencies that need such functions of remit and of such funds, standing order, collection of payment, purchase of dividends, tax consultancy etc.
4. Government, especially execution of government monetary policies, lending to government etc.
5. Cheques payees and payers that is individual, organizations and government with the need.

CHARACTERISTICS OF SERVICES: (PRODUCTS)

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything (Kotler 2001, P. 428). According to Bush and Houston (1985, P. 850) services is an act by individuals, organizations. As Stanton W.J (1981 P. 441) saw services as those separate, identifiable, essentially intangible activities that provide want satisfaction or other services. It is a deed, performance or effort not physically possessed.

1. **Intangibility:** Service cannot be touched, seen or tasted prior to purchase and consumption, evaluation comes in after purchase and consumption.
- 2) **Inseparability:** It is very difficult and impossible to separate production and consumption as both occurs simultaneously.
- 3) **Portability:** Services cannot be inventoried as they tend to be waste when provider equipment is not in production or in use.
- 4) **Fluctuating:** Service demand fluctuate more than most tangible products tends to be, services and demands use to be at peak during certain period of the year or month.
- 5) **Heterogeneity:** Standardization of services looks like dream yet to be accomplished; First Bank plc service can never be the same with Eco Bank Plc. Note that the promotion tools used by banks to promote their service are:-
 - 1) Personal selling that is one on one presentation of the bank services being offered by the bank through the field marketing officers.
 - 2) Sales Promotion: - Short-term promotional arrangement to boost patronage usually applied to entice, woo or lure the target audience to bank or do business with them through the utilization of inducement materials.
 - 3) **Advertising:** Is form of printed and oral presentation of ideas, services etc of the bank through the mass media.
 - 4) **Public Relation:** Public relations, publicity, e-banking, ATM card and host of other promotional tools.

THE ROLES OF MARKETING IN BANKING

The bank owners, directors, shareholder, employees and the entire publics of every bank remain unhappy when under retrogressive, marketing is that which continues to make cash register to strike and thus make the afore-mentioned happy through:-

- 1) Playing the role of bread winner hence the popular saying “show me a prosperous bank and I will prove to you that the marketers are responsible for its prosperity”. They go out to scout customers, retain/delight them, encourage actual customers to remain loyal customers etc thereby bringing in money to the bank on daily basis making profit etc. According to Johnson (2004:11) the demand of various interest groups can be summarized in two words and they are profitability and liquidity.
- 2) As the “man in the middle” mediating between the customers and the banks, it performs the gap closing role in the sector.
- 3) Marketing is the critical intersection between the bank and development as it integrate the society with economy.
- 4) Marketing touches all bank public via press releases, magazines article, briefing, brochures, trade shows, customers councils, etc inform of informative, persuasive, institutional and financial advertising.
- 5) The role of research: Drawing on information gathered both externally and internally by marketers, marketing supports the management team in developing strategies that will create opportunity and assess the bank current marketing effort, rates the bank with the survey and the target market problem areas.
Other important roles played by marketing in the banking sector are
 - a) Creation of employment
 - b) Increasing standard of living
 - c) Transfer of title or ownership
 - d) Collecting inputs from customers.
 - e) Marketing work with innovators to define service requirements and bring such services to the market completely as well as the end of life of such services.
 - f) Marketing trains the marketing field officers on the bank services (both new and old) etc.

CHANNEL SERVICES OF BANKING:-

Banks rendered services through the under stated channels:-

- 1) Automated teller Machine
- 2) A branch that is retail location services.
- 3) Call centers.
- 4) Mail services, most banks accept cheque deposits via mail and use mail to communicate to the customers; examples sending the statements.
- 5) Video banking that is performing banking services or professional banking consultations through a remote video and audio connection, it can also be performed via purpose built banking transaction machines (similar to ATM) or via video conference enable bank branch clarification.
- 6) Mobile banking is using one’s mobile phone to conduct business transactions.
- 7) On-line banking that is performance multiple transaction over the internet.
- 8) **Relationship Managers:** - This is mostly for private banking often visiting customers at their homes or business areas for the banking purposes.

- 9) **Telephone Banking:** This is another banking service which allows its customers to perform transaction over the telephone with automated attendance or when requested by the telephone operators.

MARKETING TRANSACTION

For marketing transaction to occur in a society six conditions are necessary

- 1) Two or more social units must be involved.
- 2) There must be scarcity of the social objects (products).
- 3) The concept of private product ownership
- 4) One social unit must want the product held by the other social unit.
- 5) The wanting party must be able to offer some kind of payment for the product.
- 6) The owing party must be willing to forgo the product for the payment

THE ISSUES

1. Setting of unattainable market targets.
2. Spending much time working
3. Clashing of objectives
4. Economy of the nation as a whole
5. Innovation
6. The external environment of the bank
7. Inadequate support from the management in terms of training and financing
1. Setting of unattainable market targets: For any marketing outfit to survive, accounts receivables must be more than account payables, the major concern is source of income. In banking services, emphasis is highly placed on deposit mobilization through marketing officers of the banks. The marketing field officers make sure that they bring in individuals, groups, organizations, co-operate bodies etc, to patronize these banks and improve the banks financial fortune.

The issue here now is that these marketing officers happen to be some of the prettiest young girls and handsome boys, they were given unimaginable and far reaching targets without considering the issues of achievable, realistic, timeliness and specialized (SMART) as these targets given are so far from this acronym.

These targets range from three hundred to five hundred million (300,000,000-500,000,000) million deposits per month. In an effort to actualize this dream, these marketing officers are often exposed to dirty deals and unethical practices in the name of protecting their jobs. While doing the jobs, the countenance in their faces is a dilemma of "where do I go from here if I lose this job".

2. Working hour factors among these marketing officers: - Marketer has obligation and needs to work as a lone soldier in the field, support development of strategies etc. However the simultaneous demand for these duties and contention for limited marketing resources causes one or the other to lose out. Creative thinking is required to assure that all these needs of all parties are met.
3. Clashing of Objectives:-Certain banks objectives that may clash with marketing process. Among some of such objectives are:-
 - A. Achieving greater market share capitalization
 - B. Maximizing outputs with minimum inputs
 - C. Positioning the banks in the minds of customers as most friendly, reliable and customer oriented banks.

- D. Maximizing profit for shareholders etc.
In as much as the bank objective, (co-operate objective) must be precedence to the marketing objectives, though bank quest to achieve some agency objectives may ignite ignoring marketing plans and objectives. For instance the banks quest to minimize cost and maximize profit, little or inadequate appropriation may be granted to the marketing against their original budget.
- 4) Economy of the nation: The state of economy affects the marketing of the bank marketing officers. How? Inflationary period is period money (Cash) loses value and holders would want to invest the cash on acquiring assets that would retain or increase the value of the money in the future. It becomes a threat to these marketing officers to carry out their scouting activities. They tend to lose customers during this period as it takes greater efforts to convince their customers to deposit with them at lower or on interest rate. A healthy economy lead to smooth business thereby enhances marketing activities, while regression economy will create the lowest business activities of which banking will be highly affected.
5. **Innovation:** “Innovate or die” marketing supports the management team in developing strategies by identifying market opportunities that support the attainment of objectives. Disheartening to observe that most of the bank managers either by commission, omission or otherwise under utilize the professional marketers in this area.
6. Environmental threats: Environmental factors that creates threats and opportunities for banking industries which the marketing officers have no control over, rather they always tried to adjust and adopt to are
- a. **Credit risk i.e.** Risk of loss arising from a borrower who does not make payment as promised at the agreed date resulting too bad debt Orji (2002:60) stated that bad or irrecoverable debts are debts due to creditor but for some inherent weaknesses the full or partial recovery is considered impossible. Also Musa (2005:45) elaborated bad debt factors as comprises bank related factors and customers related factors.
- b. **Liquidity risk i.e.** Given security or assets that cannot be traded quickly enough in the market to prevent a loss (or make the required profit). Some lending staff are not academically and professional knowledgeable to appraise project properly consequently most of the loans granted by them go bad Anyaoku (2001:107)
- c. **Market value risk:** That the value of a portfolio or trading portfolio will decrease due to the change in value of the market risk factors.
- d. **Reputation risk:** That is related to the trustworthiness of the bank programmed. Finally, the environmental factors faced by banks include political, technology, cultural, competitive etc.
7. **Corrupt Bank Marketing Field Officers:** The marketing officers who dupe customer through falsification of cash figure and fraudulent practice to the detriment of the marketing department in particular and the banks as a whole.
8. **Hyper-banking Warfare:** This has arisen due to rapidly and readily available sophisticated technology intrinsic differences among banking services, and customers are making better informed banking decision. Marketers of these banks are always searching for ways to differentiate their banking services to add value, in order to achieve competitive advantages and more market share. Equally noted,

which is prominent among these issues is the continuing use of large sums of cash in finality of transactions (CBN 2003).

POSSIBLE SOLUTION TO THE ISSUES AND CHALLENGES

The above enumerations and analysis will be in conclusive without proffering possible solutions.

- 1) The marketing objectives should take cue from banking objectives in order to achieve harmonious relationship.
- 2) The right way to introduce new services in the banking to the customers that doesn't have need of it is to attach it to some existing services that the customers is already patronizing and give it at little innovation.
- 3) Enough fund and time should be allocated to the marketing unit to ensure successful implementation of its marketing programmed.
- 4) Information that involves sustaining robust customers information system that captures transaction data, demographic data, psychographic data (activities, interest, opinion etc), contact and contextual data must always – “be watch words of these marketers”
- 5) The target given to these bank marketing field officers should always be in accordance to acronym “Smart” (specialized measurable, achievable, realistic and timeliness).
- 6) The marketing field officers services should centre on customer psychology that is an understanding of customer behavior, predicting their behavior under given different circumstances, and influencing patronage behavior.

PROSPECTS OF MARKETING IN THE BANKING SECTOR

The above issues notwithstanding the prospects stares at the banking sector are numerous

- 1) The installation of electronic security doors that allows one customer entering system into the bank. This innovation streamlines entering and exit into the bank. More so, electronic gadgets which helps in checking of entering banking premises with weapons helps not only in checking of armed bank robbery, but reduced the incidence and the work of security now and in future. These have in fused some confidence of safety in the hearts of customers.
- 2) The gradual movement of transaction to a cashless that is where most transactions are done through bank with mobile phone, smart card, etc which reduces the incidence of carrying cash. It afforded the bank customers the opportunity to make purchase and payment anywhere at any given point in time and instantly make payment through their mobile phone instruction to their bank to transfer the cash worth of the goods or services to the seller account. This is a pointer to good hope for marketing unit.
- 3) The use of computerized data/information, automated teller machine (ATM) etc has increased the place utilities of the banks as is being increasingly stressed. A customer banking with first bank Plc can withdraw or assess his/her account with any branch of Eco bank Plc., The electronic debit alert signal which appear in the account owner mobile phone with detailed information on the details of withdraws, if these trend continuous, there will be proper control of transactions of banking services in future. E-banking and E-marketing are prospects as they make transactions easier for customers.

- 4) Convenient and ease parking spaces for customers especially in the metropolitan areas which is indicator of caring for customers. This is pointer to good prospects for banking services.
- 5) Improved educational and literacy of the populace have led to amelioration of marketing headaches as the virtually greater percentage of potential and actual customers of the bank sector have come to understand the importance of keeping money, assets and valuables in the bank, the tremendous bank services of channeling deposits into lending activities and their influences on the financial system and economy in general.
- 6) The increased promotional messages has assisted in creating awareness to the potential customers on the existence and importance of banking, the after affects of not banking and the benefits the customers drive from banking.
- 7) Lastly, the creation of more marketable services by banks has led to vacancies for young marketing graduates. Secondly, marketing of bank services create more bank users and usages, this in turn result in more employment opportunities etc. But thank God as the greater rate of unemployment with additional number of high institutions offering courses in marketing, ICT, management etc. Then greater potential capable and competent hands await the banking services. Moreover the on-going reorganizations, in the banking sector are a right step towards the right direction for the marketing of banking services. As people can now deposit their money with the banks & go home & sleep peacefully due to the healthy capital base of these banks. CBN (2003) postulated that recent development in the clearing and settlement system in the Nigeria banking industry.

RECOMMENDATION

1. The managements of these banking institutions should go extra miles in simplifying depositing procedures as they did for withdrawing (though more thorough works are required to be done on these dispensing cash machines, and installation of more to augment the available ones in order to reduce the cues usually observed within the dispensing areas).
2. Some bank workers, especially those that meet with customers on daily basis should be called to order, inculcate in them marketing concept, public relations, above all they are there because of the customer, let them see the customers as kings. Nwankwo (1980) aptly remarked that all banks staff from the board of directors to the counter clerk and cleaner has responsibility of selling the bank positively to the public.
3. “7ps” of marketing manifest more on services sectors of the marketing, which banking industries are more affected. Therefore the management of these banks (especially those that have stayed for decade), must modify their physical structures and process in order to move in line with present realities so as to continue functioning in the best interest of their customers.
4. Adequate fund and other supports should be given to the field marketing officers of each bank to ensure successful implementation of their marketing programmed.
5. Finally, accelerated attention must be given to all afore-mentioned issues in this research work, including outsourcing.

CONCLUSION

Customers patronize bank to solve their problems, which if such bank services fall short of their expectation, cognitive dissonance arose. Satisfied customers are road map to or route for bank to continue in the banking businesses, more market share, and profit maximization. Therefore banks cannot remain in the banking services if it cannot keep customers satisfied delighted with first class quality services and continuous innovations.

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