

# Marketing Philosophy of Indian Banking Industry: New Trends

With Reference To Strategic Global Scenario

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## ABSTRACT

The choice-empowered customer is now commanding position to the throne, to borrow an expression from military literature, dictating terms and proclaiming kingship. There is no any other way except for bankers to wake up to this emerging reality and realize that, to be competitive. One must necessarily have to be customer focused. For this reason, banker's missions are no longer product, profit or even market oriented, but only focused on customer's supremacy. Technological competence can be a vital support, but marketing knowledge holds the key. In most of the conventional banks the basic strength is the foundations of larger customers for decades that are loyal. The scenario is not going to be the same for long. The entry of foreign banks and emergence of new private banks have brought about certain market scales, which were not present before. Many new novelties like bank expertise, new initiatives, and functional pattern have emerged. There are quite a lot of things to follow in the system and styles of foreign banks. The question therefore boils down to the need to be efficient and quick to understand the changing customer profile and customer requirements. Customer will dominate the market. Bank with full capabilities for developing innovative products structuring and down selling assets, offering floating rates for both loan and deposits has also operating in global foreign exchange markets will be winners. For this propose credit management, product development market research and treasury operations are the thrust areas which could require focused attention.

## 1. INTRODUCTION

The 21<sup>st</sup> century has seen the economic mantras of almost all business enterprises centre stage and finally setting at the power of the customer. The choice-empowered customer is now commanding position to the throne, to borrow an expression from military literature, dictating terms and proclaiming kingship. There is no any other way except for bankers to wake up to this emerging reality and realize that, to be competitive. One must necessarily have to be customer focused. For this reason, banker's missions are no longer product, profit or even market oriented, but only focused on customer's supremacy.

Marketing is certainly an essential economic factor not only of the production but also of research and development. The marketing factor is most important because unless a sufficiently large volume of final products can be marketed, the larger

investment on research and development as well as on design and production will not pay. It is very relevant in the banking industry, which in India has undergone tremendous ramifications, thanks to the advent of technology era and competition brought through various regulations. Even though a traditional industry, banking industry in the country has exhibited admirable capability in moving with the global trends and bringing newer products and service concepts benefiting a broad spectrum to customers.

Our banks require greater understanding on the need have proper information systems on customers. Technological competence can be a vital support, but marketing knowledge holds the key. In most of the conventional banks the basic strength is the foundations of larger customers for decades that are loyal. The scenario is not going to be the same for long. The entry of foreign banks and emergence of

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new private banks have brought about certain market scales, which were not present before. Many new novelties like bank expertise, new initiatives, and functional pattern have emerged. There are quite a lot of things to follow in the system and styles of foreign banks. The question therefore boils down to the need to be efficient and quick to understand the changing customer profile and customer requirements. Customer will dominate the market. We are gradually moving to the concept that “customer is the king”. With more and more players expected in the field, we think banks will have to change a lot to adopt the new situation.

## 2. CUSTOMER PROFILE & CUSTOMER REQUIREMENTS

By the theory of customer based market strategy the starting point and front-end of business strategy is the market strategy, which define the paths of a business should take in the market to get where it wants to go. The market needs to be conceptualized, as set of customer needs into a set of desires for product attributes but a set of fundamental needs and not as a collection of products, technologies or competitors.

For a market driven economy, a re-look at the constitution is quite necessary. The constitution has to bring about certain changes is so far as functioning of the financial sector is concerned. Also there is dire need to have a separate law commission to look at these financial sector reforms and banking reforms to ensure an ongoing basis that the laws are made more objectively and user friendly to market driven economy.

To make the weaker side stronger, laws lean favorably to the weaker side. Balancing all these laws could be the focus of new law commission, which should aim at bringing about equity and equality and thus a level playing field between the different players of the market.

Knowledge business, delivery of HR practices, management of change, management of culture and personal credibility are part and parcel for competency of an enterprise.

Products whether they are tangible or service product follow a life cycle. The product life cycle (PLC) is an important concept of marketing that provides insight into a product’s competitive dynamics.

As our markets evolve so customer requirements change and hence this positioning strategy to be modified. A dynamic marketing strategy could leverage customer information and provide customized solution and personal service to as many segments as possible at a reasonable price. The strategy should focus on building strong corporate and product specific brands and a building consumer preference through continuous focus on retention through personalized product and service offerings.

## 3. CAUSES FOR INEFFICIENCY IN CUSTOMER SERVICE

There are number of causative factor responsible for deteriorating standards of customer service in banks. Some of these factors are briefly discussed below-

### *Poor Approach*

In an environment where the customer is the king, the new mantra for banking companies should be upgrading themselves for mere service providers to value based service providers. Such a new approach is not only necessary but also required in order to design systems whereby service is rendered after indentifying customer needs.

### *Indifferent Employee Attitude Leads to Indifferent Service*

The main dominant cause for the indifferent attitude of the employees towards

the customer is the job security which plays havoc with the service they render across the counter. Queues at the counters for unduly long period for carrying out over a simple banking transaction, reflects more of the indifferent employee attitude towards customers.

### **Traditional & Outdate Systems & Procedures**

Those systems and procedures which were framed many years back, pose visible hindrance to the delivery of better quality service. Most of the basic systems and procedures existing in the banks today were framed keeping in view the legal, accounting and safety considerations which have long become outdated and not to aptly backup the process of prompt and efficient customer service.

### **Technology Upgradation**

Undue apathy toward technology has taken its toll in the form of poor quality customer service in some banks compare to foreign banks, Indian banks are admittedly slower in adopting technology, as a superior tool for better quality service. The entire banking industry almost technology. Bank customers have become over sensitive, just like investigative agencies, plumbing for more and detailed information on the developments in banking in order to enable them identify and choose the best service available in the market. In such environment only those banks which invest heavily in technology will be able to achieve a high degree of customer satisfaction.

#### **4. CUSTOMER SERVICE-ISSUES, CHALLENGES & DIMENSIONS**

Customers are the buyers and users of our products and services. Of course, the quality of our products and services play a very crucial role in including customer

satisfaction, but at the same time it is our interaction with customer that has to take this satisfaction further to customer delight. So in essence all products and services have a significant human element that not only to relationship but also customer loyalty. What are customer actually looking for? What attributed of our products or services actually fulfill customer needs? What are the underlying factors that influence customer satisfaction? It will help us to answer these questions and seek to apply them to our work. Sometime these issues are not often immediately obvious to the organization but are vital to most customers.

We should remember that every interaction with a customer is an opportunity for advancing our relationship and business, our effective interactions with a customer; efforts will set the stage for production relationships that will bring more business from existing customers and new business from prospective customers.

There is no denying that multifarious and concerted efforts have been made to improve customer services. The most important that needs reckoning in the sphere of customer service relates to the advent of technology-ATMs, Tele Banking, Internet Banking, Remote Banking and other technology based services, banks have adopted latest IT to cater to the customer service in a better way e.g. Shared payment network system (SPNS), whereby a customer of one bank can use his ATM card at another bank's ATM, both being in the same network. Ambitious programmes have been launched countrywide partial and total computerization of branches and technology up gradation which hopefully have turned the Indian banking system to be a little bit efficient, speedier and customer oriented. Besides banks have opened specialized and highly professionalized branches like industrial finance, SSI and NRI branches

with a view to provide personalized services and at the same time meet the ever-increasing demands of customers. To provide customer friendly services, banks front office personnel have been trained for achieving near perfection in customer service across the countries. They have even setup customer grievance redressed cells at major centers to attend to customer grievances but still complaints seem to be an increasing trend.

The emerging banking scenario, being in the throes of the rapid changes, has been miniced by fierce competition, high level of customer expectation and most prominently the technology driven service. Now the question that remains unanswered is how can these Indian banks cope with the transition and face the challenges of this new market reality? An explanation to this dilemma, definitely unanswered lies in the improvement of service quality through a new and an undiscovered route of service quality customer satisfaction and delight.

Therefore, there is a greater need more than even before for a second thought of the basics of customer service recognizing the

: primacy of the customer delight. Usually bank  
: customer prefers one product over another  
: because of better value. A satisfied and  
: delighted customer is the best insure for the  
: banker, best unpaid publicity agent, who  
: engineers creation of new customers which  
: means more business opportunities.

## 5. CONCLUSION

: In 'sum' the banking scenario amply  
: emphasized the need for banks to equip  
: themselves in terms of knowledge,  
: experience, expertise and technology for  
: survival in 21<sup>st</sup> century, Efficiency and  
: innovations will be the key for the future.  
: Bank with full capabilities for developing  
: innovative products structuring and down  
: selling assets, offering floating rates for both  
: loan and deposits has also operating in global  
: foreign exchange markets will be winners.  
: For this propose credit management, product  
: development market research and treasury  
: operations are the thrust areas which could  
: require focused attention. Finally, we hope  
: the banks should function as an active  
: instrument for the furtherance of the  
: economic and social objectives of our nation.

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