

MINOR RESEARCH PROJECT IN COMMERCE

**MARKETING OF BANKING SERVICES – A COMPARATIVE STUDY
OF PUBLIC AND PRIVATE SECTOR BANKS IN KERALA**

By

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DECLARATION

I, Minija Abraham, hereby declare that the minor research project entitled **“MARKETING OF BANKING SERVICES – A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN KERALA “**, is a bonafide record of research work done by me independently under UGC aid XIIth plan and that the research work has not previously formed the basis for the award of any degree, diploma or similar title of any university or institution.

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Minija Abraham
Principal Investigator

CONTENT

SL. NO.	CHAPTER NAME	PAGE NO.
1.	LIST OF TABLE	
2.	LIST OF FIGURES	
3.	INTRODUCTION	2 – 12
4.	LITERATURE REVIEW	14 – 29
5.	THEORETICAL FRAMEWORK	31 – 49
6.	DATA ANALYSIS AND INTERPRETATION	51 – 72
7.	FINDINGS, SUGGESTIONS AND CONCLUSION	74 - 77
8.	SUGGESTIONS	78
9.	CONCLUSION	79
10.	BIBILIOGRAPHY	80-83
11.	QUESTIONNAIRE	85-87

LIST OF TABLES

Sl. No.	Table No.	Table Title	Page No.
1	4.1	Gender wise distribution of respondents	41
2	4.2	Agewise distribution of respondents	41
3	4.3	Qualification wise distribution of respondents	42
4	4.4	Occupation wise distribution of respondents	43
5	4.5	Income wise distribution of respondents	43
6	4.6	Table showing types of account of respondents	44
7	4.7	Table showing years of dealing with the bank	44
8	4.8	Table showing reason for choosing the bank	45
9	4.9	Table showing trend of banking transactions during recent years	46
10	4.10	Table showing satisfaction of banking requirement	47
11	4.11	Table showing opinion about type of bank giving better service	47
12	4.12	Table showing awareness about new marketing strategy	48
13	4.13	Table showing opinion about need of marketing in banking sector	48
14	4.14	Table showing opinion about bank develop new products based on customer needs	49
15	4.15	Table showing opinion about know the new products and services offered by the bank	49
16	4.16	Table showing knowledge level of the bank staff/manager in giving clarification regarding new products	50
17	4.17	Table showing methods of introducing new products to customers	50
18	4.18	Table showing effectiveness of bank marketing strategies	51
19	4.19	Table showing need of new marketing strategies to retain customers	52

LIST OF FIGURES

Sl. No.	Figure No.	Figure Title	Page No
1	4.1	Gender wise distribution of respondents	52
2	4.2	Age wise distribution of respondents	53
3	4.3	Qualification wise distribution of respondents	54
4	4.4	Occupation wise distribution of respondents	55
5	4.5	Income wise distribution of respondents	56
6	4.6	Figure showing reason for choosing the bank	57
7.	4.7	Years of dealing with the bank	58
8.	4.9	Trend of Banking Transactions during recent years	61
9.	4.10	Satisfaction of Banking Requirement	62
10.	4.11	Opinion about Type of Bank giving better service	63
11.	4.12	Awareness about New Marketing Strategy	64
12.	4.13	Opinion about need of Marketing in Banking Sector	65
13.	4.14	Opinion about bank develop new products based on customer needs	66
14.	4.15	The new products and services offered by the bank	67
15.	4.16	Knowledge level of the bank staff/manager in giving clarification regarding new products	68
16.	4.17	Methods of introducing new products to customers	69
17.	4.18	Effectiveness of bank marketing strategies	71
18.	4.19	Need of new marketing strategies to retain customers	72

CHAPTER I
INTRODUCTION

MARKETING OF BANKING SERVICES – A COMPARATIVESTUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN KERALA

INTRODUCTION

The development of banking is evolutionary in nature. A bank performs a crowd of functions and services which cannot be crunched into a single definition. A bank may mean different things to different people. For some it is a storehouse of money, for others an institution of funding or finance and yet to many others a bank is a depository for their savings.

In a modern economy a well - developed banking system is a necessary pre-condition for economic development. Besides providing financial resources for the growth of industrialization, banks can also influences the direction in which these resources are to be utilized. In a modern economy, banks are to be considered not merely as dealers in money but also the leaders in development.

The word 'Bank' is said to have derived from the French word 'Banco' or 'Bancus' or 'Banque' which means a 'bench'. In fact the early Jews in Lombardy transacted their banking business by sitting on benches. When their business failed, the benches were broken and hence the word 'Bankrupt' came into vogue. Another common-held view is that the word 'Bank' might be originated from the German word 'Bank' which means a joint stock fund. Of course, a bank has to essentially deal with funds. In due course, it was Italianised into 'Banco', Frenchised into 'Banque' and finally Anglicised into 'Bank'. However the evolution of modern banking institutions can be traced to three ancestors, viz: Goldsmiths, Money lenders and Merchant bankers.

‘According to modern concept, banking is a business, which not only deals with borrowing, lending and remittance of funds, but also important instruments for fostering economic growth. The Indian money market however is characterized by the existence of both unorganized and organized credit agencies that meets the credit needs of various sectors of economy. The moneylenders and indigenous bankers constitute the money market. The organized sector of money consists of reserve bank of India, commercial bank and cooperative banks. Indian banking industry is standing on three major pillars – nationalized, private and foreign banks.’¹

Banking system occupies an important place in a national economy. Bank is indispensable institution in a modern society and forms the core of money market of the advanced countries. In India, the banking sector is a central component of services sector. Banks are the most common institutions for transfer of funds and investments. Prior to economic liberalization, public sector banks enjoyed a monopoly over market due to protectionist policies of the government.

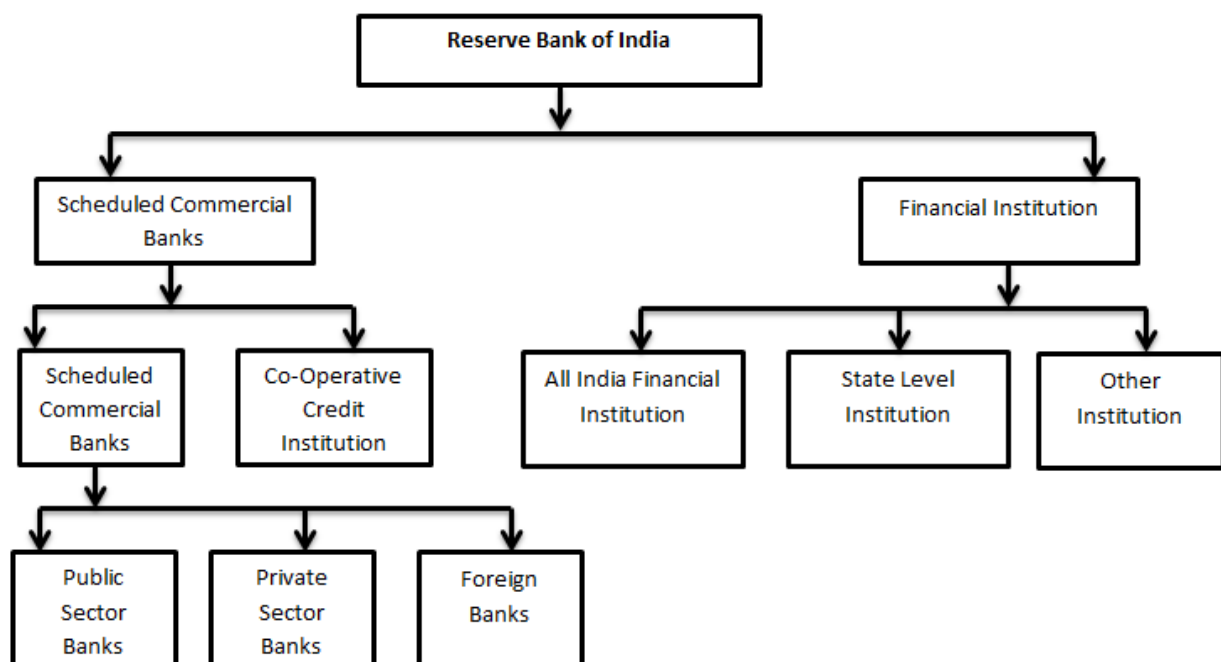
The Indian banking sector is one of the largest banking system in the world contributes much for national development. It has passed through several changes. After independence the Reserve Bank of India was nationalised in 1949 and the Banking Regulation ACT 1949 was enacted. In 1969 government of India nationalised 14 private sector banks and in 1980 six private sector banks were again nationalised with the object of ensuring more control over credit delivery and to channelize the funds to the rural sector². The 1990’s witnessed for several policy changes which totally changed the face of banking industry in India. Consequent to the economic reforms and the banking sector reforms initiated by the government of India, the banking sector is opened to the

¹ Maithili R P Singh(2014) Innovative business practices in banking industry in India. Voice of Research Vol.2 Issue4 ISSN 2277-7733

private sector and the foreign banks. This increases competition in the banking industry between the existing players, including public sector banks, few old private banks and new players. The introduction of Basel norms, prudential norms, deregulation of interest structure, technology up-gradation and service quality norms has resulted positive changes in the banking industry.

The liberalization policy of the Government of India in 1991 permitted entry to foreign and private banks in the banking industry, leading to increased competition. Because of increased competition, banks are exploring marketing strategies to differentiate their services from their competitors.

Structure of Indian Banking Industry



SIGNIFICANCE OF THE STUDY

Indian banking sector historically passed through five stages: pre-independence, post-independence, pre nationalization, nationalization and post-liberalization stages. In all these stages, other than the last stage, marketing was always considered not to be a banker's cup of tea. But today, it is considered to be an integral management function in the banking sector. India's banking sector has made rapid strides in reforming and aligning itself to the new competitive business environment. Traditionally, Indian banks have not really paid adequate attention to marketing and market research.

Today, we are having a fairly well developed banking system with different classes of banks public sector banks, foreign banks, private sector banks, regional rural banks and co-operative banks. The Reserve Bank of India (RBI) is at the paramount of all the banks. The RBI's most important goal is to maintain monetary stability (moderate and stable inflation) in India. The RBI uses monetary policy to maintain price stability and an adequate flow of credit. The rates used by RBI to achieve this are the bank rate, repo rate, reverse repo rate and the cash reserve ratio. Reducing inflation has been one of the most important goals for some time.

Growth and diversification in banking sector has transcended limits all over the world. In 1991, the Government opened the doors for foreign banks to start their operations in India and provide their wide range of facilities, thereby providing a strong competition to the domestic banks, and helping the customers in availing the best of the services.

The Reserve Bank in its bid to move towards the best international banking practices will further sharpen the prudential norms and strengthen its supervisor mechanism. There has been considerable innovation and diversification in the business of major commercial banks. Some of them have

engaged in the areas of consumer credit, credit cards, merchant banking, internet and phone banking, leasing, mutual funds etc. A few banks have already set up subsidiaries for merchant banking, leasing and mutual funds and many more are in the process of doing so. Some banks have commenced factoring business. The reasons for marketing scope to have importance in banking and for banks to interest in marketing subject can be attributed to the following factors:

- Change in demographic dynamics
- Cut throat competition in the service industry
- Increased profit consciousness of the banks
- Deregulation of interest rates
- Entry of various private and foreign banks
- Increasing awareness, education and urbanization
- Indigenous growth of non-banking financial institutions
- Disintermediation
- Advent of the technology
- Increasing the reach of innovative banking products

STATEMENT OF THE PROBLEM

Among services industries, banking industry occupy a key role not only in the development of economy but also in the creation of customers and providing significant services to them in their day today life. Earlier public sector banks have been enjoying the existence of large number of branches, making remarkable achievement in their field. The customers also did not have more options except to depend more on public sector banks. But today, after globalization and liberalization of economic policies, more private sector banks including foreign banks have come to compete with public sector banks. In fact, these banks provide technologically advanced and sophisticated services to the

customers when compared with public sector banks. Hence, it has become necessary for public sector banks to adopt a different marketing strategies for providing services to their customers.

Marketing is the crucial connection between banks and customers, no banks can expect to succeed without putting substantial investments in its marketing efforts. Banks nowadays are coming up with surprising and impressing ways to lure the customers and retaining their customer base. These days' banks are focusing heavily on building long term relationships with their existing customers and thereby gaining new customers. Hence, relationship marketing becomes very important for the banks. It is concerned with mapping out all the touch point and evaluating what services are provided, by whom, and when, and how, and what is expected by customers. The definition of bank marketing is as follows:

“Bank marketing is the aggregate of functions, directed at providing services to satisfy customers' financial (and other related) needs and wants, if more effectively and efficiently than the competitors keeping in view the organizational objectives of the banks.”

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The Indian banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified in to two major categories, non-schedule bank and schedule bank. The growth in the Indian Banking Industry has been more qualitative than quantitative and it is expected to remain the same in the coming years. Based on the projections made in the "India Vision 2020" prepared by the Planning Commission and the Draft 10th Plan, the report forecasts that the pace of expansion in the balance-sheets of banks is likely to decelerate. Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. Earlier the attitude of banking service was that it was not professional to sell one's services and was unnecessary in the sense that traditional relationships and quality of products were sufficient to carry forward the tasks. Before the mid 1950's the banks had no understanding or regard for marketing. The bank building was created in the image of a Greek Temple to impress the public about the importance of a bank. The interior was austere and the teller rarely smiled. Bankers maintained austere dignity and they hardly maintained friendliness. In the Indian Banking Industry some of the Private Sector Banks operating are IDBI Bank, ING Vysa Bank, SBI Commercial and International Bank Ltd, Bank of Rajasthan Ltd. In this context it becomes necessary to conduct a study on the marketing of banking services – a comparative study of public and private sector banks in Kerala

OBJECTIVES OF THE STUDY

1. To study the various innovative services rendered by the public and private sector banks.
2. To make a comparative study of the services of public and private sector banks.
3. To study the satisfaction level of customers for these services.
4. To analyse the system of regulations and administrative framework of banks and financial institutions.

METHODOLOGY

Research Design: Descriptive and analytical.

Sources of data: Both primary as well as secondary data.

Method of data collection: Through direct interviews and with the use of pre tested questionnaires.

Universe of the study: All public and private sector banks in Kerala

SAMPLE FRAME

The socio-economic conditions of the people in Kerala are uniform throughout the state and as such it was felt appropriate to select three districts of Kerala giving due consideration to the geographical location and the availability of the rural, urban and semi-urban population. Accordingly, Kozhikode district was selected from north, Ernakulam district from the centre and Trivandrum district from the south. Multi stage sampling was adopted to choose bank

customers. In the first phase, districts were selected to represent urban, semi-urban and rural population. In the second phase, equal number of bank customers were selected from urban, semi-urban and rural areas of each district. In the third phase, bank branches were selected to ensure equal representation of public and private sector banks. Thus 100 bank customers, each from all the three districts were selected to make the total sample for the study of bank customers 300.

TOOLS FOR DATA COLLECTION

Data was collected in separate interview schedule designed for the study after a pre-test. The schedule initially developed for the study with a view to collect data from bank customers were pre-test edamong 60 bank customers.

TOOLS FOR ANALYSIS

Statistical tools like percentages, averages, ratio etc were used for analysis and interpretation of data.

LIMITATIONS OF THE STUDY

1. The study is focused on primary data which is expected to obtain through interviews and questionnaires and therefore there is a very chance for response bias.
2. The sample size taken is small. Only 300 customers are considered for the study.
3. The respondents are reluctant to give information, which also affected the result of the study.

4. The study covers the geographical boundaries of Kerala. So the applicability of the results to other states doubted.

CHAPTER SCHEME

Chapter I:

Introduction, statement of the problem, significance of the study, objectives of the study, methodology, limitations of the study and chapter scheme.

Chapter II:

Literature review - An overview on various studies relating to banking sector.

Chapter III:

Theoretical framework on banking sector. The concept of commercial banking, marketing of banking services, customer awareness and satisfaction etc.

Chapter IV:

Analysis and interpretation – Presentation and organization of collected information, analysis of data and its interpretation.

Chapter V:

Summary of findings, recommendations and conclusion.

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CHAPTER II

LITERATURE REVIEW

CHAPTER II

LITERATURE REVIEW

A number of studies have been undertaken on priority sector advance and rural or agricultural credit by academicians, research institutions, banks and governments. Various studies are conducted in the area of problems and prospects of scheduled commercial banks in India, commercial viability, earning capacity, cost efficiency , branch expansion, lending pattern and determinant of profit and profitability. The present study is framed in such a way to cover the marketing strategies adopted by public and private sector banks in Kerala.

Saxena K.K. in the study 'Bank marketing' explained marketing wise and product development in banking. The study emphasized the importance of market segmentation which co-related to product development.

Murugesan in the paper, 'Role of Marketing in Banking Services' studied about the banking services of Post liberalization period. It stressed how effectively banks could provide diversified service without complaining on profitability.

Asthana A.K. conducted a case study on "Marketing of Banking Services by the Mehsana Urban Co-operative Bank Ltd, Mehsana (Gujarat). The study revealed the importance of proper combination of marketing mix in banking services

Benson Kunjukunju (2000) examined the impact of credit on income of the rural borrowers in Kerala. This study revealed that the borrowers who availed credit have improved their income in the post loan period compared to the pre-loan period. It inferred that higher doses of credit to the rural poor by institutional agencies for various economic activities on easy terms will certainly help to increase their income level and also improve their standard of living.

Basu (1970) studied the role of Commercial Banks (CBs) in the planned economy of India after nationalization. The study explained how the CBs entered a new era of 'mass' banking in lieu of 'class' banking in the post nationalization era. The study clearly emphasised that CBs made remarkable progress in the field of agricultural finance.

Sarkar (1983) made an attempt to evaluate the involvement of banking sector in priority sector advance during the period 1969 – 1982. It concluded that banks should respond positively to the changing national policies and priorities to achieve growth and distributing social justice.

Mohanachandran B.S.(2000) in this doctoral dissertation, studied the impact of priority sector lending by commercial banks in the rural development of Kerala by considering loan utilization, over dues etc; and analysed the role of PSBs in generating income and employment, creating assets, improving savings and investment and improving social conditions. During the period of study, CBs in Kerala continuously maintained the stipulated target of 40 per cent. It is observed that BSR has broadened the coverage of PSA. Private sector money lending flourished due to the complex proceedings of CBs. The present system of credit monitoring was not effective. This study also found that majority of priority sector borrowers were from small and medium families.

Nair .S (2000) examined the major trends in Rural financial intermediation in India by PSBs in the postnationalisation period. This study tried to analyse the role of PSBs in the newly emerging institutional forms with a thrust on micro finance service and found that the outreach of commercial banks to the rural sector improved considerably between 1971 and 1991. It further pointed that as at 31st march 1997, the rural accounts formed about 59 per cent of small borrower accounts (SBA) with credit limit of Rs. 25000/- or less and 46 per cent of the amount outstanding. It was also noticed that, a major component of SBA has been IRDP loans, which accounts for about two third of accounts and one fourth of the amount outstanding. The credit flows to agriculture and CD ratio have declined since mid 1980s.

Singh S.K., Singh R.P. and Pandey A.K (2001) made an attempt to analyse the participation of credit agencies in rural credit in Ranchi district. This study found that although the contribution of institutional (formal) credit agencies in total agricultural credit advances has increased manifold in the country, there is big gap between demand and supply of agricultural credit by institutional agencies.

Wahab A (2001) in the study “Commercial Banks under reforms-performance and issues”, book edited by Deep and Deep Publications, New Delhi, has tried to examine the performance of the commercial banks under reforms. This study also highlighted the major issues need to be considered for further improvement. It concluded that reforms have produced favorable effects on performance of commercial banks in general but still there are some distortions like low priority sector advances, low profitability.

Bheemanagouda (2002) evaluated the performance of the 5 commercial banks during the post reform period, which are rooted in Karnataka (Canara Bank, Corporation Bank, State Bank of Mysore, Syndicate Bank and Vijaya Bank). This study found that regarding capital adequacy, Canara Bank was first, followed by Corporation Bank in 1997-98. In deposits and loan Corporation Bank emerged as the leader. The percentage of operating expenses to profit is very high in almost all banks. The Corporation Bank can be termed as cost efficient. The State Bank of Mysore is suffering from heavy amount of NPAs, followed by Canara Bank and Vijaya Bank.

Jeromi P.D. (2002) analysed the trends and issues of bank credit in Kerala. This study found that the level of credit in Kerala and its rate of growth were reasonably good in absolute terms (compared with state income and all India level). However, in relative terms (compared with deposits, per capita

credit, credit per account, disbursement by All India Financial Institutions (AIFIs)), the level of credit was lower. He also observed that there was more thrust in mobilization of deposits than credit expansion, since 1991 there was drastic decline in CDR. Among the southern states, Kerala had low CDR and performance of some of the nationalised banks was poor.

Thomas E.M. (2002) made an attempt to analyse credit – deposit position of PSBs in Kerala from 1969 to 2000. This study found that CD ratio of PSBs in Kerala was much lower than the all India average. The main factors responsible for low CD ratio were economic recession, lack of favorable investment climate, lack of adequate number of bankable schemes etc.

Rajithakumar. S and Sarangadharan. M (2003) suggested that appropriate measures for proper co-ordination between banks and other financial institutions can tackle many of the existing problems related to the credit requirements of the primary and secondary sectors in the state of Kerala.

Shetty.S.L (2004) examined the distributional issues in bank credit and found that the share of agriculture in total bank credit had steadily increased under the impulse of bank nationalisation and reached 18 per cent towards the end of 1980s, but thereafter the achievements has been almost completely reversed and share of agriculture has dipped to less than 10 per cent in the later 1990s.

YadavSubah Singh (2005) emphasized that efforts are on to ensure availability of more bank branches in areas having high population and organizing village meets for creating awareness about facilities available with the bank, safety, liquidity of funds, various deposits and advances schemes.

Manoj P K (2010), Financial Soundness of Old Private Sector Banks (OPBs) in India and Benchmarking the Kerala Based OPBs: A “CAMEL” Approach, Kerala state in the union of India has got an enviable track record of private sector banking in the entire country, even from the late nineteenth century. As against 8 such private banks as of 1985, the number has halved to just 4 in 2007, and this number may fall down further as some of these existing banks have already become takeover targets of stronger banks in the country.

Jasmindeep Kaur & Silony (2011) in the paper performance review of commercial banks in India with special reference to priority sector lending - a study of post reforms era. stated the role of public sector and private sector banks in priority sector lending. It is concluded from the study that priority sector advances and agricultural advances of both the types of banks had improved manifold over the study period. But, they were still lacking behind to achieve the targets set for them by RBI in agriculture sector.

Kajal Chaudhary and Monika Sharma (2011) Performance of Indian Public

Sector Banks and Private Sector Banks: A Comparative Study, The economic reforms in India started in early nineties, but their outcome is visible now. Major changes took place in the functioning of Banks in India only after liberalization, globalization and privatization. Increased competition, new information technologies and thereby declining processing costs, the erosion of product and geographic boundaries, and less restrictive governmental regulations have all played a major role for Public Sector Banks in India to forcefully compete with Private and Foreign Banks.

Vijay Hooda (2011), state cooperative banks versus scheduled commercial banks: a comparison of three financial ratios “banks are the backbone of Indian Financial System in our country, the banking sector broadly consists of scheduled commercial banks (scbs) and Co-operative Banks. The present paper attempts to compare the position of State Co-operative Banks (StCBs) with Scheduled Commercial banks (SCBs) on the basis of three financial ratios. The paper concludes that SCBs and StCBs differ significantly as per these selected ratios during the reference period.

Ramachandran (1987) in the doctoral dissertation, made an attempt to study the role of commercial banks in rural development. It finds that the size of bank assistance was not adequate and the delay in sanctioning credit resulted in high cost of borrowing. It also found that utilization of credit is high in primary sector. Concluded that bank assistance has helped majority of rural people to increase their income and employment and suggested to increase the scale of finance, simplify the documentation formalities and reduce delay in granting and disbursing of loans.

An assessment made by RBI (1992(a)) on the development of advances to priority sector by PSBs, found that the performance of banks in this respect was good and they were able to attain the fixed target of 40 percent, but at the same time, it was pointed out that, the banks lending to priority sector had been declining. The decline was reflected more in agriculture sector advances, where there was ‘write-off’ of Agricultural and Rural Debt Relief Scheme in 1990. But banks advance to SSI had really gone up to 39 percent in 1991.

Jayasree (1994), in the study, “Role of commercial banks in the rural development of Kerala”, examined the growth of commercial banks in Kerala

and its role in the upliftment of the rural masses. The study revealed the inadequacy of the role of CBs in Kerala's economic development.

Bhagavathi (1997) conducted an investigation into the problems of management of rural branches of commercial banks in Assam. The study found that in the state of Assam, agricultural financing was faced with problems like poor awareness of farmers about bankable schemes, improper use of credit, recurring tendencies of flood, unsatisfactory records of land or tenancy rights, inadequate irrigation facilities and smallholdings.

Gupta (1998) studied the measures for improving the CBs credit delivery system as well as simplification of procedures for agricultural credit. It was observed that present banking system had so many redundant formalities for sanctioning even short-term agricultural credit. It also identified the constraints faced by CBs in increasing the flow of farm credit.

Jessy et. al; (1998) examined the relationship between cost of credit and scale of finance for the banana crop in Trichur district of Kerala. It revealed that the scale of finance fixed for banana was insufficient to cover the cultivation expenses. It was also found that the loan amount supplied by institutional agencies including CBs was not sufficient to meet the cultivation expenses of banana.

Baslas and Bansal (2001) tried to analyse the impact of BSR in Indian banks. They segregated the history of Indian banking into three phases – Phase I - 1947 to 1969, Phase II – 1969 to 1992, phase III – 1992 onwards. The second phase was characterized by social banking and the third phase reflects a prudential higher accounting and disclosure standards. They found that CD ratio declined from 78 percent in 1969 to 61 percent in 1991 and further to 49 percent

in 2000. They also observed that the ratio of gross NPAs to total advances and the total assets has come down in PSBs and in private sector and foreign banks though NPAs are showing an increasing trend. They concluded that agricultural financing has always been a neglected segment in the package of financial sector reforms that needs audacious attention of policy makers.

Valsamma Antony (2004) 35 reviewed the performance of RRBs and the need for revitalizing them. This study observed that the share of deposits and credit of RRBs appear to be quite merger as compared to other kinds of banks. In number of branches, a steady growth was found from 1981 to 1991, but thereafter a downward trend was noticed.

Probal Dutta & Sudipta Bose (2006) 39, Gender Diversity in the Boardroom and Financial Performance of Commercial Banks: Evidence from Bangladesh. In today “corporate world, board diversity and gender diversity are a much talked-about topic is an important aspect of board diversity. Gender diversity refers to the presence of women on corporate boards of directors. In this paper, it has been examined whether an association exists between the financial performance of commercial banks in Bangladesh and presence of women on the boards of directors of these banks.

Selvaraj (1998) tried to analyse the customer satisfaction in the Bank of India, Udaiyur Branch (rural) in Chaidambaram Taluk of Tamil Nadu. It was found that customers in rural area are not finding any problem in getting services from banks. It also realized that major source of finance is available from commercial banks. This shows that the farmers are relieved from the moneylender’s domination. It was concluded that customers in rural area are satisfied with commercial bank activities.

Matama Rogers (2008), corporate governance and financial performance of selected commercial banks in Uganda - This paper aims at establishing the relationship between the core principles of corporate governance and financial performance in commercial banks of Uganda. Openness and Reliability are measures of trust. On the other hand credit risk as a measure of disclosure has a negative relationship with financial performance.

Claudiu Cicea & Daniela Hincu (2009), performance evaluation methods in commercial banks and associated risks for managing assets and liabilities. The main objective for this paper is to analyze some quantitative methods used in assessing the performance of investment activity in commercial banks (such quantitative models, financial indicators etc.); consequently, it presents the risks that a commercial bank faces in managing assets and liabilities

TK. Ravichandran and Khalid Abdullah Alkhatlan (2010) "Market Based Mergers- Study on Indian & Saudi Arabian Banks". In this study analyses the efficiency and performance of post merger using CRAMEL-type variable of selected banks in India & Saudi Arabia which are initiated by the market forces. The results suggest that the mergers did not seem to enhance the productive efficiency of the banks as they do not indicate any significant difference. The financial performance suggests that the banks are becoming more focused on their retail activities (intermediation) and the main reasons for their merger is to scale up their operations

Urvashi Shrivastava, Bobby Brahme Pandey,
& Daljeet Singh Wadhwa, (2011),

Evaluating the Performance of Axis Bank in terms of Capital Adequacy using Financial Indicators In 1991, the Indian economy went through a process of economic liberalization, which was followed up by the initiation of fundamental reforms in the banking sector in 1992. One of the primary motives behind this drive was to introduce an element of market discipline into the regulatory process that would reinforce the supervisory effort of the Reserve Bank of India (RBI). Market discipline, especially in the financial liberalization phase, reinforces regulatory and supervisory efforts and provides a strong incentive to banks to conduct their business in a prudent manner.

KajalChaudhary and Monika Sharma (2011) , Performance of Indian Public

Sector Banks and Private Sector Banks: A Comparative Study, The economic reforms in India started in early nineties, but their outcome is visible now. Major changes took place in the functioning of Banks in India only after liberalization, globalization and privatization. Increased competition, new information technologies and thereby declining processing costs, the erosion of product and geographic boundaries, and less restrictive governmental regulations have all played a major role for Public Sector Banks in India to forcefully compete with Private and Foreign Banks

S.S.Rajan, K.L.N.Reddy and V. Pandit (2011), Efficiency and productivity

growth in Indian banking. This paper attempts to examine technical efficiency and

productivity performance of Indian scheduled commercial banks, for the period 1979-2008. A multiple output/multiple input technology production frontier using semi parametric estimation methods was modeled. The indiginity of multiple outputs is addressed by semi parametric estimates in part by introducing

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Vikas Choudhary & Suman Tandon (2011), Performance of commercial banks in India during post-liberalization, this paper attempts to analyze the performance of commercial banks after financial reforms. To compare the performance of public sector, private sector and foreign banks selective indicators were taken into considerations. These Indicators were share in aggregate deposits of various banks, Distribution of Branches region wise, Share of various banks in financial indicators like net profit, gross profit etc, non performing assets and capital adequacy ratio. From the analysis it was concluded that share of private sector banks in aggregate deposit was increasing and share of public sector banks were maximum in aggregate deposits, whereas SBI group was having maximum branches in rural areas.

M. Syed Ibrahim (2011), Operational Performance of Indian Scheduled Commercial Banks-An Analysis. The banking sector is the core segment of the Indian financial system which decides the progress of the country. Banks play an important role in the mobilization and allocation of resources in an economy. In this paper, an effort has been made to evaluate the operational performance of the commercial banks in India with especial reference to the Scheduled Commercial Banks since 2000.

Yeole (2004) studied the problem of NPAs of commercial banks. It was found that the problem of NPA is more in PSBs than in private sector and foreign banks. It also opined that NPAs in PSBs are growing not only due to external factors like ineffective recovery tribunals, willful defaults, natural calamities, industrial sickness, lack of demand, labour problems, changes in

government policies etc; but also internal factors like managerial deficiencies, inappropriate technologies, poor credit appraisal systems, improper SWOT analysis, absence of regular industry visit etc. Due to inefficient measures, NPAs become more and more complex and affect banks liquidity and profitability adversely.

JasmindeepKaur&Silony (2011) , performance review of commercial banks in India with special reference to priority sector lending - a study of post reforms era. the present paper is related to the role of public sector and private sector banks in priority sector lending. It is found from the study that priority sector advances and agricultural advances of both the types of banks had improved manifold over the study period. But, they were still lacking behind to achieve the targets set for them by RBI in agriculture sector.

Shivamagi (2000) in the article discussed the reforms required in rural banking. It is argued that although rural banking in India has made tremendous quantitative progress, its quality is a different matter. Further stated that to be suitable for and effective in India, a rural banking system should be able to operative at the village level, advance a tailor made package of credit with a consumption component and closely supervise its disbursement to a large number of farmers in varied villages and provide technical guidance and marketing links. It was concluded that the policy makers should give thrust to nurturing of special skills in institutions, a positive management attitude and a culture conducive to healthy rural banking

Thomas (2002) tried to analyse credit – deposit position of PSBs in Kerala from 1969 to 2000. It was found that CD ratio of PSBs in Kerala was much lower than the all India average. The main factors responsible for low CD ratio were economic recession, lack of favorable investment climate, lack of

adequate number of bankable schemes, higher level of NPAs, lack of interest on the part of banks to open branches in rural areas, closure of many SSI units, lack of power supply and limited scope for large scale industries in the state.

Shete (2003) discussed priority sector advances of banks during the post reform period. It was found that the priority sector advances of banks have come down substantially during the post reform period, despite the expansion of scope/areas of priority sector definition. A large number of PSBs are not able to reach the prescribed target of lending to agriculture and weaker sections. The small and marginal farmers continued to be both credit and demand constrained.

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CHAPTER III
THEORETICAL FRAMEWORK

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MARKETING OF BANKING SERVICES - AN OVERVIEW

The banking sector is an integral part of the economy. Hence this sector plays a key role in the wellbeing of the economy. A weak banking sector not only jeopardizes the long-term sustainability of an economy, it can also be a trigger for a financial crisis which can lead to economic crises. Majority of the banking institutions are now putting emphasis on marketing to make customer aware about the services and benefits offered by them.

According to modern concept, banking is a business, which not only deals with borrowing, lending and remittance of funds, but also important instruments for fostering economic growth. The Indian money market however is characterized

by the existence of both unorganized and organized credit agencies that meets the credit needs of various sectors of economy. The moneylenders and indigenous bankers constitute the money market. The organized sector of money consists of reserve bank of India, commercial bank and cooperative banks. Indian banking industry is standing on three major pillars – nationalized, private and foreign banks. All the three are not only competing in financial matters but also in providing best customers services. In terms of sheer size and reach public sector banks i.e. nationalized banks stills domination our banking system, but in terms of services and facilities, private and foreign banks are having the upper hand. Customers get a whole range of banking and allied services at his doorstep. Private and foreign banks package helps the clients from “womb to tomb”. They are very much particular about the customer’s satisfaction.

Banking is a personalized service oriented industry and hence should provide services which satisfy the customer's needs. To meet these needs, bankers are expected to provide satisfactory benefits through provision of form, place, time, and ownership utilities. The marketing approach involves anticipating, identifying, reciprocating (through designing and delivering customer-oriented service), and satisfying the customer's needs and wants effectively, efficiently, and profitably.

Marketing is the crucial connection between banks and customers, no banks can expect to succeed without putting substantial investments in its marketing efforts.

Banks nowadays are coming up with surprising and impressing ways to lure the customers and retaining their customer base. These days' banks are focusing heavily on building long term relationships with their existing customers and thereby gaining new customers. Hence, relationship marketing becomes very important for the banks. It is concerned with mapping out all the touch point and evaluating what services are provided, by whom, and when, and how, and what is expected by customers.

The **definition of bank marketing** is as follows:

“Bank marketing is the aggregate of functions, directed at providing services to satisfy customers’ financial (and other related) needs and wants, if more effectively and efficiently than the competitors keeping in view the organizational objectives of the banks.”[1]

All the techniques and strategies of marketing are used so that ultimately they induced the people to do business with the particular bank. To create and keep a customer means doing all those things so that people would like to do business and continue to do it with the particular bank rather than with the competitors. It cannot stay in business if it does not attract and hold enough customers, no matter how efficiently it operates.

Traditionally, banks were seen as the holders of the money, which gradually changed their role as the creators of money. Today, the scope of banks has widened phenomenally, now the banks are seen as the purveyor of finance for the entire nation. A sound banking system is the life blood of any developing economy and it reflects the growth of the economy. “Financial inclusion is a major agenda for the Reserve Bank of India (RBI). Without financial inclusion, banks cannot reach the un-banked. It is also a major step towards increasing savings and achieving balanced growth. Recently two conferences were held in Mumbai highlighting these issues; The Sixth Banking Tech Summit of Confederation of Indian Industry (CII) and another one organized by the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Marketing is a dynamic concept that has come to acquire a growing relevance in the present day environment. With the recent liberalization initiatives and consequent thinking trend of competition and globalization, marketing received a tremendous boost, both in case of commodities and

services. Embracing marketing philosophy in the right form both in tangible and intangible products has become a necessity for survival and growth in the times to come. The starting point of all economic activity, it has been observed, is the existence of human wants. In as much as marketing is concerned with the fulfillment of human wants, the concept of marketing assumes a place of great importance in modern life. Modern businesses are essentially concerned with offering products or services which command a value in view of their utility to the user. Marketing as a management discipline, is finding its application in a wide array of areas of business. Marketing connotes a technique, a concept and, in its broader sense, a philosophy or a way of life adopted by organizations and institutions and focusing on markets and customers. More specifically it refers to the efforts made by the organizations to identify, create and deliver a set of products and services to the customers in a mutually beneficial manner.

Thus, the new concept of banking marketing assigned due weight age to customer satisfaction. In a true, the hallmark of the changed concept aimed at having a full view of customer's needs, fulfilling the identified needs in the best way by required services, identification potential customers and conducting the activities at the branches on the basis of market segmentation. Marketing was thus accepted to be an organizational imperative.

History of Indian banking sector

Without effective banking system in India it cannot have a healthy economy. The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factor. For the past three decades India banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India.

In fact Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India growth process. The government's regular policy for Indian bank since 1969 has paid rich dividends with the nationalization of 14 major private banks of India. Not long ago an account holder had to wait for hours at the bank counters for getting a draft or for withdrawing his own money. Today he has a choice. Gone are days when the inefficient bank transferred money from one branch to other in two days. Now it is simple as instant messaging or dialing a pizza. Money has become the order of the day established in 1786. From 1786 till today, the journey of Indian banking system can be segregated into three distinct phases. They are Phase-1 early phase from 1786 to 1969 of Indian banks, Phase-2 nationalization of Indian banks and up to 1991 and Phase-3 phase of Indian banking sector reform after 1991.

Recent Innovative Practices in banking sector

During the recent past the retail character of banking operation has become more predominant especially among the new private sector and foreign banks. Retail banking of mobilizing deposits from individuals and providing loan facilities to them in the form of home loans, auto loans, credit cards etc. is becoming popular. Banks with vision and insight are trying to woo this market although a series of innovative additions to their products, services, technology and marketing methods.

New Product & Services

Credit cards: In the credit card scheme, the holder buys goods or avails of services anywhere without the worry of carrying hard cash in his pocket. The payment is made to the card issuing bank. A credit limit is fixed for individual card holder with an option of a revolving facility as maybe permissible by the

banker required by the card holder. Either one makes the full payment or pays the minimum stipulated amount on receipt of the monthly stipulated of accounts or bill from the issuers. Deferring the payments attracts a credit card.

There are cards termed as GOLD, SILVER and CLASSIC/EXECUTIVE CARD. Naturally the gold card offers better features, high insurance covers and more facilities. Gold card have the highest fees and services charges associated with them. In the rural market some special credit cards are provided for the development of small scale business and farmers. (i)KCC: Kissan Credit Card, (ii) General credit card(GCC), (iii) Savrojgar Credit Cards These credit cards available the amount to the farmers for purchasing equipments, land reforming. The silver/ classic and executive cards have variations relating to the number of additional services and types of services made available to the card holders.

ATMs: Several public sector banks and almost all the private banks have installed ATMs (Automatic Tellers Machines) at licensed branches and extension counters where clients can withdraw cash 24 hours upon a certain limit. Besides cash withdrawals, ATMs allow depositing cash and cheques, dividend warrants and other instruments Net Banking: Net banking means banking on internet. It is made banking easier. Private Banks provides net banking free of cost. You can now bank from the comfort of your bedroom or from a hotel room while on vacation. You can check your balances, make and stop your payments, make cheques status inquiry, make a cheque book request and access to your demat account on internet.

Mobile Banking: Now time while be change, mobiles take strong place in market. Everyone has a mobile in his pocket. Different mobile companies offered you the different schemes and facilities. Now you can access your bank

accounts on your mobile phone screen, anytime, anywhere. You can do your all banking transactions sitting in a restaurant, in your home or even in your car. You can make On-line banking services: In on line banking services you did your work at home. You can make your payment at home. There is no need to go market. There are many on line services which were provided by on line as such On line tax payments, On line bill payments of phone or electricity, Online reservations in railway or airway and On line shopping's.

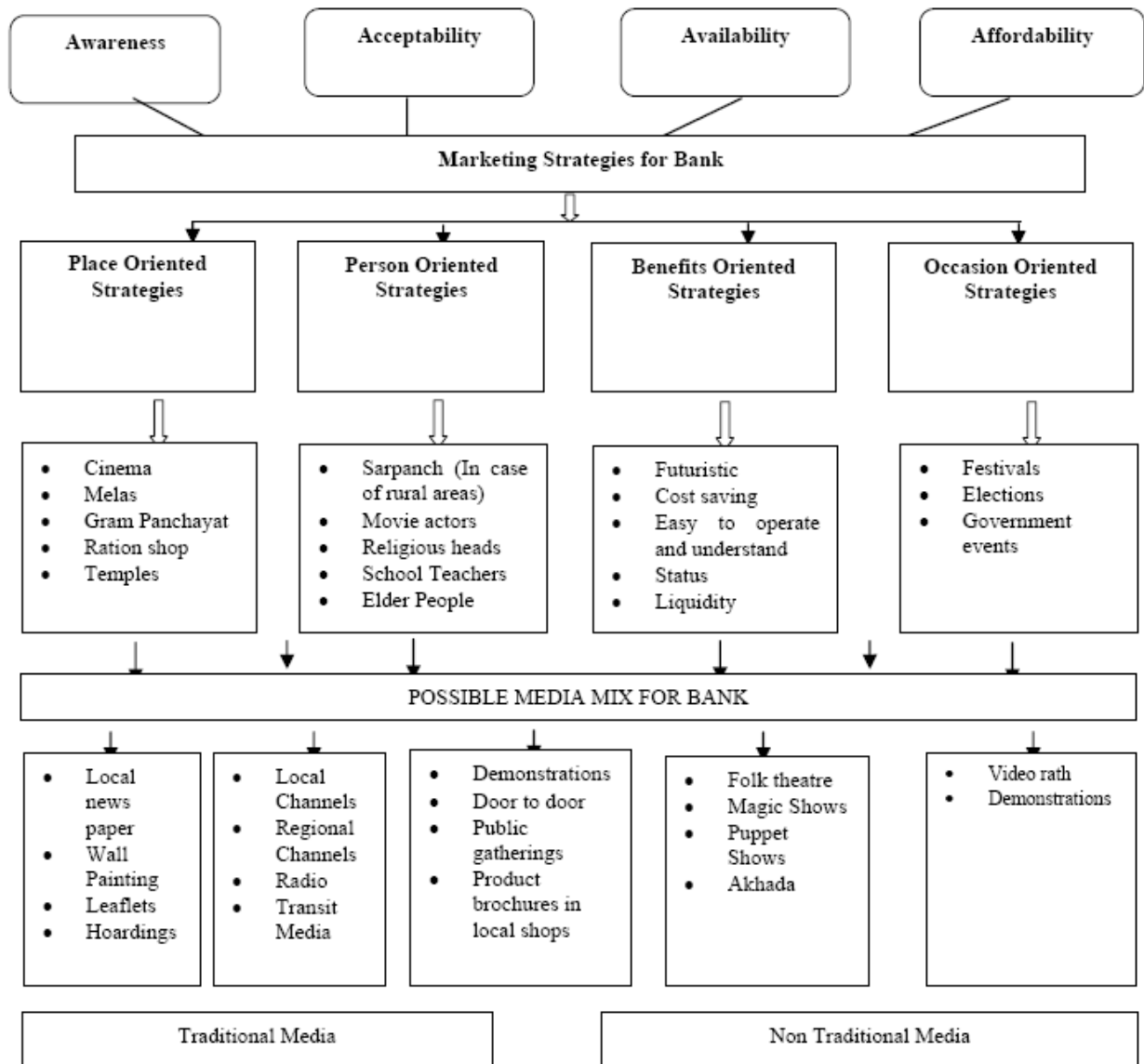
Emphasis on Customer Relationship Management (CRM): Customer relationship Management is the most important factor in the retention of the customers when each and every bank is providing the same services. The banks are spending more on the customer delight and up gradation of the services. When all the banks are providing almost the same products and services, CRM is very much required in the sector just one SMS and do your banking activities.

Demat account: If you are a shareholder or interested in share market or think about purchasing or selling the shares. Banks help you for all these works. Now banks purchase or sell your share as your order or request. You can only inform about your decisions. Now you can avoid multiplications, duplications and pilferage of share certificates. By opening a demat account, you can protect your securities from damage, loss and theft. Demat account stands for dematerialization of accounts.

Mergers, Acquisitions and Takeovers: Merger, acquisitions and takeover are the trends in the banking industry now a day across the globe as the competition have opened up in the industry. The banks are increasing their size with the organised and unorganised growth by adding up new customers

through new products and schemes as well as acquiring smaller banks in the fray.

Conceptual Model for Bank Marketing



Earlier, marketing came into banks not in the form of marketing concept but in the form of advertising and promotion concept. Gradually, it was realized that marketing transcends advertising and Friendliness¹. Thus, regarding the

bank marketing concept, it is right to mention that it is a managerial process by which services are matched with markets. The matching of services with marketing is meant for formulation of overall marketing strategies which suit the taste, temperament needs and requirements of customers

The early stages of marketing in banking were characterized by the selling approach. Now marketing aims not only at delivering whatever products bank have, but also at creating new products as customer needs. Thus in the case of banking industry where services are rendered and intangibles are dealt with, marketing assumes a wider dimension. To provide the required and efficient services to the customers, banks must have suitable strategies, for products and services, price, distribution and promotion. Bank marketing has to consider 'people' and 'procedures'. Banking industry can survive only by adopting an efficient marketing strategy with a suitable 'marketing mix' to win the competitive market and the changing needs of the customers. The components of marketing strategy for the present analysis have been identified as follows:

- Product Strategy • Deposit Schemes • Credit Schemes • Banking services
- Price Strategy • Place Strategy • Promotion Strategy • Procedure Strategy

The Marketing Mix in Banking Sector

Service

Recently, banks are in a period that they earn money in servicing beyond selling money. The prestige is get as they offer their services to the masses. Like other services, banking services are also intangible. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

Price

The price which is an important component of marketing mix is named differently in the base of transaction exchange that it takes place. Banks have to estimate the prices of their services offered. By performing this, they keep their relations with extant customers and take new ones. The prices in banking have names like interest, commission and expenses. Price is the sole element of marketing variables that create earnings, while others cause expenditure. While marketing mix elements other than price affect sales volume, price affect both profit and sales volume directly.

Banks should be very careful in determining their prices and price policies. Because mistakes in pricing cause customers' shift toward the rivals offering likewise services. Traditionally, banks use three methods called "cost-plus", "transaction volume base" and "challenging leader" in pricing of their services.

Distribution

The complexity of banking services are resulted from different kinds of them. The most important feature of banking is the persuasion of customers

benefiting from services. Most banks' services are complex in attribute and when this feature joins the intangibility characteristics, offerings take also mental intangibility in addition to physical intangibility. On the other hand, value of service and benefits taken from it mostly depend on knowledge, capability and participation of customers besides features of offerings. This is resulted from the fact that production and consumption have non separable characteristics in those services. Most authors argue that those features of banking services makes personal interaction between customer and bank obligatory and the direct distribution is the sole alternative. Due to this reason, like preceding applications in recent years, branch offices use traditional method in distribution of banking services.

Promotion

One of the most important element of marketing mix of services is promotion which is consist of personal selling, advertising, public relations, and selling promotional tools.

Personal Selling

Due to the characteristics of banking services, personal selling is the way that most banks prefer in expanding selling and use of them. Personal selling occurs in two ways. First occurs in a way that customer and banker perform interaction face to face at branch office. In this case, whole personnel, bank employees, chief and office manager, takes part in selling. Second occurs in a way that customer representatives go to customers' place. Customer representatives are specialist in banks' services to be offered and they shape the relationship between bank and customer.

Advertising

Banks have too many goals which they want to achieve. Those goals are for accomplishing the objectives as follows in a way that banks develop advertising campaigns and use media.

1. Conceive customers to examine all kinds of services that banks offer
2. Increase use of services
3. Create well _t image about banks and services
4. Change customers' attitudes
5. Introduce services of banks
6. Support personal selling
7. Emphasize well service

Advertising media and channels that banks prefer are newspaper, magazine, radio, direct posting and outdoor ads and TV commercials. In the selection of media, target market should be determined and the media that reach this target easily and cheaply must be preferred. Banks should care about following criteria for selection of media.

1. Which media the target market prefer
2. Characteristics of service
3. Content of message
4. Cost
5. Situation of rivals

Ads should be mostly educative, image making and provide the information as follows:

1. Activities of banks, results, programs, new services

2. Situation of market, government decisions, future developments
3. The opportunities offered for industry branches whose development meets national benefits.
4. Public Relations Public relations in banking should provide
5. Establishing most effective communication system.
6. Creating sympathy about relationship between bank and customer.
7. Giving broadest information about activities of bank.

Selling of Promotional tools

Another element of the promotion mixes of banks is improvement of selling. Mostly used selling improvement tools are layout at selling point, rewarding personnel, seminars, special gifts, premiums, contests.

Marketing scope develops day by day. These developments carry special significance for service sector in which customer and service producer interact closely.

Internal Marketing

Especially in service sector like external relations, internal relations also have significance. It requires funding and keeping successful personnel. For personnel of the organization to be considered their own goals and service situation, values of the organization are sold to them. The communication techniques carried out for customers are also performed for the personnel in internal marketing and this two techniques go together. For example, the ads that aim creating firm's image should be prepared with regarding to audience which is composed of firm's personnel.

Network Marketing

This approach takes the organization as a sequence which involves producer and customer that market services to each other in the organization. In this structure, the activities of departments that compose organization would be more focused on market. This will also affect the structure of organization.

Relationship Marketing

It was mentioned that close relationship was established between producer and customer in service sector. In addition to this, life cycle of a customer relationship was also mentioned under the product outline. According to the researchers, maintaining the relationship for extant customer increases the profit of firms. It should be emphasized that this fact has an importance for service sector.

Trends in Marketing Strategy in Banking Sector

Indian banking sector historically passed through five stages: pre independence, post independence, pre nationalization, nationalization and post liberalization stages. In all these stages, other than the last stage, marketing was always considered not to be a banker's cup of tea. But today, it is considered to be an integral management function in the banking sector. India's banking sector has made rapid strides in reforming and aligning itself to the new competitive business environment. Traditionally, Indian banks have not really paid adequate attention to marketing and market research. The paper focuses on the recent macro and micro trends in the marketing of the banking sector. The paper also develops the conceptual frame work in the form of model relating banks with each touch point of customer exposure. Finally, the paper ends with the conclusion that marketing services are not only for the survival but also needed

for improving the efficiency of banking services and building a loyal customer base.

The banking sector is an integral part of the economy. Hence this sector plays a key role in the wellbeing of the economy. A weak banking sector not only jeopardizes the long term sustainability of an economy, it can also be a trigger for a financial crisis which can lead to economic crises. Majority of the banking institutions are now putting emphasis on marketing to make customer aware about the services and benefits offered by them. Marketing is the crucial connection between banks and customers, nonbanks can expect to succeed without putting substantial investments in its marketing efforts. Banks nowadays are coming up with surprising and impressing ways to lure the customers and retaining their customer base. These days' banks are focusing heavily on building long term relationships with their existing customers and thereby gaining new customers.

Hence, relationship marketing becomes very important for the banks. It is concerned with mapping out all the touch point and evaluating what services are provided, by whom, and when, and how, and what is expected by customers.

Recent Trends in Marketing Strategies of banks

Traditionally, banks were seen as the holders of the money, which gradually changed their role as the creators of money. Today, the scope of banks has widened phenomenally, now the banks are seen as the purveyor of finance for the entire nation. A sound banking system is the lifeblood of any developing economy and it reflects the growth of the economy. Financial inclusion is a major agenda for the Reserve Bank of India (RBI). Without financial inclusion, banks cannot reach the unbanked. It is also a major step towards increasing

savings and achieving balanced growth. Recently two conferences were held in Mumbai highlighting these issues; The Sixth Banking Tech Summit of Confederation of Indian Industry (CII) and another one organized by the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

Of the 6.9 billion people on the planet, just 30 percent (2.1 billion) have bank accounts while 75 per cent 5.2 billion people have mobile phones. In India, only 200 million people have access to a bank account while 811 million have a mobile phone. For a population of 1.2 billion people, this translates into 68 per cent having a mobile phone and only 17 percent having a bank account. The numbers speak for themselves: when it comes to reaching the 'unbanked' and extending financial inclusion for the larger population, mobile phone is the key," said Wim Raymaekers, Head of Banking Market, SWIFT. Observing the above statistical data, it can be concluded that there is still an ample scope for the growth of banking sector. Hence, it requires sound and innovative marketing strategies to capture the untapped market.

Components of Marketing Approach

A marketing approach to banking includes the following components or activities.

- determining in a rational, informed, and strategic manner the desired customer base*

- identifying the current and future needs of desired customer and customer prospect segment creating need-satisfying benefits that respond appropriately and profitably to customer needs and which positively differentiate the organization from its competitors
- communicating and delivering these benefits effectively and efficiently to the market place
- converting the employees of the organization into a well-informed, disciplined, and professional force committed to the organization's values and objectives. This is a comprehensive, responsibility oriented approach towards formulating a strategy for achieving the bank's performance objectives. In the Indian context, the primary objectives of the marketing approach are as follows:
 - increase deposits
 - improve the quality of customer service
 - develop bank's image
 - report a marginal profit.

With the increased competition and awareness about the banking sectors, customers are now becoming over demanding about the services offered. New and new trends are being witnessed now days. Banks have also realized that social channels need to be used differently in financial services than with retail or other industry verticals. As opposed to trying to find 'friends' of our brands, social media has been used most effectively for customer service (Twitter) and for the promotion of broad based public relations initiatives. No communication channel is 'free'. While email may seem like a far less costly channel to use for reaching customers, the lack of clear targeting and message development may prove costly as customer's opt out of future communications or simply ignore email messages. In my experience within the banking industry, email has not proven to be as good of a replacement for channels like direct mail as it has been a good supplement for improved results.

Indian Banks and Social Media

Indian Banks have started using social media in their regular operations in various capacities and are at different stages of maturity. As of April 2013, some private banks provide regular updates on the latest offers and allow basic customer operations through popular social media sites. A large private bank in India hosted Face book application on its secure servers allowing balance amount check, cheque book request, stop payment, etc. Some of the private banks are using their Face book page to provide customers, exclusive offers, product details and customer care services. With a few banks taking the lead, the direction is set for other banks to offer online financial services through such platforms sooner rather than later. ICICI Bank, HDFC Bank and Axis Bank are among the top 10 Banks with Social Media presence as per a survey by Financial Brand in July 2013. Banks in India cannot any longer live in

denial. There could still be a tendency to not use Social Media. Banks thinking on these lines may have to remember that their competition is already active on Social Media, thus threatening their own business

Customer Behaviour, Attitude, and Perceptions

This involves understanding customer profile, their socio-economic and demographic background, their psychographic make-up, motivations behind their savings, awareness of and attitude to various modes of savings, and reasons for their preference for one form of savings over another. This will help bankers in providing new banking services/products through which even non-bank customers can be adopted.

Customer Services

Launching new schemes with advertisements attracts new depositors. However, what ultimately sustains the process of generation of new deposits and continues the acceleration of deposit mobilization is the quality of customer service as perceived by customers. Bank's performance in different banking services like withdrawal of cash, collection of cheques,

quality and adequacy of infrastructural facilities available to customers, attitudes of bank employees towards customers, promptness, and general attitude have to be analysed and evaluated before strategy formulation..

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

CHAPTER IV

DATA ANALYSIS AND INTERPRETATION

Analysis of data means studying the tabulated materials in order to determine inherent fact or meaning. Interpretation may be defined as “scientific interpretation seeks for relationship between the data of a study and the study findings and other scientific knowledge”. In simple words analysis and interpretation means the analysis of the available data and its reliability.

4.1 Gender

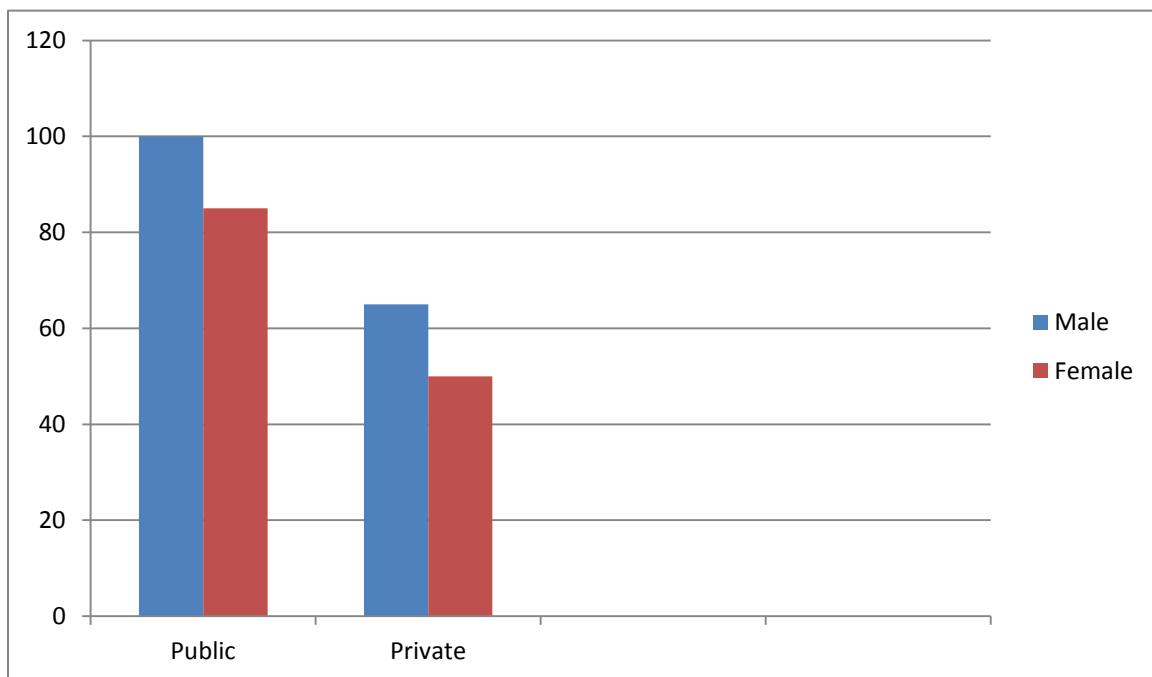
Table 4.1

Gender wise distribution of respondents

Gender wise distribution	Male		Female		Total	
	No	%	No	%	No	%
Public	100	60	85	63	185	62
Private	65	40	50	37	115	38
Total	165	100	135	100	300	100

Source: Primary data

Figure 4.1
Gender wise distribution of respondents



Source: Primary data

From the above table it is clear that out of 300 respondents 165, that is, 55 percent were male customers and 135, that is, 45 percent were female customers.

4.2 Age

Table 4.2

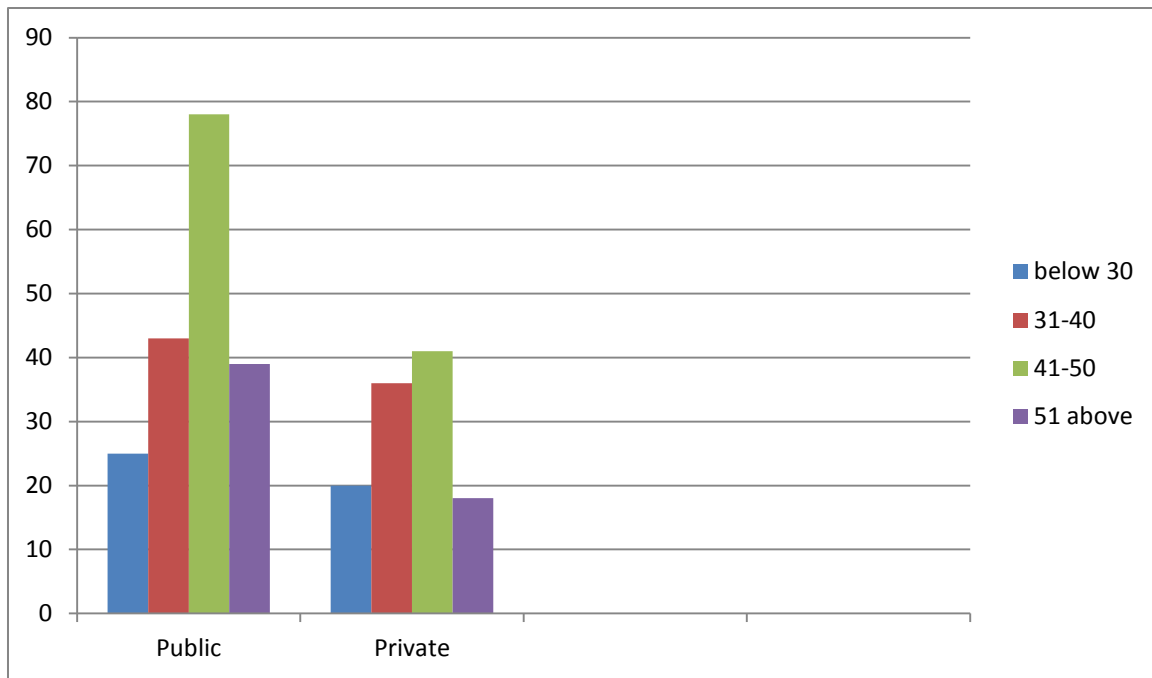
Age wise distribution of respondents

Age wise distribution	Below 30		31-40		41-50		51-Above		Total	
	No	%	No	%	No	%	No	%	No	%
Public	25	55	43	54	78	66	39	68	185	62
Private	20	45	36	46	41	34	18	32	115	38
Total	45	100	79	100	119	100	57	100	300	100

Source: Primary data

Figure 4.2

Age wise distribution of respondents



Source: Primary data

The above table depicts that out of 300 respondents 79 respondents belongs to the age group of 31-40 and 119 respondents belongs to the age group 41-50. Only 45 respondents belong to the age group below 30.

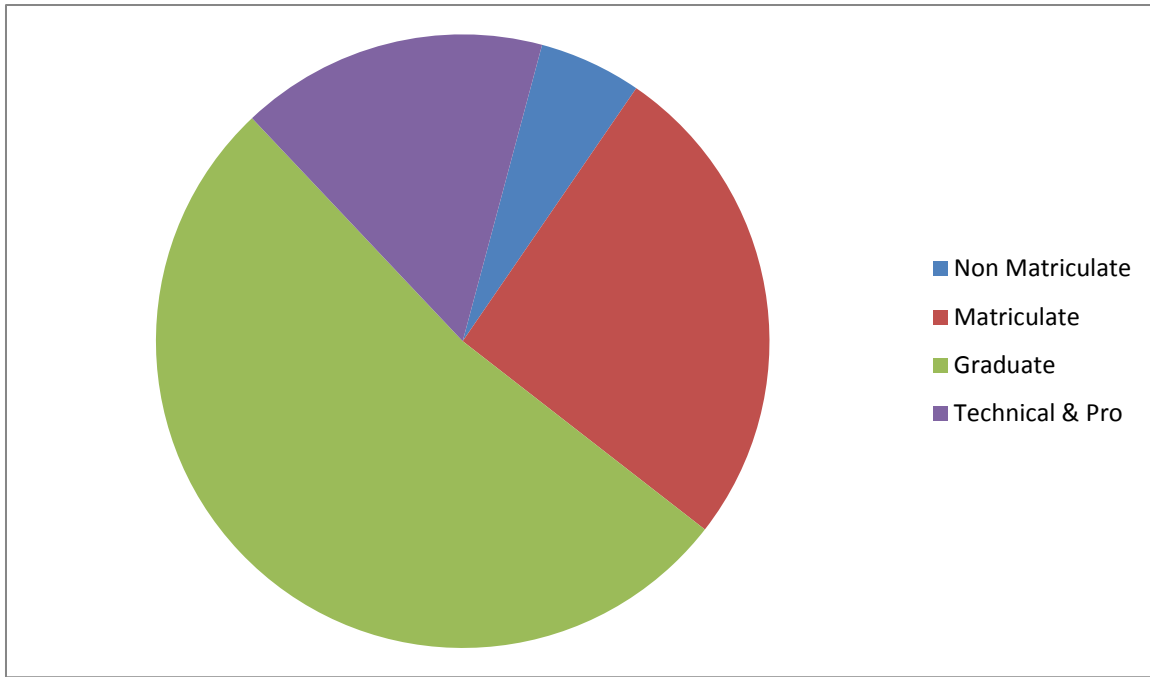
4.3 Qualification

Table 4.3
Qualification wise distribution of respondents

Qualification wise distribution	Non matriculate		Metriculate		Graduate		Technical & Pro.		Total	
	No	%	No	%	No	%	No	%	No	%
Public	10	59	48	58	97	68	30	53	185	62
Private	7	41	35	42	46	32	27	47	115	38
Total	17	100	83	100	143	100	57	100	300	100

Source: Primary data

Figure 4.3
Qualification wise distribution of respondents



Source: Primary data

It is clear from the table that 17 out of 300 respondents were non matriculate, 83 were matriculate, 143 were graduate and 57 respondents were professionally and technically qualified.

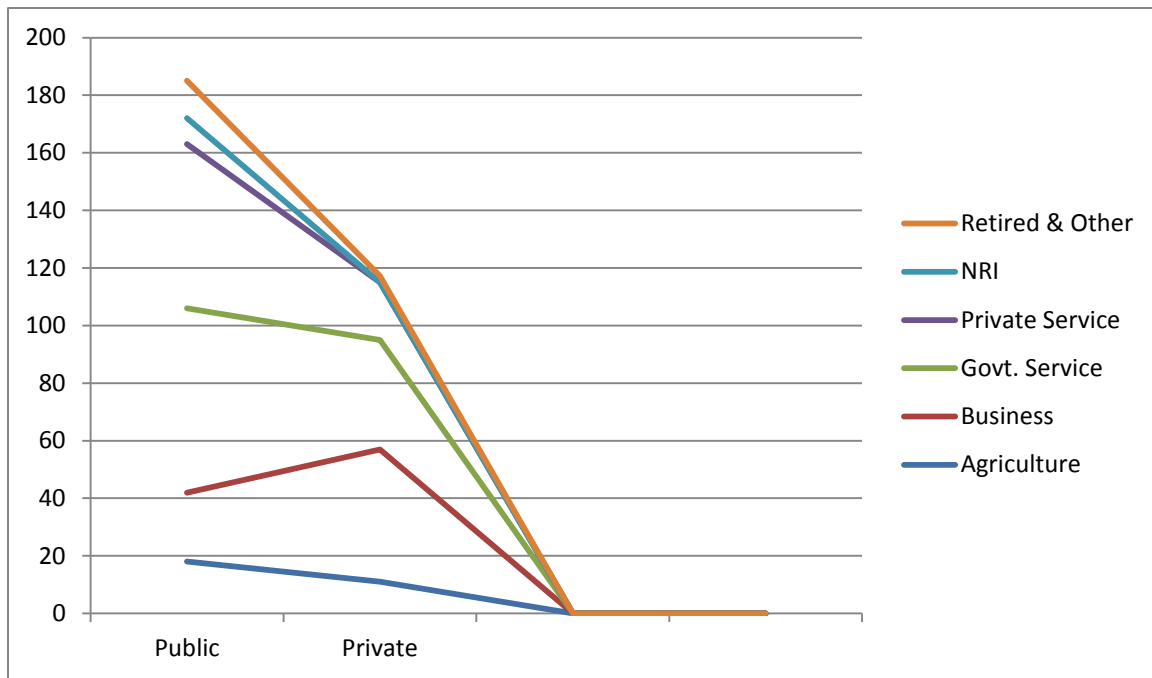
4.4 Occupation

Table 4.4
Occupation wise distribution of respondents.

Occupation wise distribution	Agriculture	Business	Govt. Service	Private service	NRI	Retired & Others	Total
Sector	No	No	No	No	No	No	No
Public	18	24	64	57	9	13	185
Private	11	46	38	20	0	0	115
Total	29	70	102	77	9	13	300

Source: Primary data

Figure 4.4
Occupation wise distribution of respondents.



Source: Primary data

From the table revealing occupation wise distribution of respondents it is clear that out of 300 respondents 102 were in Government service, 77 respondents were in Private service, 70 respondents were in business, 29 respondents were in agriculture, 13 respondents were retired and others and only 9 respondents were NRIs.

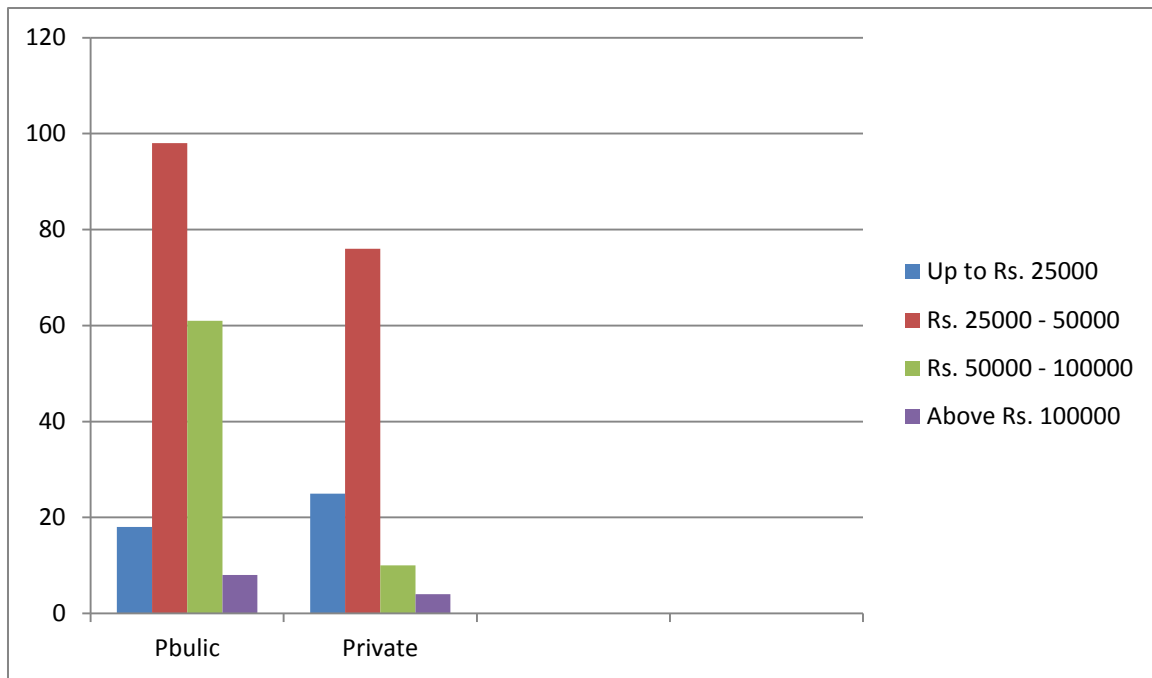
4.5 Monthly Income

Table 4.5
Income wise distribution of respondents

Income wise distribution of respondents	Up to Rs. 25000	Rs.25000- Rs.50000	Rs.50000- Rs.100000	Above Rs.100000	Total
Sector	No	No	No	No	No
Public	18	98	61	8	185
Private	25	76	10	4	115
Total	43	174	71	12	300

Source: Primary data

Figure 4.5
Income wise distribution of respondents



Source: Primary data

The above table reveals that out of 300 respondents 174, that is, 58 percent respondents were in the monthly income category of Rs.25000-Rs.50000. 71, that is, 24 percent respondents were on the income category of Rs.50000-Rs.100000. 43 respondents were in the income category of up to Rs.25000 and only 12 respondents were of monthly income above Rs.100000.

4.6 Type of account

Table 4.6

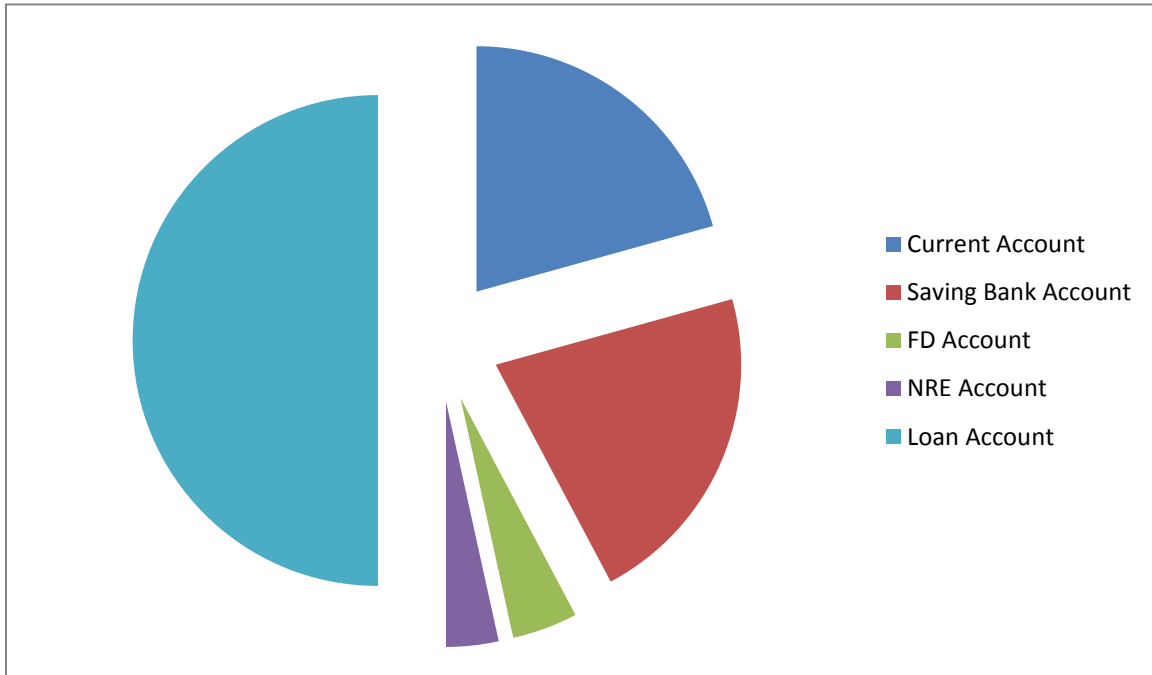
Table showing types of account of respondents

Types of account	Current Account	Saving bank Account	FD account	NRE account	Loan account	Total
Sector	No	No	No	No	No	No
Public	24	94	5	4	58	185
Private	25	49	10	0	31	115
Total	49	143	15	4	89	300

Source: Primary data

Figure 4.6

Table showing types of account of respondents



Source: Primary data

It is clear from the above table that 143 respondents out of 300 respondents have saving bank account. 89 respondents have loan account. 49 respondents have current account, 15 respondents have FD account and only 4 respondents have NRE account.

4.7 Duration of dealing with the bank

Table 4.7

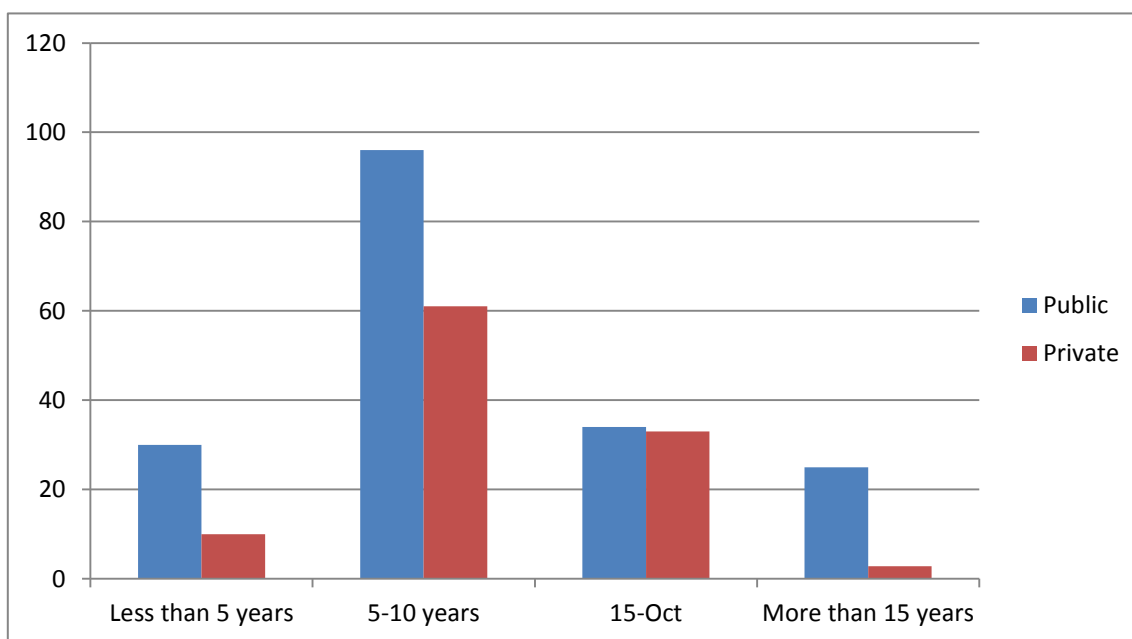
Table showing years of dealing with the bank

Years of dealing with the bank	Less than 5 years	5-10 years	10-15 years	More than 15 years	Total
Sector	No	No	No	No	No
Public	30	96	34	25	185
Private	10	61	33	11	115
Total	40	157	67	36	300

Source: Primary data

Figure 4.7

Table showing years of dealing with the bank



Source: Primary data

Out of 300 respondents 157 have dealings with this bank for 5-10 years. 67 respondents have dealings with the bank for 10-15 years. 36 respondents have dealings with the bank for more than 15 years and only 40 respondents have dealings with the bank for less than 5 years.

4.8 Reason for choosing the bank.

Table 4.8

Table showing reason for choosing the bank

Reason\ Rank	1	2	3	4	5	6	7	8	9	10	Total
Proximity	73	46	30	25	43	18	24	22	16	3	300
Quality of service	47	64	48	32	21	20	11	24	18	15	300
Attraction of deposit/Loan schemes	48	32	47	64	11	21	20	18	15	24	300
Core banking facility	73	25	43	30	24	36	25	13	22	16	300

ATM facility	32	47	21	64	11	20	18	15	24	48	300
Courteousness of the bank staff	53	36	29	44	18	30	26	24	15	25	300
Extended banking hours	44	29	36	18	53	25	15	30	26	24	300
Low cost of service	73	16	30	43	22	36	25	24	25	13	300
Influence of agents/staff	24	15	18	20	21	11	64	47	32	48	300
others	0	0	0	34	67	49	54	75	15	6	300

Source: Primary data

It is understood from the above table that out of 300 respondents 73 respondents give the reason for choosing the bank is proximity 47 respondents states that it is the quality of service. 73 respondents opinioned that core banking facility attracts them. 73 respondents said that low cost of service is the reason for choosing the bank. Attraction of deposit schemes is the reason for 48 respondents. 53 respondents give courteousness of the bank staff as the reason. Extended banking hours is the reason for 44 respondents. ATM facility attracts 32 respondents. 24 respondents were influenced by agents and staff.

4.9 Trend of banking transactions

Table 4.9

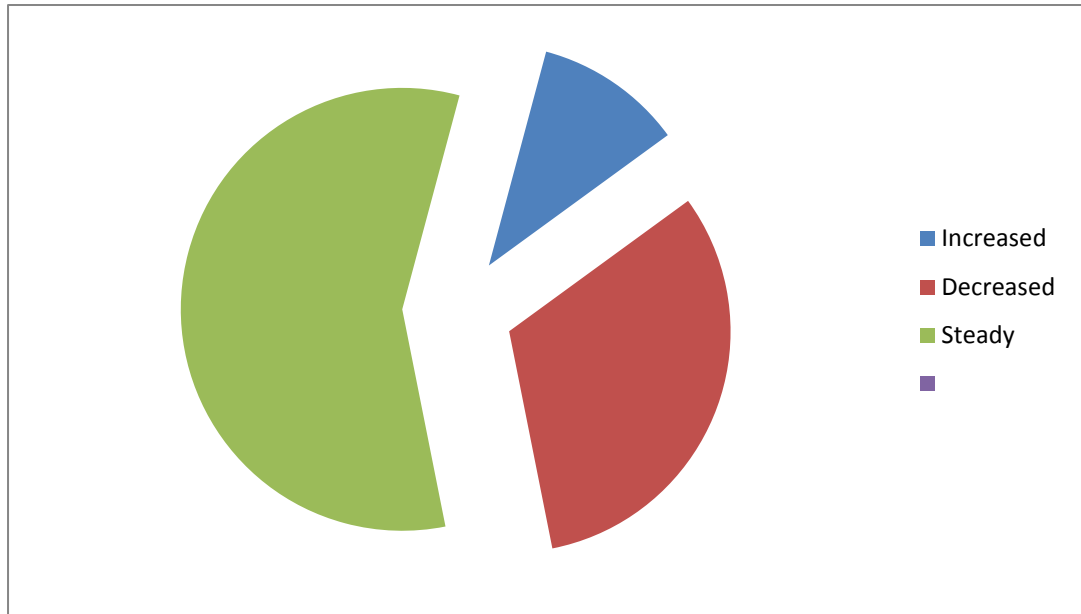
Table showing trend of banking transactions during recent years

Trend of banking transactions	Increased	Decreased	Steady	Total
Sector	No	No	No	No
Public	20	59	106	185
Private	13	20	82	115
Total	33	79	188	300

Source: Primary data

Figure 4.9

Table showing trend of banking transactions during recent years



Source: Primary data

The table reveals that the trend of banking transactions during recent years were steady for 188, that is, 63 percent of respondents. For 33 respondents it increased and for 79 respondents banking transactions decreased during recent years.

4.10 Satisfaction of banking requirement

Table 4.10

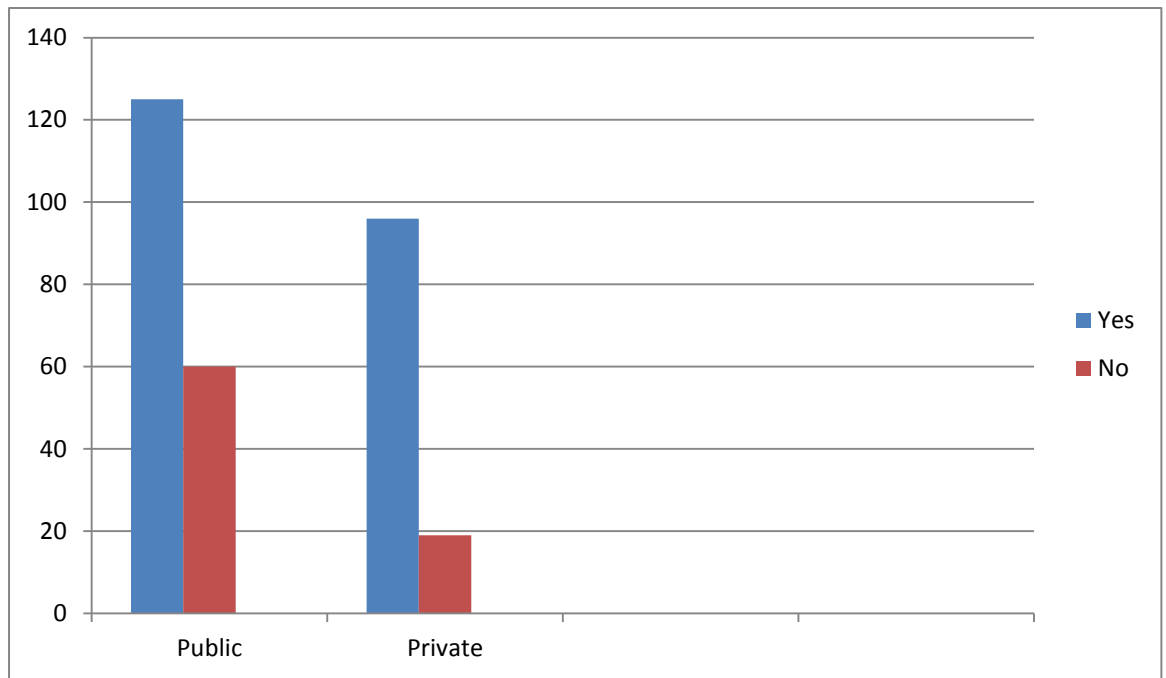
Table showing satisfaction of banking requirement

Satisfaction	Yes		No		Total	
Sector	No	%	No	%	No	%
Public	125	68	60	32	185	62
Private	96	83	19	17	115	38
Total	221	74	79	26	300	100

Source: Primary data

Figure 4.10

Table showing satisfaction of banking requirement



Source: Primary data

It is clear from the table that 221, that is 74 percentage of the respondents were satisfied with their banking requirements.

4.11 Opinion about type bank giving better service

Table 4.11

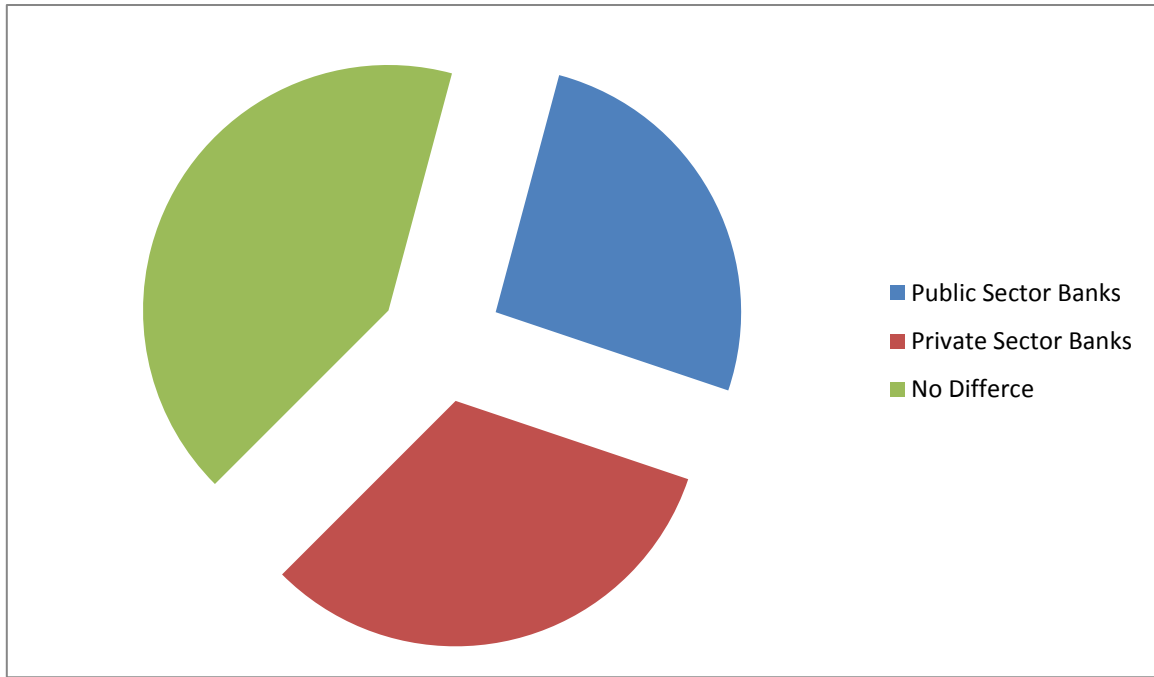
Table showing opinion about type of bank giving better service

Opinion/Type	No of respondents	Percentage
Public Sector banks	78	26
Private sector banks	97	32
No Difference	125	42
Total	300	100

Source: Primary data

Figure 4.11

Table showing opinion about type of bank giving better service



Source: Primary data

The above table reveals that out of 300 respondents 125, that is, 42 percentage respondents opinioned that there is no difference between the services giving by banks. 97 respondents opinioned that private sector banks give better banking services than public sector banks. While 78 respondents stated that public sector banks are giving better banking services

4.12 Customer awareness about new marketing strategy

Table 4.12

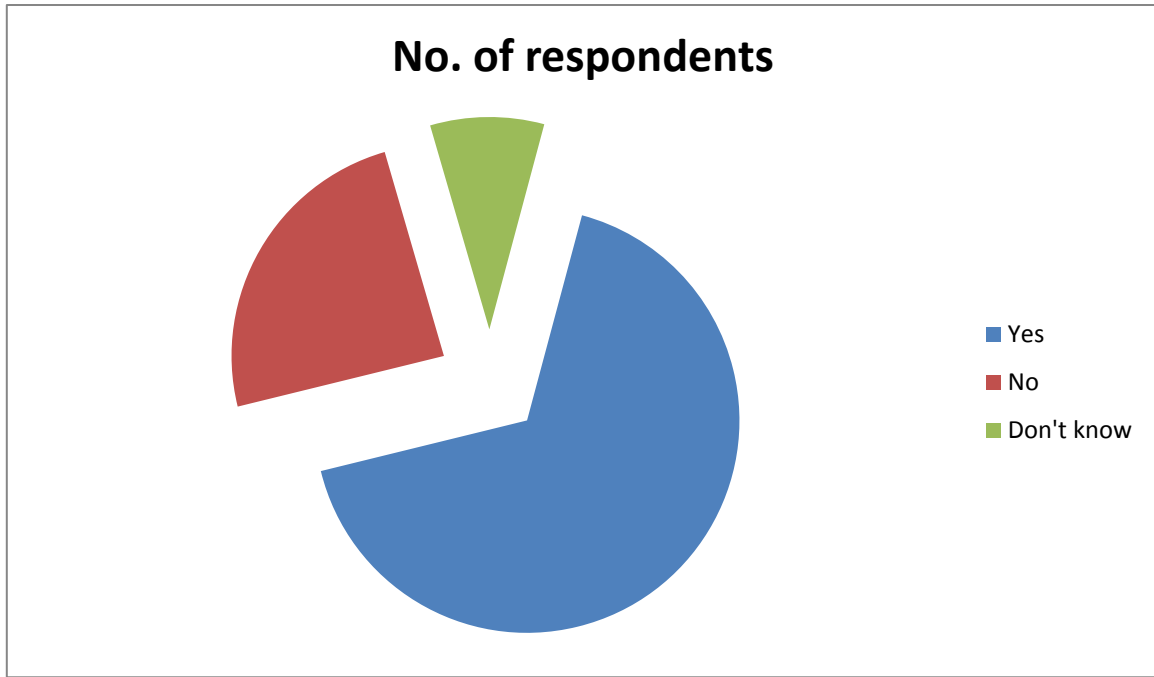
Table showing awareness about new marketing strategy

Awareness	No. of respondents	Percentage
Yes	201	67
No	73	24
Don't know	26	9
Total	300	100

Source: Primary data

Figure 4.12

Table showing awareness about new marketing strategy



Source: Primary data

From the table it is evident that out of 300 respondents 214 respondents were aware about the new marketing strategies. 73 respondents were not aware and 26 respondents were don't know about the new marketing strategies.

4.13 Need of marketing in banking sector

Table 4.13

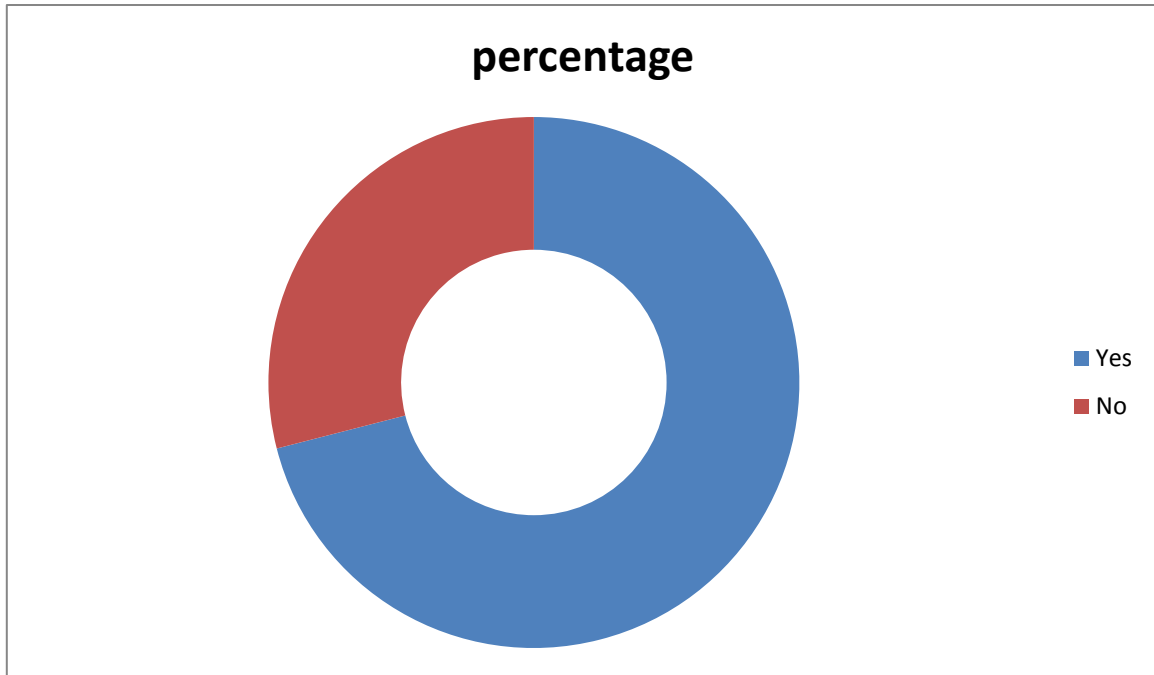
Table showing opinion about need of marketing in banking sector

Need of marketing	No of respondents	Percentage
Yes	214	71
No	86	29
Total	300	100

Source: Primary data

Figure 4.13

Table showing opinion about need of marketing in banking sector



Source: Primary data

It is clear from the table that out of 300 respondents 214, that is 71 percentage of the respondents were have the opinion that marketing is needed in banking sector. 86 respondents have the opinion that marketing is not needed in banking sector.

4.14 Opinion about bank develop new product based on customer needs

Table 4.14

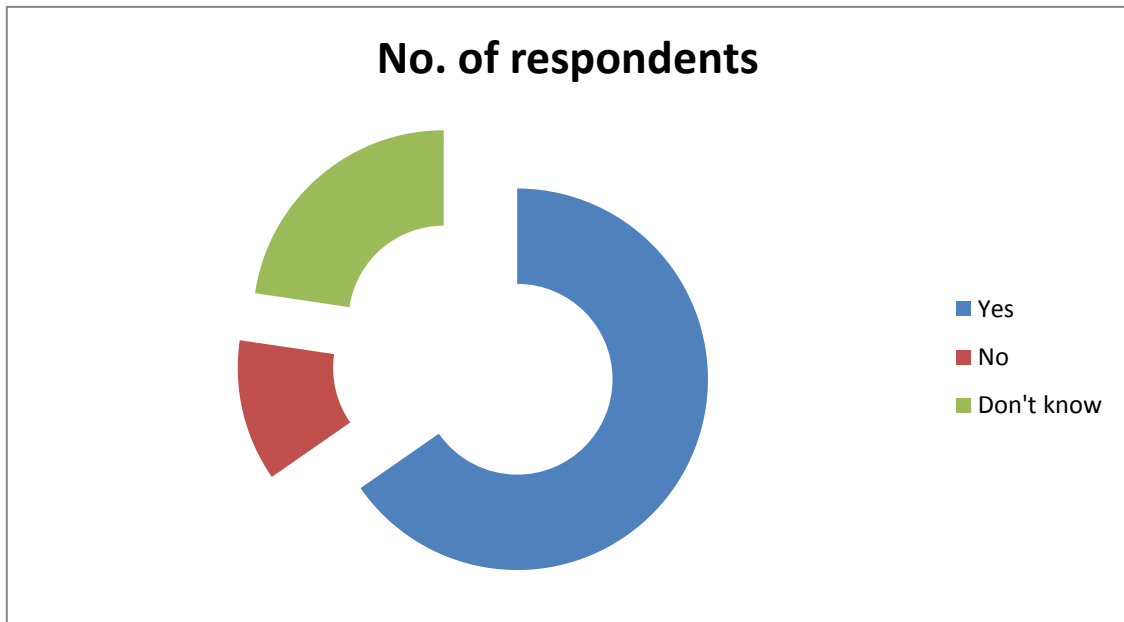
Table showing opinion about bank develop new products based on customer needs

Developed new products based on customer need	No of respondents	Percentage
Yes	196	65
No	36	12
Don't know	68	23
Total	300	100

Source: Primary data

Figure 4.14

Table showing opinion about bank develop new products based on customer needs



Source: Primary data

We can understand from the table that 196 respondents have the opinion that the bank develop new products based on customer needs. 68 respondents opinioned that they don't know that whether the bank develop new products based on customer needs.

4.15 Knowing about the new products & Services

Table 4.15

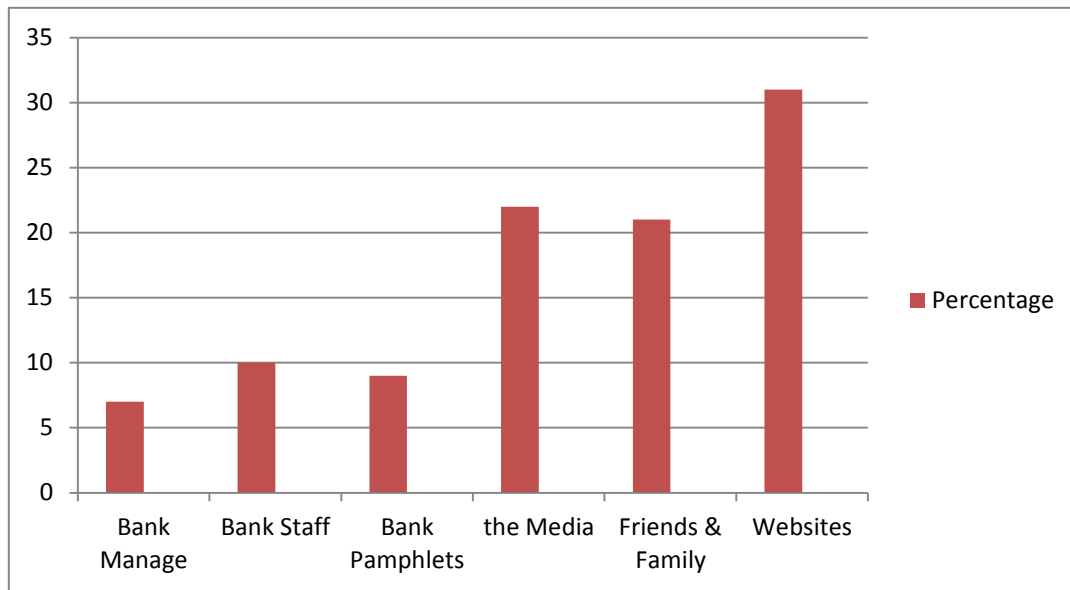
Table showing opinion about know the new products and services offered by the bank

Know about new products & services from	No of respondents	Percentage
Bank manager	21	7
Bank staff	31	10
Bank Pamphlets	26	9
The media	66	22
Friends & Family	64	21
Websites	92	31

Source: Primary data

Figure 4.15

Table showing opinion about know the new products and services offered by the bank



Source: Primary data

The table revealed the sources of information about new products and services of the bank. Multiple sources were used by respondents for this. The most popular source is web sites and media. From bank staff and from bank manager they got information. Friends and family also gave information about new bank products and services.

4.16 Knowledge level of bank staff/manager in giving clarification regarding new products

Table 4.16

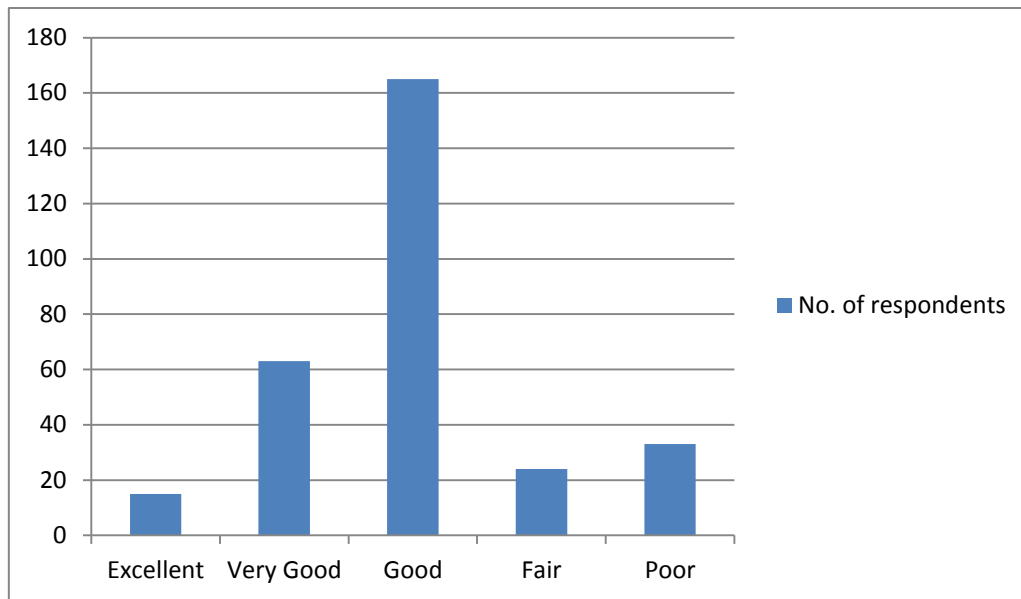
Table showing knowledge level of the bank staff/manager in giving clarification regarding new products

Opinion about knowledge level	No of respondents	Percentage
Excellent	15	5
Very good	63	21
Good	165	55
Fair	24	8
Poor	33	11

Source: Primary data

Figures 4.16

Table showing knowledge level of the bank staff/manager in giving clarification regarding new products



Source: Primary data

From the table we can understand that 165 respondents give the opinion that the knowledge level of bank staff/manager in giving clarification regarding new products is good. 15 respondents said that there is excellent knowledge level while 33 respondents opinioned that there is poor knowledge level.

4.17 Methods of introducing new products

Table 4.17

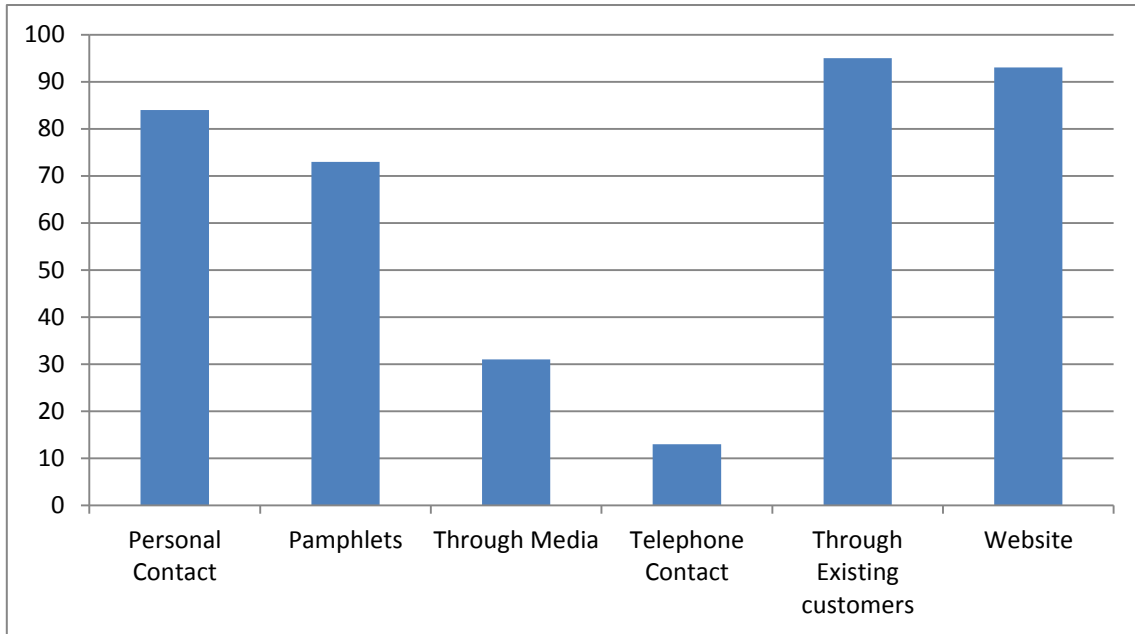
Table showing methods of introducing new products to customers

Methods	1	2	3	4	5	6	Total
Personal contact	84	62	48	30	55	21	300
Pamphlets	73	60	48	55	40	24	300
Through media	31	72	82	46	13	56	300
Telephone contact	13	62	76	52	48	49	300
Through existing customers	95	67	51	42	26	19	300
Website	93	64	48	53	17	24	300

Source: Primary data

Figure 4.17

Table showing methods of introducing new products to customers



Source: Primary data

It is evident from the table that to introduce new products to customers so many methods were used. Among them through existing customers and through website are the popular methods.

4.18 Effectiveness of bank marketing strategies

Table 4.18

Table showing effectiveness of bank marketing strategies

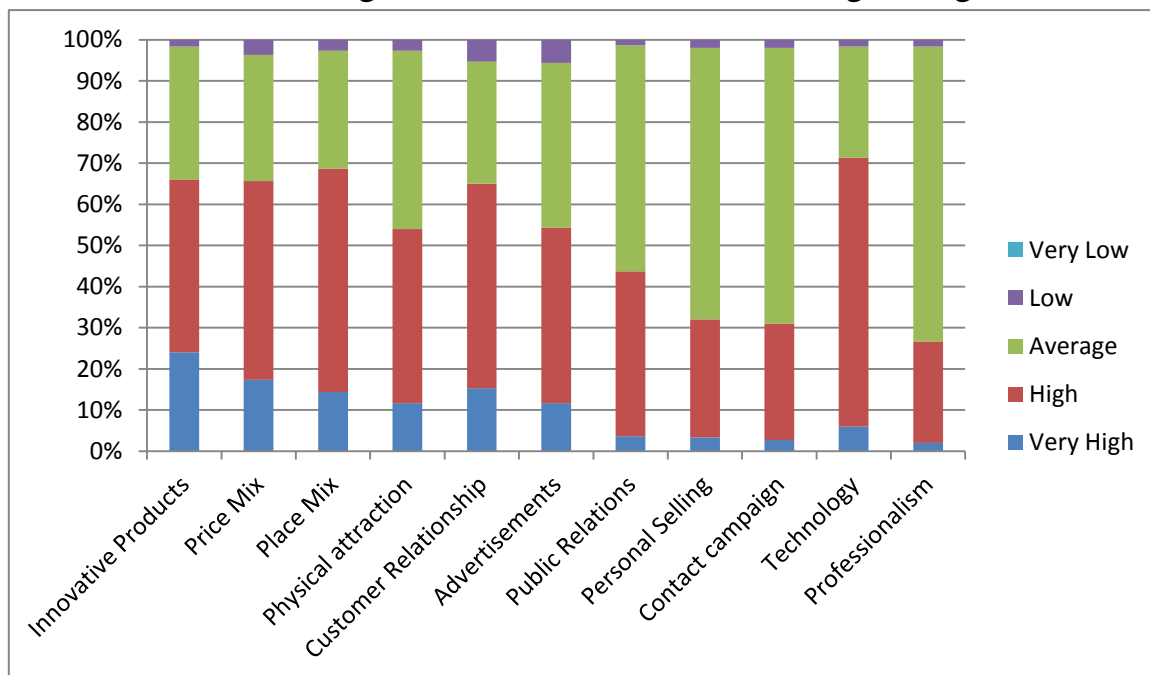
Marketing Strategies\Effectiveness	Very high	High	Average	Low	Very low	Total
Innovative products	72	126	97	5	0	300
Price mix(cost/charge)	52	145	92	11	0	300
Place mix(branches)	43	163	86	8	0	300
Physical attraction	35	127	130	8	0	300
Customer relationship	46	149	89	16	0	300
Advertisements	35	128	120	17	0	300
Public relations	11	120	165	4	0	300

Personal selling	10	86	198	6	0	300
Contact campaign	8	85	201	6	0	300
Technology	18	196	81	5	0	300
Professionalism	6	74	215	5	0	300

Source: Primary data

Figure 4.18

Table showing effectiveness of bank marketing strategies



Source: Primary data

From the table it is understood that the effectiveness of bank marketing strategies for innovative products is very high according to 72 respondents. High effectiveness is for technology as per 196 respondents. Effectiveness of professionalism is average in the opinion of 215 respondents. None of the respondents give a very low rating for any of the marketing strategies.

4.19 Need of new marketing strategies to retain customers

Table 4.19

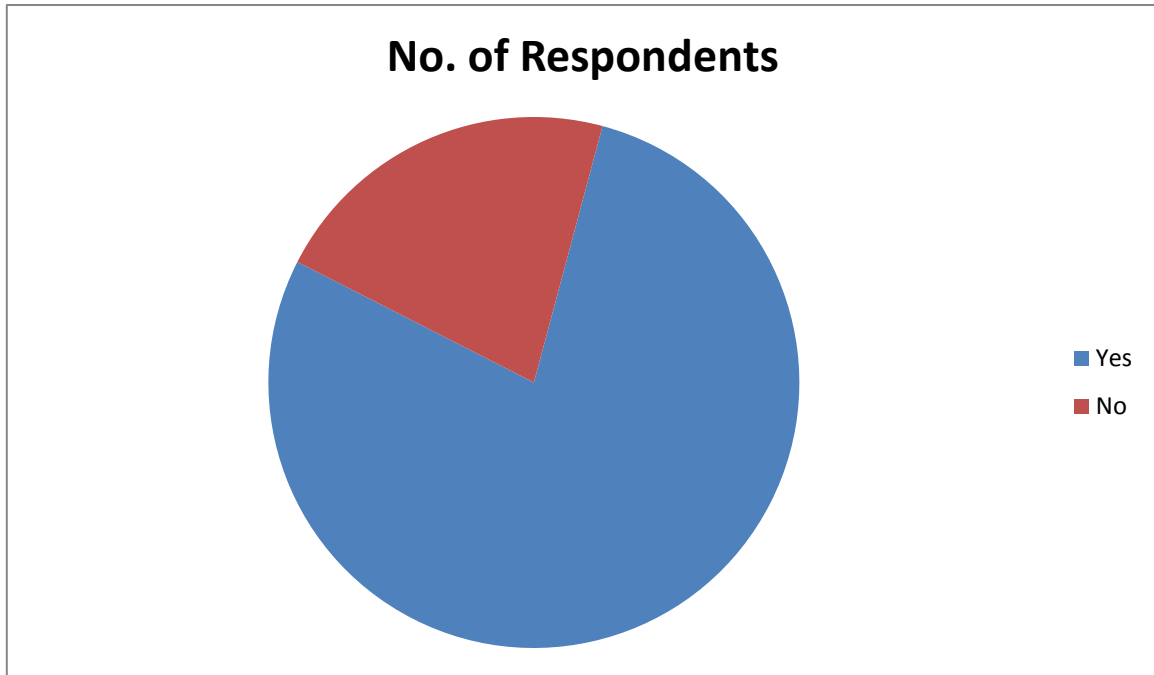
Table showing need of new marketing strategies to retain customers

Need of new marketing strategies	No of respondents	Percentage
Yes	235	78
No	65	22
Total	300	100

Source: Primary data

Figures 4.19

Table showing need of new marketing strategies to retain customers



Source: Primary data

The above able reveals that out of 300 respondents 235, that is 78 percentage of respondents opinioned that new marketing strategies are needed for retain customers and drawing new customers.

CHAPTER V

FINDINGS, SUGGESTIONS AND CONCLUSION

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FINDINGS, SUGGESTIONS AND CONCLUSION

This chapter contains that the major findings of the study and highlights the important conclusions. This study is conducted on the basis of primary data collected from the respondents. The study Marketing of Banking Services-A Comparative study of public and private sector banks in Kerala tries to compare marketing strategies of public and private sector banks. The major findings of the study derived from the statistical analysis of the collected data are given below

Findings

- Out of 300 respondents 165, that is, 55 percent were male customers and 135, that is, 45 percent were female customers.

- 79 respondents belongs to the age group of 31-40 and 119 respondents belongs to the age group 41-50. Only 45 respondents belong to the age group below 30.
- 17 out of 300 respondents were non matriculate, 83 were matriculate, 143 were graduate and 57 respondents were professionally and technically qualified.
- Out of 300 respondents 102 were in Government service, 77 respondents were in Private service, 70 respondents were in business, 29 respondents were in agriculture, 13 respondents were retired and others and only 9 respondents were NRIs.
- Out of 300 respondents 174, that is, 58 percent respondents were in the monthly income category of Rs.25000- Rs.50000. 71, that is, 24 percent respondents were on the income category of Rs.5000
- 143 respondents out of 300 respondents have saving bank account. 89 respondents have loan account. 49 respondents have current account, 15 respondents have FD account and only 4 respondents have NRE account 0-Rs.100000. 43 respondents were in the income category of up to Rs.25000 and only 12 respondents were of monthly income above Rs.100000.
- Out of 300 respondents 157 have dealings with this bank for 5-10 years. 67 respondents have dealings with the bank for 10-15 years. 36 respondents have dealings with the bank for more than 15 years and only 40 respondents have dealings with the bank for less than 5 years

- 73 respondents give the reason for choosing the bank is proximity, 47 respondents states that it is the quality of service, 73 respondents opinioned that core banking facility attracts them. 73 respondents said that low cost of service is the reason for choosing the bank. Attraction of deposit schemes is the reason for 48 respondents. 53 respondents give courteousness of the bank staff as the reason. Extended banking hours is the reason for 44 respondents. ATM facility attracts 32 respondents. 24 respondents were influenced by agents and staff.

- The trend of banking transactions during recent years were steady for 188, that is ,63 percent of respondents. For 33 respondents it increased and for 79 respondents banking transactions decreased during recent years.

- 74 percentage of the respondents were satisfied with their banking requirements.

- Out of 300 respondents 125, that is, 42 percentage respondents opinioned that there is no difference between the services giving by banks. 97 respondents opinioned that private sector banks give better banking services than public sector banks. While 78 respondents stated that public sector banks are giving better banking services

- 201 respondents were aware about the new marketing strategies. 73 respondents were not aware and 26 respondents were don't know about the new marketing strategies.

- 214, that is 71 percentage of the respondents were have the opinion that marketing is needed in banking sector. 86 respondents have the opinion that marketing is not needed in banking sector.
- 196 respondents have the opinion that the bank develop new products based on customer needs. 68 respondents opinioned that they don't know that whether the bank develop new products based on customer needs.
- Sources of information about new products and services of the bank. Multiple sources were used by respondents for this. The most popular source is web sites and media. From bank staff and from bank manager they got information. Friends and family also gave information about new bank products and services.
- 165 respondents give the opinion that the knowledge level of bank staff/manager in giving clarification regarding new products is good. 15 respondents said that there is excellent knowledge level while 33 respondents opinioned that there is poor knowledge level.
- To introduce new products to customers so many methods were used. Among them through existing customers and through website are the popular methods.
- The effectiveness of bank marketing strategies for innovative products is very high according to 72 respondents. High effectiveness is for technology as per 196 respondents. Effectiveness of professionalism is

average in the opinion of 215 respondents. None of the respondents give a very low rating for any of the marketing strategies.

- Out of 300 respondents 235, that is 78 percentage of respondents opinioned that new marketing strategies are needed for retain customers and drawing new customers

Suggestions

With reference to the above findings some of the suggestions are given below

- Banking industry should focus on innovation of products and services. The customer today are more focused not only on quality of existing products and services but also on innovation of the same due to technology up gradation and the existence of competition. The customers in the modern days have high expectations and hence innovation in the product and services of banks become not only essential from customers point of view but also from the point of view of banks. This will help the bank to market their products for better business development and also provide customer satisfaction.
- Whenever there is a change or new development is taking place, it is always observed that the customer may be inclined to take up the new one, though they may be satisfied with the existing one. Hence there is a need for the bank to worry about retaining the old customers and by making attempt on inviting new customers.

Conclusion

In the service sector banking services occupy key role both in the development of economy of the country and in the development of individual customers in their business and social life. Unlike in past, the customers today compare the services of public sector banks with the services of private sector banks. These have necessitated for introduction of various new products and execute the services in a professional way to keep their customers satisfied.

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ANNEXURE

QUESTIONNAIRE

MARKETING OF BANKING SERVICES – A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN KERALA

Personal Profile of Respondents

1. Name :
2. Gender : Male Female
3. Age (years) :

4. Educational Qualification: Non-Matriculate Matriculate Graduate Technical & Professional Qualification
5. Occupation : Agriculture Business Govt. Service Private service NRI Retired & Others
6. Gross Monthly income: Upto Rs.25000 Rs.25000-50000 Rs.50000-100000 Above Rs.100000
7. In which bank you have an account
 Public sector bank Private sector bank
8. Type of account: Current account Savings bank account FD account NRE account Loan account

Facilities & Services

9. How many years dealings do you have with this bank?
 Less than 5 years 5-10 years 10-15years more than 15 years
10. Reason for choosing this bank. Mark the reasons in order of preference.
 Proximity Quality of service Attraction of deposit schemes minimization of procedure delay computerization of the bank
 core banking facility ATM facility courteousness of the bank staff attraction of loan scheme
 Attraction of other services extended banking hours
 low cost of service Influence of agents/staff others
11. How is the frequency of your banking transactions during recent years?
 Increased decreased steady
12. Do you get all your requirements of banking services satisfied from your bank?
 Yes No
13. In your opinion which type of banks gives you better service?
 Public sector banks Private sector banks No difference

Marketing strategy

14. Opinion of customers on marketing strategy.
 Are you aware regarding new marketing strategy

Yes No don't know

15. Do you think marketing is needed in banking sector?

Yes No

16. Does your bank development products based on customer needs?

Yes No Don't know

17. How do you come to know about the new products and services offered by the bank?

From the bank manager yes No

From the bank staff yes No

From the bank pamphlets yes No

From the media yes No

From friends & relatives yes No

18. Rate the knowledge level of the bank staff/manager in giving you necessary clarification regarding new products?

Excellent Very good good fair poor

19. Rate the following methods of introducing new products to customers

Personal contact pamphlets through media

telephone contact through existing customers

website

20. Rate the effectiveness of the following bank marketing strategies in your branch

Very high High Average Low Very low

Innovative products

Very high High Average Low Very low

Price mix (cost/charge)

Very high High Average Low Very low

Place mix (branches/ATMs)

Very high High Average Low Very low

Physical attraction

Very high High Average Low Very low

Customer relationship

Very high High Average Low Very low

Advertisements

Very high High Average Low Very low

Public relations

Very high High Average Low Very low

Personal selling

Very high High Average Low Very low

Contact campaign, Loan melas

Very high High Average Low Very low

Technology

Very high High Average Low Very low

Professionalism

Very high High Average Low Very low

21. Do you need new marketing strategies to retain customers and drawing in new customers?

Yes No