

Over view of Banking Sector and its service in Tamil Nadu

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Abstract

The concept of 'bank marketing' is the combination of two different words i.e. bank and marketing. In a true sense, it is an application of marketing principles in the banking services or conceptualization of marketing in the decision-making process of banking organization. It is quite natural that in an age of electronic banking, the functional responsibilities of bankers witness a radical change. Earlier the marketing concepts came into the banking sector not in the form of marketing rather in the form of advertising and promotion. Gradually we find a change in the concept since the experts realized that marketing should gear itself to more to the well being of the society or more to the satisfaction of the customer.

Introduction:

Banks play a crucial role in today's world but along with that the service provided is also equally important. The term service itself implies the existence of two parties, those rendering the services and those to whom the service is rendered. Contrary to the popular view, service activities have always had a place in economic system although their attributes and significance for the operation of a spatial organization of those systems have been subject to considerable change

Changing Scenario of Banking sector:

In any bank, marketing is the key element for satisfying its objectives. Marketing concept assumes that the objectives of whole business enterprise is to make a return to those who have invested in it, that one must make sales in order to make profits and that the best means of making profitable sales over long run is to produce a product which satisfies some consumer needs. Marketing helps the bank to achieve the desired objectives. With the passage of time, the conceptual change becomes necessary since the time cycle brings a change in the levels of expectation of customers. Marketing brings awareness in the customers about the services provided by the bank. Yesterday, the concept of marketing remained confined to the selling and buying activities and therefore the functional areas were limited to the management to the sales and purchases. Today we find a sea change in its functional areas. The main reason for this is a basic change in the concept of marketing which includes in its preview the management of product, pricing, place and people. Since independence, bank was providing services such as lending money and accepting deposits. So conducting marketing activities for them was not complicated. But today, the scenario has changed. Now a days, banks provides lots of services such as providing housing loans, car loans, personal loans, educational loans and the like. Not only that for safety purpose, bank is also providing smart cards, debit-cum-ATM cards, credit cards, etc. so as the marketing services has also expanded simultaneously. Previously, marketing was done in a simple way. But now-a-days, marketing activities has become complicated. Banks has to use various channels of direct and indirect marketing to market their services.

Banking Services Marketing practices in Tamil Nadu

According to Peter Drucker: "Bank marketing is the aggregate of functions, directed at providing services to satisfy customers financial (and other related) needs and wants, more effectively and efficiently than the competitors keeping in view the organizational objectives of the bank". For any business, marketing is a "concept that of seeing the business through the eyes of customers and ensuring profitability through providing them with value satisfaction"³. The purpose of an enterprise is to create, to win and to keep a customer. The customer is and should be central to everything the organization does. This centrality of the customer to the enterprise will permeate all departments of organizations, which are truly market oriented. Ultimately decisions, which are taken, are seen to have an effect and impact upon the customer, which highlights the basic reason for the existence of the enterprise, and the source from which its lifeblood derives. In this sense marketing is first and foremost „an attitude of mind“. Once the importance of customer in the enterprise is recognized. Marketing covers „a range of activities“ such as identification of customer needs, creation, production and delivery of products and services based on the identified needs, pricing of products, communication with the market and the like and ensuring integration of all customer impinging activities for meeting the challenges from competitors. In blending these activities management will make use of „an array of techniques and tools“ in order to enable the enterprise to operate as efficiently and effectively as possible in the consumers“ interest

Banking Services Marketing Mix in Tamil Nadu

The marketing mix consists of four basic variables: product, price, promotion and place. A major task of marketing management is to blend together these elements of the marketing mix in such a way that they fulfill the needs of selected target markets. In many senses, the marketing mix provides a bridge between marketing strategy and marketing tactics. The aim of marketing strategy is to establish a match between skills and capabilities of the banks and the needs of the target market. Marketing tactics are more closely concerned with decisions about how to deliver the product or service offer, which reflects this matching process. The marketing mix has both strategic and tactical dimensions. The strategic dimension is primarily concerned with decisions about the relative importance of mix elements for a particular product. While the tactical dimension works within the framework created by decisions regarding the balance of the mix and is primarily concerned with the specification of precise details of each element in the mix.. Because of the peculiar nature of services, many authors have incorporated three additional „P“s to service marketing mix as people, processes and physical evidence. There is also a school of thought that there is no need for broadening the existing four „Ps“ of marketing mix because each of the additional three „Ps“ can be incorporated in the traditional marketing mix. Manipulation of the product, its price and the way it is promoted and distributed comprises one of the major decision stages in the strategic marketing process.

Product strategies

The products of a bank are essentially services. Under the marketing concept services offered by the banks have to be worked out after taking into account the customer needs and preferences. In this perspective what the customers are buying from the bank is security, convenience, prestige, freedom and a number of other want and need satisfying extensions that are packaged in the form of basic banking services. The product component of the financial services marketing mix is affected by the problem of copying. It is difficult to use specific service attributes as the basis for developing competitive advantage because distinctive attributes are easily duplicated by competitors. By contrast, improvement in the quality of service provision in general and customer care in particular, are recognized as being important strategies for successful product differentiation⁶. Product development can serve bank marketing ends by attracting consumers from outside the present market, increasing sales to the existing market and reducing the cost of providing an identical or similar service⁷. The product development strategies include expansion strategy, differentiation strategy and satellite product strategy.

Pricing strategies

In the formulation of marketing mix pricing occupies an important role as it is found instrumental in motivating the target group. The price of a product or service has a strong impact upon the image of the product as well as an economic impact on the bank. For a long time price in the banking industry had been regulated and banks were forced to compete on non-price basis. Only recently that the banks have got the freedom to fix their individual prices for various services. The banks are naturally required to frame two-fold strategies i.e., strategies for interest and commission to be paid to customers for borrowings and other services. Since both the strategies throw vice-versa impact, it is pertinent that banks attempt to establish a co-relation between the two. The transaction would not take place if either of the buyer or seller has a feeling of loss. The banks have to take this value satisfaction variable into consideration while formulating pricing strategies⁸.

Promotional Strategies

The promotional activities of banks have several dimensions like building of image and reputation, differentiating from competitors, generating interest and knowledge, attracting new customers and generating customer loyalty. To achieve these objectives the banks develop promotional strategies and tactics, which utilize the usual mix of advertising, sales promotion, public relations and personnel selling. Financial services are getting more and more complex and there are many of them to choose. Banks can market current account, savings and fixed deposit accounts without sales people. But the complex financial services such as portfolio management, mutual funds, factoring and the like. Require interactive dialogue by sales people. Thus there is a real need for developing an ongoing professional and proactive sales programme in banks. The role of advertising in banks must be to complement personnel selling and not to substitute. Best financial service advertisers will attempt to pave the way for sales people in three ways. It promotes the bank, bring more credibility and send messages to market segments. Public relation strategy will help to publicize a bank and its services so as to maintain favourable images and credibility. Of late, banks are practicing relationship banking where customers are viewed as clients and emphasis is to retain

than acquiring new customers. The rationale behind relationship banking is to transform single-service users into multi-service clients and indifferent customers into loyal clients.

Place

Strategic decisions relating to the delivery of financial services are important components of marketing mix. Banking is more of convenience business and much importance is given to the branch location, communication network, clean environment, and parking facility. Recent advancement in the electronic technology has reduced the importance of location with the introduction of home banking, tele-banking and the like.

Features of banking services in Tamil Nadu

In a high competitive environment, where conditions are constantly changing and rapid development creates new opportunities, small, medium and newly established firm as well as professional finds assistance and factual support in bank.⁹ Bank constantly designs and develops its products and services in order to offer financial solution with favourable terms and conditions, adjusted to the requirement of firms. Banks provide useful services to their customers. For that, marketing activity is essential.

The following are the important characteristics of bank marketing:

- A. Bank provides financial support to the customers who are in need of it. Marketing helps the banks to maintain good relation with the customers.
- B. Bank marketing generally informs about the latest schemes which are introduced to its regular customers.
- C. Customer is the king of market. Customer's satisfaction is the aim of the bank. Through marketing, bank assures better services to the customers.
- D. Marketing activities undertaken by different banks help them to increase their profit

Significance of Banking services in Tamil Nadu

- A. Bank marketing provides exact information to the customers, Soon the basis of that information, the customers can take the right decision.
- B. Generally, the customers are unaware about the services that are provided by banks. So it makes the people aware of the facilities provided and influences them to take the correct steps.
- C. Bank marketing also provides current information related to the loans. If there is any modification in interest rate or other formalities, then customers can easily get information on such matters.
- D. Banks provide different services to their customers including providing loans and accepting deposits. There is difference in the interest rate of deposit and on loan. In short, banks can earn the higher profits through effective marketing activities.
- E. Bank marketing helps to build up the reputation of the bank that is very important in today's competitive world.
- F. Through marketing activities, banks can increase the business of their other branches also because the marketing activities have a positive impact on the business of the branch of bank.

Conclusion

The concept of 'bank marketing' is the combination of two different words i.e. bank and marketing. In a true sense, it is an application of marketing principles in the banking services or conceptualization of marketing in the decision-making process of banking organization. It is quite natural that in an age of electronic banking, the functional responsibilities of bankers witness a radical change. Earlier the marketing concepts came into the banking sector not in the form of marketing rather in the form of advertising and promotion.¹¹ Gradually we find a change in the concept since the experts realized that marketing should gear itself to more to the well being of the society or more to the satisfaction of the customer.

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