

A STUDY ON PROMOTIONAL STRATEGIES OF BANKING SERVICES IN INDIA

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Abstract

In a still uncertain environment, communication and collaboration with consumer banking institutions are still two important factors in the promotion. Also, increasing transparency and the willingness of banks to work with the external environment lead to the capture of the main element of trust: Banks are trying to use modern techniques and different promotional tools to attract new customers, but also for keeping and frequent flyer of the existing battle with severe competition. Promotion constitutes the key strategy for banks to retain good customers and also anticipate their future demands. Many banking organizations are today applying effective promotional strategies to achieve organizational success for long time survival. Promotional strategies become more crucial when they are executed to design, distribute and promote banking services. Banks are now required to cope with stiff competition in business and also the complex regulatory norms regarding capital adequacy and provisioning. Thus, banks are forced to adopt various promotional techniques and strategies. Promotional activities in banks can be stated as a new phenomenon that is shaping well over the past few decades. This can be firmly said that well-designed promotional strategies are very important to promote banking services effectively. The role of the banking promotional strategies is to achieve competitive characteristic in banks as an important pillar for achieving the goals and success of these banks. In this regard, the study is to know and analyse the promotional strategies of banking sector in India.

Key Words: promotional Strategies, Banking sector, India.

Introduction:

Indian banking is at cross roads today. With the deregulation and liberalization process and the consequent policy changes introduced in the Indian financial system in general and banking in particular are effecting unprecedented changes in its functioning. With the emerging changes

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did spring up new challenges of commercial viability, cost effectiveness and effective marketing strategy etc. The role of promotional strategies in the banking industry continues to change. For many years the primary focus of bank marketing was public returns. Then the focus shifted to advertising and sales promotion vis-a-vis the customer orientation is quite evident in today's banking activities.

New Vistas in Services Marketing:

Consumers are the key factor in the market. Thus, promotion constitutes the key strategy for banks to retain good customers and also anticipate their future demands. Many banking organizations are today applying effective promotional strategies to achieve organizational success for long time survival. Promotional strategies become more crucial when they are executed to design, distribute and promote banking services.

Banks are now required to cope with stiff competition in business and also the complex regulatory norms regarding capital adequacy and provisioning. Thus, banks are forced to adopt various promotional techniques and strategies. Promotional activities in banks can be stated as a new phenomenon that is shaping well over the past few decades. This can be firmly said that well-designed promotional strategies are very important to promote banking services effectively. The role of the banking promotional strategies is to achieve competitive characteristic in banks as an important pillar for achieving the goals and success of these banks. The higher rates of knowledge to the promotional strategies of the human race have increased banks have elements of tangible and intangible assets that enable them to excel on banks that do not bother them and become the owner of the leadership in achieving competitive characteristics that wants to clients. Thus the orientation of banks should be with a much wider focus in relation to consumer and market needs, and the consequent promotional strategies. While formulating promotional strategy, a bank should focus attention on the following aspects.

- 1 Consumer sovereignty,
- 2 Attitude,
- 3 Responsiveness and personal skills of bank staff,
- 4 Revitalizing the marketing department,
- 5 Top management support to the marketing department

Objective of the study:

The primary objective of the study is to know and analyse the promotional strategies of banks in India.

Methodology:

The present study is descriptive in nature and takes out significant differences in the promotional strategies adopted by private and public sector banks in India. The study reveals remarkable facts connected with customers' perception about promotional tools of both sectors' banks and also about the most effective tools to promote banking services. The data have gathered from secondary sources and websites of different banks and RBI.

Conceptual Framework of Banking Sector in India:

The Banking industry plays a dynamic role in the economic growth of a country. The growth story of an economy depends on its banking industry. Banks act as the store as well as the power. New Vistas in Services Marketing house of the country's wealth. They accept deposits from individuals and corporate and lends to the businesses. They use the deposits collected for productive purposes which help in the capital formation in the country. Two decades ago global banking was traditionally characterised by relatively high levels of controls where regulatory authorities maintained a protected banking environment that subdued competition. However, market conditions have undergone extensive changes over recent years. On the demand side, customer preferences have changed substantially, becoming more sophisticated and price conscious. On the supply side, the globalisation of financial markets has been accompanied by governmental deregulation, financial innovation and automation. These factors imply an increase in the number of competitors and a tougher operating environment. In addition, progress in technology, both back and front-office has enabled financial firms to extend their activities beyond narrow local or national boundaries and to increase their market share by providing competitive products to wider markets at a lower price. New suppliers of financial services have entered the market. As such, banks are now faced with strong competition from both banks and non-bank institutions. Banks are not merely traders in money but also in important sense manufacturers of money.

Banking Industry-Indian Scenario:

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Today, the Indian Banking System is known the world over for its heftiness. The Reserve Bank of India is the central/apex Bank which regulates the functioning of all banks operating within the country. With years, banks are also adding services to their customers. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India. With stiff competition and advancement of technology, the service provided by banks has become more easy and convenient.

Emerging Banking Trends:

The importance of technology in enabling the banking sector to deal with changing customer demands, improve operational efficiency, and enhance regulatory compliance is increasingly recognized by banks across the globe. In addition to the above said trends, the banking sector will also cope up the following global technology trends:

Focus on Next-Generation Remote Banking Solutions :

The rapid rise in internet services and the increasing propensity of young consumers to use internet and mobile applications for carrying out transactions has made next generation remote banking solutions a key priority area for banks. The potential gains from leveraging the power of the internet encompass: personalized services for customers; enhanced customer experience through the use of online banking sites; improved productivity and usability of web based banking application through the use of rich internet applications (RIAs); and improved flexibility, scalability, and computing capacity. Cloud computing and virtualization are other technologies which are seen as potential New Vistas in Services Marketing tools for lowering infrastructure, maintenance, and energy costs. Improved security, greater reliability, enhanced flexibility and functionality, and increased economies of scale are some other potential benefits which banks feel can be derived by harnessing remote banking solutions.

Drive towards Core Banking Platform Replacement:

Due to the financial crisis and the strain it caused on banks' financial resources, many long-awaited core banking migration and replacement activities were put on hold. As the effects of the crisis subside, these pending replacement activities have started to gain priority.

Increased Role of Business Intelligence and Analytics in Transaction Monitoring: The transaction history of a customer contains valuable information about their purchasing and investment preferences. Though this transaction-related data is available with banks at an

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individual customer level, lack of appropriate business intelligence (BI) and data analytics capabilities has resulted in a less than optimal use of this data in providing customized rewards, products, and investment solutions to customers.

Factors Influencing Bank Offer Promotion among Consumers:

In an uncertain business environment, communication and collaboration with consumer banking institutions are still two important factors in the promotion. Banks are trying to use modern techniques and different promotional tools to attract new customers, but also for keeping and frequent flyer of the existing battle with fierce competition. Keeping in touch with customers is done through various ways, including, corresponding regular mail or e-mail, telephone contacts (or SMS) or other means of communication, the Internet. Customers who receive regularly the situation of their accounts, the bank can be stimulated by attaching a promotional letters or brochures with information about improving services/products offered diversification of existing or existence of promotional campaigns. Usually, in the promotion of banking products and services are taken into account factors

1. Indifference consumers - customers, most consider necessary and important services/banking products, but a small part of them are interesting indeed and acquisition; the majority view services/banking products as a "necessary evil" because of insufficient motivation to take possession of them.
2. The high degree of risk - perceived by consumers; because there is no possibility of testing intangibility of services/products before buying, so not being able to assess their benefits;
- 3 Low credibility of information sources - consumer opinion is formed due to the construction and development of its relations with the financial institution and much less after advertising;
- 4 Minority consumers in the market - is another factor influencing the effectiveness of promotion because there is a very low proportion of individuals in the state "ready to buy" at any time. Thus, knowing the precise target segment appears and also the possibility of losing potential consumers;
5. The competition of similar financial services - due to fierce competition in the market has increased the number of suppliers of products and banking services and similarities between them. Products and services on the banking market can be copied easily, so that competitive advantage is very low in time.

Conclusion:

The banking today is re-defined and re-engineered with the use of Information Technology and it is sure that the future of banking will offer more sophisticated services to the customers with the continuous product and process innovations. Thus, there is a paradigm shift from the seller's market to buyer's market in the industry. Banking products and services must be constantly improved and adapted to their needs and desires in order to preserve and attract new prospects. Promoting, as part of the promotion mix is effective for the institution when the results are materialized in increasing the number of customers who use the bank products and services.

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