AN EXAMINATION OF APPLICATION OF THE MARKETING CONCEPT IN THE BANKING INDUSTRY IN SELECTED BANKS IN NIGERIA

BY

YUSUF, Abdulganiyu Alamu

A THESIS SUBMITTED TO THE POSTGRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER DEGREE IN BUSINESS ADMINISTRATION (MBA).

DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ADMINISTRATION
AHMADU BELLO UNIVESITY
ZARIA
NIGERIA.

DECEMBER, 2006

DECLARATION

I hereby declare that the work in the project entitled ***"An Examination of Application of the Marketing Concept in the Banking Industry in Selected Banks in Nigeria"*** has been written by me and that it is a product of my own research work. The information derived from the literature has been duly acknowledged in the text and a list of references provided. Thus, it has not been previously presented in any application for a Postgraduate degree.

YUSUF, Abdulganiyu Alamu _____ _____

Signature **Date**

CERTIFICATION

This research project entitled ***"An Examination of Application of the Marketing Concept in the Banking Industry in Selected Banks in Nigeria"*** *by YUSUF, Abdulganiyu Alamu has met the regulations governing the award of the degree of Master of Business Administration (MBA) of the Ahmadu Bello University, and is approved for its contributions to knowledge and literary presentation.*

Mr. J.K. Yere		
Chairman, Supervisory Committee	***Signature***	***Date***
Dr. M.N. Maiturare		
Head of Department	***Signature***	***Date***
External Examiner	***Signature***	***Date***
Dean, Postgraduate School	***Signature***	***Date***

DEDICATION

With love and humility, I dedicated this project to my Late Mother, Alhaja Munirat and my late Junior Brother, Isamat.

ACKNOWLEDGEMENT

In the preparation of this project and the course (MBA) generally, I became indebted to a number of individuals too numerous to mention. I however, feel obliged to specifically thank my project supervisor Mr. J.K. Yere for his unflinching support and guidance.

My profound gratitude goes to Yusuf Abdulraheem of Habib Bank Nigeria Limited and Suleiman Husseini of the Department of Business Administration, A.B.U., Zaria; Abdulrasak Abdulsalam of Federal Ministry of Works , Funtua, they were my greatest source of inspiration.

I also recognized the kindness and cooperation given to me by my employer, Ahmadu Bello University and the Staff and management of the selected banks used in this research study.

I also appreciated the wisdom and counseling of my brothers Alhaji K.S. Olawoyin and Alhaji Ahmed Yusuf. Special thanks to my entire family members for their moral support and assistant.

To all these personalities and to the many who graciously assisted but their names could not be mentioned here, I am grateful and may God Almighty reward you abundantly.

Finally, I am specifically thanking Almighty Allah (S.W.A.) for His Kindness, Protection, Guidance and Assistance in completing the course successfully.

ABSTRACT

The need for marketing in banking was not recognized because for a very long time, banking was a seller's market while most customers had the impression that they were privileged to enjoy the services of a bank. In addition, bankers have traditionally been bank-oriented (or service oriented), and only in recent years have they become customer-oriented. Based on the literature, the study conducted to examine how the commercial banks understand and apply the marketing concept in their operations. It also attempted to uncover the differences in the application of the concept to service and tangible products. The findings of this study through the administration of questionnaire and oral interviews of some management staff of two commercial banks showed that only a few of them understood what was meant by the marketing concept. The research further revealed that banking industry applied the marketing concept in the operations in terms of researching into customer needs, and consulting them in decision marking. However, the customers were not normally consulted in taking decision relating to the 4Ps of marketing. In

the light of the findings, a number of recommendations were made. That the banks should establish a marketing department for the performance of their marketing functions, that an aggressive search for customers be embarked upon through personal selling, computerization of their operations, especially the urban branches where they have more customers, etc.

TABLE OF CONTENTS

Page

Title Page i

Declaration ii

Certification iii

Dedication iv

Acknowledgement v

Abstract vii

Table of Contents ix

List of Tables xii

CHAPTER ONE: INTRODUCTION

1.1 Preamble 1

1.2 Purpose of the study 4

1.3 Statement of the problem 5

1.4 Research Hypothesis 9

1.5 Scope of the study 12

1.6 Research methodology 12

1.7 Limitations 15

1.8 Study plan 17

CHAPTER TWO: LITERATURE REVIEW

2.1 Marketing defined 20

2.2 Concepts in marketing 22

2.3 The marketing concept in Banking Industry(ies).. 32

2.4 Application of the marketing concept in service industries 40

2.5 The importance and relevance of the marketing concept to the banking industry 43

CHAPTER THREE: HISTORICAL BACKGROUND

3.1 Historical Development of Commercial banking in Nigeria 51

3.2 Commercial Bank operations 56

3.3 Structure of Nigerian commercial banks 58

3.4 Banking services 60

3.5 Marketing of Banking services 78

3.6 Bank Marketing in Nigeria 80

3.7 Commercial Banking services and the role of marketing 84

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1 Presentation and analysis of data 94

4.2 Discussions of finding 109

4.3 Proof of Hypotheses 120

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Summary of findings 124

5.2 Conclusion... 125

5.3 Recommendation 127

5.4 Direction for further studies 132

Bibliography... 134

Appendices 138

LIST OF TABLES

Table		Page
1.	Objectives of the Banks	95
2.	Existence of a formal marketing/customer services Department	96
3.	Meaning of Marketing to Banks	97
4.	Relevance of marketing to banking operations ...	98
5.	Researching into customer needs	98
6.	Consultations of customers in decision-making ...	99
7.	Importance of research to Bank...	100
8.	Ways of getting inputs from customers on services provided	101
9.	Customers responses to services provided ...	102
10.	Determinant of service to provided	103
11.	Promotion of services provided	104
12.	Determinants of promotional mode	105
13.	Differences in price charge	106
14.	Pricing technique	106
15.	Determinants of interest rate	107
16.	Branch location	108

CHAPTER ONE

INTRODUCTION

1.1 PREAMBLE

Marketing is becoming increasingly necessary in today's competitive banking environment. The traditional role of bankers of just being collectors of deposits in fast changing to that of service – oriented or customer-oriented. The idea that a bank should sit on the corner passively waiting for customers has gradually been replaced by the aggressive search for deposits.

Marketing is defined as a grand of activities involved in ascertaining, cultivating, satisfying and sustaining demand bearing in mind the firm's objectives and the consumer which usually should start with a basic level of profitability plan. Drucker (1968) sees marketing as encompassing the whole business. Thus, the aim of marketing is to understand the customer so well that the product fits him and sells itself, to result in a customer who is ready to buy. It is also aimed at satisfying customer needs and desire more efficiently and effectively. Hence marketing has a universal applications and banking is no exception.

The role of marketing in a banking industry is synonymous with marketing in other service industries, but marketing in the banking sector is predominantly centred around the provision of diverse financial services to customers.

In Nigeria, today, the present state of the economy and as it affects the financial sector in particularly, has led banks to the marketing as a serious activity which has hitherto been neglected. In addition, the present economic scenario has made most banks to rejuvenate their marketing strategies towards aggressive bank marketing. This development can also be attribute to the growing sophistication of the Nigerian economy and economic crises which have created keen competition among banks and other financial institutions for better customerised services. Because of the intense competition, marketing has become commercial banking's cutting edge for meeting new forms of competition and for searching out new opportunities.

In the past, manufacturing organisations have been predominant in putting large advertisements for the marketing of their products, the banking industry of today has gone into similar

commercial advertisements with a view to promoting the sales of its services.

The factors that have led to aggressive marketing by the banking industry are not far-fetched. It could be deduced from the dictates of the economy which has been undergoing serious structural reforms under the present administration. The most recent of these reforms in the government directive to all federal and state ministries. Departments and parastatals including the insurance and re-insurance companies, and the Nigerian National Petroleum Corporation (NNPC) to transfer their deposit accounts with commercial and merchant Banks to the Central Bank.

The present economic climate in our country possess serious challenges to the banking industry, ranging from effective and prudent management of resources to the quality of service rendered and their accruing mutual satisfaction to both banks and customers. In other words, it calls for the adopting of a marketing orientation and the application of the tools of marketing to banking business to ensure survival and growth.

Based on the above factors, and the traditional attitude of most executives in many service companies of not being marketing-oriented prior to the present economic situations, the researcher intends to investigate the application of the marketing concept in the marketing of commercial banking services with particular emphasis on the United Bank for African Limited (UBA) and First Bank of Nigeria Limited.

1.2 **PURPOSE OF THE STUDY**

Marketing of banking services goes beyond the selling of banking services, and also slightly differs from the marketing of tangible goods. This means that marketing banking services cannot be treated in exactly the same way as it is applied in the manufacturing industry. The marketing of banking services must perform two fundamentally different functions. It must attract deposits on one hand, and borrowers and users of services on the other hand. This double sided nature of banking business brings marketing problems which are more complex than those faced by other firms, be they manufacturing or other services.

The purpose of this study, therefore, is to examine critically the application of the marketing concept in the marketing of commercial banking services. The following are the objectives of the study:

(a) To determine the extend to which commercial banks apply the marketing concept and to find out how each of the marketing mix elements is applied in practice.

(b) To determine the problems involved in applying the marketing concept in the provision of bank services; and

(c) To provide relevant recommendations as solutions to the problems.

1.3 STATEMENT OF THE PROBLEM

The major goal of any business enterprise is to make profit and commercial banks are not an exception. However, it has been observed that bank services are not necessarily provided to suit the need of customers but to push the services to customers with the hope of profit. In practice therefore, there is seemingly an

absoluted/neglect of the customer who should be the focal point in the execution of services.

Today, the growing competition and rapid changes in the economy seem to be forcing banks to develop strategic planning so as to ensure them some competitive advantage. At the same time, marketing is emerging as an important element in bank planning. Traditionally, the banking industry has not paid adequate attention to either strategic marketing planning or orientation. Though most of the marketing activities undertaken in manufacturing industry may not be wholly applicable in the banking industry, but the principle can be applied with a different emphasis which is appropriate to the banking industry. Thus commenting on the marketing of banking services Derek (1986) has this to say "as majority of banks operate within a competitive environment, with the increasing recognition that successful business needs not only the careful analysis of a market and its customer, but also a detailed analysis of major competitors(2).

The banking sector which until recently concerns itself more with the range of services it can offer and operational rigidities can no

longer be stood by. To neglect the customer in making decisions pertaining to the type of services to offer, the rate of interest and commission to charge, the location to branches, the level of services offered, and availability of services to be communicated are still very important. The need to understand the customer wants and desires in the banking sector is not only because of the competitive environment, but also because of the need to channel scarce resources into the most productive areas.

Presently, the banking industry is becoming increasingly sophisticated with different classes of banks operating along-side each other. For example, the commercial banks, Merchant Banks, Development Banks, Mortgage Banks etc. are all competing for almost the same but differentiated customers. However, this was not the case in the past, as the different classes of banks performed different functions. Ogwuwa (1985) noted that "of recent the differences have either because blurred or completely disappeared with the result that it is becoming increasingly difficult to pin point one bank as a monopolist of a service or class of service".[3]

The implication of this homogenity of service is that the customer can be in a dilema as to which bank to do business with since all banks seems to render the same type of services in the customer's views. Choice is therefore dependent on the characteristics or attributes of services rather than a specialization of services.

A commercial bank therefore, has to be aware of the fact that differentiation of services provided will be difficult to achieve. The degree of competition is also on the increase, and for a bank to remain in business it has to create a name/image for itself to differentiate it from others. This could only be achieved through a thorough knowledge of customers as well as the loyalty of the bank.

The relevance of applying the marketing concept in the banking industry is that the bank will be customer-orientated by finding out what services their customers need and then developing such services. This point was succiently put by Mutallab (1986) " Give the competitiveness in the industry. I wish to call on all staff to double their efforts in providing courteous,

efficient, fast and reliable service to all categories of our customers".[4] Hence, for a bank to achieve profitable sale volume, its marketing activities have to be well co-ordinated, and planning should be on long-term basis in terms of new products, tomorrow's market, and future growth.

From the foregoing, it can be seen that for the banking industry to survive in the present Nigerian business environment, it needs a clear understanding and effective application of marketing principle in the provision of banks service.

1.4 **RESEARCH HYPOTHESIS**

This research is investigation "The Application of the marketing concept in the banking industry". It entails the evaluation of the relevance and application of the marketing concept in the banking industry.

With the increase in the number of commercial banks, bank customers are now exposed to vast choice of bankers based on who is able to satisfy their needs. In this regards, most

commercial banks are gearing their efforts towards customer-satisfaction to ensure their survival.

Being a profit-oriented enterprise therefore, any commercial bank that wishes to carve out a favourable niche for itself should accept the over riding need to satisfy the requirements of its market, for it is on its investments that an enterprise exist and survive.

The following hypotheses, therefore, will be tested in the course of this study.

1. that the commercial banks fully understand the marketing concept.
2. That the commercial banks apply the marketing concept in their operations.
3. That the application of the marketing concept in marketing banking services is not the same as that of tangible products.

The first hypothesis is aimed at determining if the marketing concept is understood by commercial banks. Question 1, 2, 3 and 4 in the questionnaire are related to this hypothesis, and it will be

statistically tested as to whether to accept or reject it using question 4.

The objective of hypothesis 2 is to determine whether commercial banks actually apply the marketing concept in their operations. Question 5 – 12 address this particular hypothesis, and questions 5 and 6 will be used in accepting or rejecting it.

Hypotheses 1 and 2 will be a tested using statistical percentages. Percentage as a whole were used and weighed percentage is also applied.

The purpose of the last hypothesis is to determining the extent to which the application of the marketing concept in the marketing of banking services differs from that of tangible products. Questions 13 to 21 relate to this hypothesis and the test will be based on decision areas relating to the 4 Ps of marketing to see areas of differences between the two, by simply tabulating the responses of respondents.

1.5 SCOPE OF THE STUDY

This study is mainly concerned with the application of marketing concept in the marketing of commercial banking services in Nigeria. Two commercial banks namely United Bank for Africa Limited and Nigeria First Bank Limited were chosen for detailed case studies and a questionnaire administered on some management personnel of these banks.

The study focuses mainly on the extent to which these two commercial banks apply the marketing concept in the marketing of their services as stated in chapter Two.

In addition, the study will cover the area of marketing mix as to who determines what and how that is determined. For instance, interest rates and commission charged for services, promotion, type of services to provide, and location of branches.

1.6 RESEARCH METHODOLOGY

This section discusses the following aspects of the research methodology;

(a) The research method or approach used.

(b) The sample selection and

(c) Method of data collection.

1.6.1 **RESEARCH METHOD USED**

A study of this nature would have been carried out using a survey or documentary investigation, however, the case study method or approach is used for a number of reasons.

The case study method tends to reveal the truth about a particular firm or group of firms in an industry. Secondly, the choice of the case method is justifiable because it is hoped that the generalisations made will be applicable to all commercial banks in Nigeria.

Lastly, the cost and time involved is minimal when compared to the survey method which is not only costly but time consuming.

1.6.2 **SAMPLE SELECTION**

As earlier stated, two commercial banks were taken for a case study. The choice of only these two out of many banks for this study is not by accident in Nigeria, as it is typical of any developing country, serious empirical studies are always beset with innumerable problems. This is true in the light of the present economic recession where corporate entities have become so secretive in their operations.

The choice of these two banks is also based on performance and growth. The choice of United Bank for Africa, for instance, is attributed to its performance in the banking industry over the years and also its ranking as one of the \big three in commercial banking sector. While First Bank Nigeria Limited was chosen as one of the burgeoning commercial banks. Moreover, the two banks provide a complete range of commercial banking services provided by commercial banks in the country.

Finally, the fact that they operate within the same legal and economic framework of the same society as do the other banks, justified the choice of the two commercial banks for a case study.

1.6.3 **METHOD OF DATA COLLECTION**

The data used in this study was gathered through two main sources.

(i) Primary sources

(ii) Secondary sources.

The primary sources included the use of questionnaire and interview. The questionnaire used is contained in the Appendix. The only questionnaire used was administered on some management personnel of each of the two commercial bank chosen. The aim was to obtain information on marketing practices in their banks from the bank point of view. This questionnaire was also as a guide during the personal interview.

The secondary sources were principally library materials.

1.7 **LIMITATION OF THE STUDY**

All research work, especially of this nature have their limitations. The most prominent handicap of this study was the lack of relevant materials and publications relating to bank marketing, especially in Nigeria. Hanson (1979) testified to this

fact thus it is indeed, a pity that so far no major work on the subject of bank marketing in the United Kingdom has been published ... Even in the United States, there was such a comparative shortage of literature on the subject"(5).

Another major constraint was the lack of willingness on the part of the management of these banks to give some vital information, which they said could not be released for the interest of bank's operations, despite the pledge for confidential treatment of any information given.

The sample size was another major limitation. The sample size of two commercial banks was not based on any statistical calculations. This therefore brings to the question as to whether the size accurately represent the total population.

In addition, customers responses sampled in this study cannot be used for any serious generalisation of customer perception of banking services.

However, within these constraints, quite a lot was done and it is hope that the findings of the study would help great deal, if

not in stimulating this obscured topic, then in laying a good foundation for further work on the topic.

1.8 **STUDY PLAN**

On the whole, the chapter has simply introduce the subject matter of the project that is an examination of the application of marketing concept in the banking industry. It highlight certain problems to which attempt is/was made to find solution to it, went on to explained the purpose of the study, viz, identification of marketing functions and practices in the banking industry. Furthermore, two banks were specifically selected as sample for constant reference in the research. In the meantime, documentary investigation method was used. These made it easy to find out the degree of understanding and acceptance of the importance of marketing concepts as well as their application in the day to day activities of banks.

FOOT NOTES

1. Drucker, P.F., Management: Task, Responsibilities practices. Harper and Row, 1973, pp. 64 – 65.
2. Derek, F.C., Bank Strategic Management: Institute of Bankers, London, 1970, p. 26.
3. Ogwuwa, A.P., Bank Credit in Development of the Nigerian Economy. Business Times, June 7, 1985, p. 12.
4. Hanson, D.G., Service Banking: The Institute of Bankers, London, 1979, p. 281.
5. Ndagi, J.O., Essential of Research Methodology for Nigeria Educators, 1984, pg. 99.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 The evolution of marketing as a discipline has continuously and consistently been a matter of debate on it's nature, relevance and application. Thus, academics and practitioners of marketing have over the years advanced or propounded various theories and concepts on the nature, relevance and applicability of marketing.

Kotler and Levy (1969) in their thought provoking paper titled "Broadening the concept of marketing" set the ball rolling in that direction. The main theme of their paper centred on the relevance and applicability of marketing principles not only to goods but also to organisations, persons and ideas (1). However, paper with similar theme followed but took a dimetric stand on the issue. Thus Luck (1969)[2] and Enis (1979)[3] asserted that marketing has a traditional domain of role and application. The debate on the nature, role, relevance and application. Of marketing has thus resulted in dichotomizing the issue of marketing application and relevance.

For a clear understanding of this chapter, it is divided into four parts,. First, we shall consider some definitions of marketing and its functions. Secondly, we shall discuss concepts in marketing, and justification for the choice of the marketing concept. Thirdly, the application of marketing concept in service industries shall be analysed. Lastly, we shall consider the importance of marketing concept to the banking industry.

2.1 **MARKETING DEFINED**

The number of definitions of marketing are legions. The established literature on marketing and many marketing scholars offer slightly or significantly different definitions. However, there is no single definition of the word that is universally accepted. This assertion was epitomised by Martin (1985) when he observed that "despite the evolution of marketing thought, there is still no clear consensus as to the definition of marketing nor to marketing boundaries"(4). It is obvious from the above statement that there is still no single acceptable definition of marketing. Elvy (1980) defines marketing as "the getting of the right goods (or services)

in the right quantity to the right place at the right time and making a profit out of the operations"(5). This definition clearly distinguishes marketing from those other functions with which it is often confused. It implies that marketing is a comprehensive function that concerns every aspects of a product or service.

James (1972) felt that "marketing is concerned with every aspect of a business which in any way affects the attitude of customers towards the present or future output of that business"(6). It is that part of the entrepreneurial activity which makes production viable and without it an enterprise has no value, he argued.

Kotler (1980) on the other hand defined marketing as "the human activity directed at satisfying needs and wants through the exchange processes"(7). Hence, the satisfaction of wants and needs not involving an exchange process is actually not a marketing activity. While Stannton (1981) argued that "marketing is the creation and delivery of a standard of living"8). Marketing according to the involves:

(a) Finding out what consumers wants.

(b) Planning and developing a product or service that will satisfy those want, and

(c) Determining the best way to price, promote and distribute that product or service.

Mclver (1980) sees marketing as function of coordinating and controlling the planning, selling and promotional activities of commercial enterprise (banks inclusive to serve the customers profitably"(9).

As a result of lack of consensus on the definition of marketing, Hunt (1976) argued that "marketers should not worry about a precise definition of marketing, as along as there is a developing consensus as to marketing total scope"(10). Despite the differences in the definitions given above they all have one thing in common, that is, emphasising the central role of the customer in the successful operation of an enterprise. This they do through the use of such phrases as "point of view of the customers", attitude of customers", "customers needs and wants". In other words marketing is no more than a business philosophy

that recognises the need to understand the needs and wants of customers, as a basic for profitable penetration of the market.

For the present purpose, the London Institute of Marketing and the American Marketing Association (A.M.A) definitions of marketing are taken as the marketing definitions of marketing. According to London Institute of Marketing (1980) marketing is the management process responsible for identifying, anticipating, and satisfying customer requirements profitably"(11). The American Marketing Association (1983) defines marketing as "the performance of business activities that direct the flow of goods and services from the producer to the consumer or user, (12). Those definitions suggest that with little imagination, the concept of marketing could be profitably applied to the banking industry. Hence, the needs and wants of the customers need proper identification, insightful anticipation and adequate satisfaction, by the banks.

In conclusion, our discussion on the definition of marketing,, it is pertinent to consider the functions of marketing. According to

Baker (1979), the functions of marketing can be summarised as comprising of:

(a) Analysing and forecasting of consumer wants and needs, through market research.

(b) Development and designing products (and services) to satisfy the identified wants.

(c) Influencing demand through design, advertising and promotion and,

(d) Service which includes distribution, after sales service, transportation, financing, etc. (13).

2.2 **CONCEPTS IN MARKETING**

In our proceeding discussion on the definition of marketing it was seen that, the business process by which products and/or services are matched with consumers needs and wants in marketing. However, one needs the philosophy that guides these marketing efforts to achieve desired exchange outcomes with target markets. It is desirable therefore that marketing activities

be carried out under a clear concept of responsive and responsible marketing.

In this part therefore, discussion shall be on the various concepts of marketing or simply put the evolution of the marketing concept.

2.2.1 **THE PRODUCTION CONCEPT**

This is one of the oldest concepts guidng sellers. According to Kotler (1980) “the production concept is a management orientation that assumes that consumers will favour those products which are available and affordable, and that therefore the major task of management is to pursue improved production and distribution efficiency”(14).

In pursuing this concept, management believes that:

(a) Consumers are primarily interested in product availability and low price.

(b) Consumers know the prices of the competing brands.

(c) Consumers do not see or attach much importance to non-price differences within the product class.

(d) The organisation's task is to keep improving production and distribution efficiency and lowering costs as the key to attracting and holding customers.

The production concept works for management in two types of situations. The first is where the demand for the product exceeds supply. In this situation, the buyer is ready too purchase any version of the product that is available. The second situation favouring the production concept in where the product's cost is high and has to be brought down through learning how to produce it more efficiently.

Serving organisations that follow the production concept focus their efforts on achieving work efficiency. For instance, many medical and dental practices are organised on assembly line principles, while this type of management results in the handling of many cases per hour. It is open to the charge of impersonality and consumer insensitivity.

2.2.2 **THE PRODUCT CONCEPT**

The product concept as defined by Kotler (1980) “is a management orientation that assumes that consumers will favour those products that offer the most quality for the price, and therefore the organisation should devote its energy for improving product quality”(15). For instance, many Restaurant owners believe that if they can cook and serve delicious dishes, the world will beat a path to their outfits. But this does not happen most of the time. In the first place, consumers are looking or a solution to hunger and not necessarily delicious foods and cosy environments.

Kotler (1980) further argued that companies operating on the product concept can be found in all fields. Our orthodox churches and the post office for instance, believed that they were offering the best services until the advent of the modern day churches and the couriers services companies.

The implicit premises of the product concept as stated by Kotler are:

(a) Consumers buy products rather than solutions to needs.

(b) Consumers are primarily interested in products quality.

(c) Consumers know the quality and feature differences of the competing brands

(d) Consumers choose among competing brand on the basis of obtaining the most quality for their money.

(e) The organisation's task is to keep improving product quality as the key to attracting and holding customers.

2.2.3 **THE SELLING CONCEPT**

This is also called the sales concept and it is another hallowed way in which producers have sought to guide their exchange activity.

The selling concept as defined by Kotler (1980) "is a management orietntation tha assumes that consumers will either not buy or don't buy enough of the organisation products unless the organisation makes a concerted efforts to stimulate their interest in products"(16).

The underlying premises of the selling concept are:

(a) Consumers normally tend to avoid buying some things that are not essential.

(b) Consumers can be stimulated or talked into buying more through various sales-stimulating devices.

(c) The organisatin's task is to organize a strong sales oriented team as a means of attracting and keeping customers.

The selling concept is used on "unsought good" insurance, encyclopedias, and club membership. These grouds of sellers are often armed to the teeth with various techniques aimed at finding prospects and/or pressure selling them on the benefits of their products.

The major drawback of this concept lies in its hand-driving from where customer satisfaction is considered secondary to getting the sale.

2.2.4 **THE MARKETING CONCEPT**

Marketing concept is a new philosophy or way of thinking by managers that sees the satisfaction of customer needs as the key to achieving organisational goals. The concept has been defined in the fullest sense by Stanton (1981) as "a philosophy of business that states that customers" want – satisfaction is the

economic and social justification for a firm's existence"(17). The Central focus of the concept is the consumer whose needs want the marketer strives to satisfy in order to achieve the ideals of the organisation.

While not preaching philanthropy, the concept recognises that there is an inextricable relationship between producing to satisfy the consumer and achieving goals of the firm. The concept is a means to achieving the organisation' ends as Kotler (1980). Succinctly puts it "a customer needs and wants orientation backed by integrated marketing effort aimed at generating customer satisfaction as the key to satisfaction organizational goals"(18).

There is a near consensus among marketers that the concept hinges on three pillar namely:

(a) All business and marketing decisions must be consumer-oriented.

(b) Emphasis should be on profit rather than just sales volume as a basic for evaluating marketing performance.

(c) Integrated marketing effort is a necessity.

Thus, under the marketing concept, the goal is to serve consumer needs at a profit acceptable costs to revenue ratio). While the philosophy require that management determine consumer needs and find out how to satisfy them. Finally, all personnel in the organisation production, engineering, finance, purchasing, personnel and other field orient their efforts towards the consumer. Hence, any organisation that practice the above might be regarded as marketing oriented.

2.2.5 **THE SOCIETAL MARKEING CONCEPT**

Since the incorporation of the marketing concept into the subject of marketing, the concept has undergone certain modifications or additions. One of such addition is the society dimension to the marketing concept. Kotler (1980) defines the societal marketing concept as “a management orientation that holds that the key task of the organisation is to determine the needs and wants of targets markets and to adopt the organisation to delivering the desired satisfactions more effectively and efficiently than its competitors in a way that preserves or

enhances the consumers' and society's well-being"(19). It advocates according to Stanton (1981) argue that "marketing executives must act in a socially responsible manner if they wish to succeed with external pressures like-consumer discontent, environmental problems, political, legal forces etc"(20). In short, the concept regards social goals as a logical extension of the marketing concept.

Critics however, pointed out that social scientists have long debated questions such as what should be produced, how should output be allocated and who should make the decision Sachs and Benson, (1978)(21).

2.3 THE MARKETING CONCEPT IN SERVICE INDUSTRIES

In this section, the marketing concept in the service industries shall be discussed with particular emphasis to the banking industry. The discussion will highlight service and service industry. Their unique characteristics and their implication to marketing.

2.3.1 **SERVICE AND THE SERVICE INDUSTRY**

The contemporary marketing definition of product encompasses all things that are capable of satisfying needs and wants. This in essence means both tangible and intangibles. The relevance and importance of this definition lies in the fact that satisfaction of human needs and wants is the major determinant of what a product is. Consequently, all product that are not physical or tangible in nature are as service.

What is a service? Everybody has an idea of what services are, yet they are difficult to define. One of the reasons for difficulty in definition is that many products have a service component-credit, installation, and warranties to mention but a few, also many service have a product component, such as cheque books and credit cards from a bank, pop-corn and soft drinks at a movie etc. Lastly, services are difficult to touch or observe.

Kotler (1983) defined a service as “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. It production

may or may not be tied to a physical product"(22). Hence, renting a room in a hotel, depositing money in a bank, having a haircut, having a car repaired, getting advice from a lawyer and so on all involve buying service.

To Russ (1982) a service is "the temporary provision of a product or the Performance of an activity intended to satisfy certain needs of buyer"(23). This definition explicitly excludes the service component of what is essentially a product, unless the service is unbundled and sold separately.

On the other hand, Stanton (1981) defined services as 'those separately identifiable, essentially intangible activities that provide want satisfaction, and that are not necessarily tied to the sale of a product or another service (24). Encompassed in the definition are the following salient features:

(a) Intangible benefits offered for sale independently of the goods or services (e.g., insurance investment, legal service) and

(b) Intangible activities which require the use of tangible goods (e.g. house rentals, transportation service). From the above

salient features of a service state above, we shall define service thus:

> "A service is an intangible benefit or activity which is capable of being clearly identified that can satisfy human need in which the exchange or purchase does not actually result in physical ownership or possession and its production and/or provision may require the use of physical product".

The above definition of service emphasises the uniqueness of service. Thus service is described as activity or benefit which is intangible. This implies that service is performed rather than physical produced like physical object. Service is also described as being clearly identifiable activity or benefit. Also service being intangible also does not allow for physical possession or ownership. Eventhough service is essentially intangible its production and/or provision might require the use of physical

product. This however does not in any way affect the intangibility of service.

From the above definition and explanation of service, it is obvious that there are many activities that can be regarded as service. These activities range from personal service using natural or acquired skills to activities using facilities such as transportation, communication etc. Similarly, services activities are performed by both individuals and institutions or corporate bodies. Thus there are individual and institutional service consumers and providers.

The service industry is therefore comprised of both the individual and corporate service providers. They could be private, public or both. The service sector serve all the other sectors of the economy by way of providing their intangible needs.

2.3.2 CHARACTERISTICS OF SERVIFCE AND THEIR IMPLICATION TO MARKETING

Services are different from product, though both offer some benefit to the consumer. Services possess several distinctive

characteristics which create marketing problems, and result in marketing programs which often are significantly different from those found in connection with the marketing of tangible products. Stanton (1981) gave four (4) major characteristics of services, namely intangibility, inseparability, heterogeneity and perishability and fluctuating demands"(25).

Intangibility

Many services are essentially intangible. Customers cannot touch them or otherwise sense them before purchase. The impossibility of a customer's tasting, feeling, seeing, hearing or smelling a service before he buys it places some strain on the marketing organisation.

Hence, the link between the service and the result in tenuous, and the purchase to a greater extent an act of faith. This requires that marketing strategy build confidence, make tangible what is other intangible, and link benefits to purchases.

Inseparability

Services often cannot be separated from the person of the seller. A carollary to this point is that some services are created and marketed simultaneously.

From a marketing stand point, inseparability means that direct sale frequently is the only possible channel of distribution, and one seller's service cannot be sold in very many markets. Inseparability also renders centralized mass production difficult if not impossible in some cases.

Heterogeneity

The heterogeneity nature of service is terms of quality or standard is a major problem to marketing. It is impossible to standardise output among several sellers of presumably the same service. As a matter of fact, it is not possible to standardised completely even the output of one seller. In addition, it is often difficult to judge the quality of a service. Fluctuating quality standard could also pose problem in pricing. This could result in not having clear-cut pricing policy.

Perishability and fluctuating Demand

Services are highly perishable, and they cannot be stored, unused electric power, empty seats in a studies, and an idle cashier in a bank all represent business which is lost forever.

In addition, the market for service fluctuates considerably by seasons, by days of the weeks, and by hours of the day. The combination of perishability and flexibility and fluctuating demand offers planning, pricing, and promotion challenges to executives in a service company.

From foregoing analysis of service characteristics and implication to marketing it is obvious that our earlier stand on the distinction between physical and non physical product is appropriate if one would consider the marketing implication of these characteristics and compare with the physical product. These characteristics not only create peculiar marketing problems, challenges and opportunities but also require peculiar marketing programmes and application which could be essentially different from those meant for marketing of physical products. This in

essence means that product characteristics determine marketing mix responses.

2.4 APPLICATION OF THE MARKETING CONCEPT IN SEVICE INDUSTRY

The growth in services over the years in our country cannot be generally attributed to the maturation of the economy and rise in the standards of living, and not necessarily to marketing developments in the service industries. Traditionally, executive in service companies have not been marketing oriented. As Stanton (1980) pointed out “the repair industry has left a trail of dissatisfied and even irate customers for years”(26). Service organisations also have generally been slow in adopting promotional methods, product” strategies, and other marketing techniques.

Service industries have lagged be behind in accepting the marketing concept and this is as a result of a number of reasons. Russ (1982) advanced the following reasons for slow acceptance of the marketing concept by service industries, namely:

- The demand for many services has outstripped supply.

- The providers of services have typically been small, or unsophisticated about marketing, or both.
- Many service industries have legal or ethical barriers to marketing practices e.g. legal, accounting, and health care professions are prevented by their professional associations from advertising.
- Finally, service are relatively difficult to market, particularly because of their Intangibility"(27).

Until the early 1960s marketing in the service industries and in the banking industry in particular generally meant advertising and public relations. Preston (1978) observed that although marketing was broadly recognised and considered important in most of the large banks, a large number of these banks considered marketing as essentially an advertising and public relation exercise"(28). However, recent changes in the overall economic environment in which banks operate, in bank regulations and in the technological innovation, have cause band customers to alter the pattern of services they want. In addition, these change have prompted banks to revise their thinking about types of

products and services they offer. As a result of these changes it has been increasingly important for the banking industry to adopt "the marketing concept" and to make use of the marketing techniques in embodies.

The application of marketing techniques and practices in the service industry seems to have improved markedly over the past years. As Russ (1982) stated "the adoption of the marketing concept in the service industries is proceeding at a slower, but quickening pace"(29). He went ahead to give reasons for the growing popularity of marketing techniques in service industries which include:

- The entry of firms and people with experience in product marketing into service industries
- The imbalance between demand and supply is shifting in favours of the buyer forcing service suppliers to work harder to market the service they provide and
- Lastly, legal and ethical barriers to marketing practices, particularly advertising are falling.

While there still may be a long way to go in some service fields, the overall future prospects look good for the recognition and application of the marketing concept service industries, considering the dynamic nature of the business environment.

2.5 THE IMPORTANCE AND RELEVANCE OF THE MARKETING CONCEPT TO THE BANKING INDUSTRY

Having analysed the characteristics of services and the application of marketing concept to the service industries, we would now consider the importance and relevance of the concept to the banking industry.

According to Jolson (1987) the marketing concept "is the cornerstone of every business"(30). Hence, it is important not only to the manufacturing industry but also to the service industry (banking inclusive). The importance and relevance of marketing concept especially to tangible products has long been appreciated and recognised by marketing practitioners and academicians alike. However, some of the marketing practices applied to tangible products are not applicable to the service because of the uniqueness of services.

The importance and relevance of the marketing concept to the banking industry lies in the new approached to management. This new management approach according to Hambagda (1987) “demand the use of modern Scientific planning and problem solving techniques. He further stated that, the marketing concept is the marketing plan, the plan of action, control, objectives and follow-up programme”(31). In this regard, there are new implications in the marketing concept which are of relevance to bank, namely, planning, developing and strategy, and systematically and scientifically selecting among available alternatives to provide customer satisfaction.

Nwankwo (1980) observed the need for marketing concept in the banking industry by observing that “bank services are of a two-sided nature”(32). A banker has to attract customers to sell his deposit to him and has to attract them to buy loans and advance from him. Thus, unlike other firms, the bank not only has to develop marketing strategies to sell its services, but it also has to develop those with which to buy.

The importance and relevance of the marketing concept in the banking industry is essential for a shift from the sales orientation which has hitherto characterise the marketing of financial services in the developing countries including Nigeria. This orientation has enable banks to make handsome profits because they have operated in the context of a seller's market in which the consumers have no choice. There is no guarantee that this context will continue for ever, competition is daily appearing, and as a service establishment banks have to adjust to the changing needs of the environment.

The marketing concept in the banking industry is also essential not only because of the existence of competition but also because of the existence of too great a quantity of funds outside the banking system in Nigeria, observed Nwankwo (1980. It is estimated that out of eighty million Nigerians at least ten million each have N100 in their pockets at any given time"(33). If banks were to market their services effectively, such that these people are persuaded to deposit these amounts, some millions would be mobilized immediately.

From the foregoing, it can be seen that, the importance and relevance of marketing concept to the banking industry cannot be overemphasized. As Drucker (1973) rightly observed “the aim of the marketing concept is to make selling surplus, to know and understand the customers so well that the services fit them and sell itself, ideally marketing should result in a customer who is ready to buy”(34). Hence to ensure survival, every bank should accept and practice the marketing concept in order to attract and retain more customers.

CONCLUSION

This chapter was started by reviewing some academic contributions relating to the nature, concepts, relevance and applicability of marketing to intangible products (services) other than the traditionally known products – physical products.

The state of the art in the literature is that although the marketing concept still remains largely a myth in the commercial banking industry, it sill remains the vital practical hope for business survival in the face of increasing competition and

growing customer awareness of their rights to seek redress from unscrupulous bank marketers. In addition, it was revealed that most customers of commercial banks are adjusting and changing in value in the face of the present depressive market conditions.

The approach which appear to be predominantly employed by most service establishments are a manifestation of their application of the marketing concept involved the intensification of advertising, provision of a wide range of services, location of more branches as well as cosmetic changes in organisational structure.

It would be seen at the end of this study whether this state of the marketing concept application in this state of the marketing concept application in commercial banks in Nigeria is still as it were.

FOOT NOTES

1. Luck, D. J. "Broadening the concept of marketing too far. Journal of Marketing. Vol. 33, January, 1969. In: Organisation, person and idea marketing as exchanges. Whyte, J. The Quarterly Review of Marketing Vol. 10, No. 2, January, 1985.
2. Ernis, B.M. "Deepening the concept of marketing". Journal of Marketing. Vol. 37, October, 1973.
3. Martin, C.L. Delineating the boundaries of ,...
4. Elvy, B.H. Marketing made Simple. W.H. Allen and Co. London (1980), P. 45.
5. James, B.G. Integrated Marketing. Penguins Books Ltd., England (1972), p. 22.
6. Kotler, P. Marketing Management Analysis, Planning and Control. 4th Edition, Prentice Hall, Inc. Englewood Cliffs, New Jersey (1980). P. 19.
7. Stanton, W.J. Fundamentals of Marketing . 6th Ed., McGraw Hill International Book Company, Tokyo Japan (1987), P. 4.

8. McIver, C. and Naylor, G. Marketing Financial Services. The Institute of Bankers, London (1980), P. 6.

9. Hunt, S.D. The Nature and Scope of Marketing" European Journal of Marketing. July, 1976, pp. 17 – 28.

10. committee on definitions of American Marketing Association Marketing Definitions. Chicago (1983). P. 21.

11. Baker, M.J. Marketing: An introductin text. The Macmillan Press Ltd., London (1979). P. 18.

12. Kotler, P. (1980. Op. ccit), P. 27.

13. Kotler, P. Ibid. P. 28.

14. Kotler, P. Ibid. P.29 0 30.

15. Stanton, W.J. 1981. Op cit, p. 31.

16. Kotler, p. 1980. Op. cit, P. 31.

17. Kotler, P. Ibid. P. 35.

18. Stanton, W.J. (1981). Op Cit, P. 7.

20. Sachs, W.S. and Benson, G. "Is it time to discard the marketing concept" Business Horizon, Vol. 21, No. 4, August 1978.

21. Russ, F.A. and Kirkpatnek, C.A. Marketing. 1st ed. Brown and Company, Boston (1982). P. 481.

22. Stanton, W.J. (1981). Op cit), P. 441.

23. Stanton, W.J. (1981. Op cit). P. 444 – 446.

24. Stanton, W.J. (1981. Op Cit), P. 7 – 8.

25. Russ, F.A. (1982. Op cit), P. 483 – 484.

26. Russ, F.A. (1982 Op. Cit), P. 484.

27. Preston, R.H. et al. "The Effectiveness of Bank Premiums" Journal of Marketing. July, 1978, Vol. 42, No. 3, PP. 94 – 96.

28. Jolson, M.A. and Walter, F.S. Marketing Management Coilier –MacMallian Publishers, London (1978.

29. Nwankwo, G.O. The Nigerian Financial System. MacMillan Publsihers Ltd., London (1980), P. 171.

30. Nwankwo, G.O. Ibid. P. 171.

31. Drucker, P.F. Management: Tasks, Responsibilities Practices. Harper and Row, New York (1973). P. 70.

CHAPTER THREE

3.0 HISTORICAL BACKGROUND

3.1 HISTORICAL DEVELOPMENT OF COMMERCIAL BANKING IN NIGERIA

Commercial banking in Nigeria is not a recent phenomenon and has tradition in the country Infact it is not a strange concept.

The origin of modern commercial banking in Nigeria dated back to the year 1891 when the Elder Dempster and company, a shipping company started some form of banking business in the country to facilitate its own business transactions.

In 1894, the British Bank of West Africa which later became Standard Bank Limited, and now First Bank of Nigeria Ltd., became the first commercial bank to commence conventional banking business in Nigeria. Later in 1917 the colonial Bank (Barclays Bank) and now Union Bank of Nigeria Ltd. Also entered the banking scene and grew up to be the only rival of British Bank of West Africa.

The commercial banking sector of the Banking Industry has passed through various stage since 1891 and these are:

1. The Free Banking Era (1891 – 1952)

2. The pre-Central Banking Era (1953 – 1958)

3. The Banking Legislation Era (1959 – 1970)

4. The Indigenisation Era (1971 – 1976)

5. The post Okigbo Era (1977 – 1985)

6. The Structural Adjustment Programme Era (1986 to date)

The foreign banks that were the first to emerge in Nigeria discriminated against Nigerians especially in the giving of loans to Nigeria traders and businessmen, and concentrated their lending to the large European traders. While soliciting the Nigerian traders for their deposits (1). This state of affairs prompted the desire by the Nigerians to establish indigenous banks.

The period between 1928 and 1959, the year when the First Banking ordinance in Nigeria came into being a host of indigenous banks were established, numbering about 18 were registered. Of all these only the National Bank of Nigeria (1933), Agbomagbe, now Wema Bank (1945) and African Continental Bank Ltd. (1947) survived. The rest had gone into liquidation resulting in loss of funds by the depositors and crisis of confidence set into the banking system.

Because of the failure of these and many other banks in fourties the then colonial administration invited G.D. Paton, an official of the Bank of England to enquire into banking in Nigeria and determine the cause(s) of the bank failures. Paton studies the problem and recommend the introduction of bank legislation to generally regulate banks and protect depositors. They led to the first banking legislation in Nigerian known as the 1952 Bank ordinance. The requirements and controls proposed by the Report included recommendation for a grace period of 3 years to allow the banks sufficient time to meet the regulatory requirements (2).

The government also made concerted efforts to harness the activities of the banks for national development through the issue and regulation of currency, credit and foreign exchange control, and the supervision of the financial system. These functions were the prerogatives of the Central Bank of Nigeria which was established in 1959, following the promulgation in 1959 of new Banking ordinance.

3.1.1 ROLE OF GOVERNMENT IN THE GROWTH OF COMMERCIAL BANKING

The government has had a pervasive influence in the growth of commercial banking in Nigeria. The companies Act of 1968 strengthen government control over the activities of banks and made it mandatory for all companies operating in Nigeria to incorporate locally under Nigerian company law. All foreign controlled banks were by these developments obliged to register as Nigerian companies.

Government through subsequent amendments of the Bank Act 1969 tightened its control of the banks, as it required banks to enter certain periodic reports to the Central Bank. Hence by 1968, the Central Bank of Nigeria had successfully introduced 3 financial instruments to mobilize the financial resources of the country for the government. These include Development Stock (1959). Treasury Bills (960) and Treasury Certificate (1968).

In 1973, the then federal Military Government acquired 40 per cent of the equity of each of the three biggest expatriate

banks in Nigeria, thereby ensuring more involvement in the policy making process of these banks the banks affected include: Union Bank, First Bank and United Bank for Africa. In 1976, the government took further steps in its indigenisation policy by raising the indigenenous equity participation in all former expatriate controlled banks to 60 per cent, thus vesting control on Nigerians as a result of government strong desired to monetise the economy, commercial banks were obliged to open some 1950 branches in the rural areas within the first phase of the rural banking scheme (1977 – 80) (3).

With the indigenisation of banks in the country and introduction of the rural banking scheme, the economy has witnessed a renewed boom in indigeneous banking and banking habits. Thus, as at December, 1987 there were 33 commercial banks with a total of 1,475 branches operating in Nigeria (4) compared to 18 commercial banks in December 1977.

It could, therefore be seen that the early commercial banks to be established in Nigeria were foreign-owned and controlled with their Headquarters in U.K. and other western nations. These

early European banks were more interested in servicing their multinational customers operating in Nigeria.

There are over 100 licensed banks operating in Nigeria today with approximately 2,000 branches that are commercial banks. Banking institutions in Nigeria can be classified into two, the purely indigenous and minority foreign interest.

3.2 **COMMERCIAL BANK OPERATIONS**

Banks by the nature of their operations occupy a strategic position in any economy. Our country is not exception as Nigeria banks occupy top positions in terms of assets and by implication profitability.

For making huge profit at the heigh of recession which has not been matched by comparatively high level of efficiency, Nigerian banks often been criticised by the various publics they service. Therefore, the issues of improvement in customer services in the country's commercial banks has become a matter of crucial national concern. In an effort to reamp the economy and Revolutionise the banking system, the present and past

military administration introduced a number of measures through the Structural Adjustment Programme (Sap) and the present Economic Reform Agenda. The main thrust of these measure has been the deregulation of the economy to allow for more competitiveness in the market place.

However, the operations of commercial banks in our country are affected by a number of constraints which also affects the amount of profit made by these banks. Among the important constraints according to Osubor (1984) were:

1. Minimum capital and reserve requirement established by law.
2. Legal upper limit paid on deposits and charged on some loans though this presently relaxed.
3. To accommodate withdrawals and pay time deposits on maturity, failure will result in insolvency and immediate bank closure.
4. Legal restriction on types of loans and investment and loan to any single customers must not except certain limit.

5. Operational cost and efficiency of the bank because of difficulty by banks to offset their hug expenses.
6. Legal restriction on entry into banking industry and estab lishment of branch or other office(s).

Commercial banks are established for profit-making and must strive through their operations to maximise their interest receivables on loans and investments while minimising their interest payables on time and savings accounts as well as other services incurred.

3.3 **STRUCTURE OF NIGERIAN COMMERCIAL BANKS**

The structure of commercial banking in Nigeria is tailored towards the prevailing in the United Kingdom. Other countries in the Common Wealth and indeed most countries of the western world have branch banking system (6). Branch banking is characterised by a single banking company conducting operations at two or more places. Branch banking is practiced fully in Nigeria. This is characterised by a few large banks with a wide

network of branches extending throughout the country, with branches controlled from the Head offices.

However, the United States has a unique banking structure with a unit banking system that is numerous individual local banks. Unit banking permit banking services to be provided by a single office institution. Hence banks in the United States are affected either to federal or State regulatory control, and in some matters both. However, in Nigeria commercial bank are subject to uniform laws.

Commercial banking institutions in Nigeria can be classified into two. The purely indigenous banks, owned wholly by Nigerians (governments and individuals), and the mixed banks, with a majority indigenous shareholding (at lest 60% equity) and minority foreign interests.

Having discussed the operations and structure of commercial banks in Nigeria we would now consider the various banking services rendered by commercial banks and their characteristics.

3.4 **BANKING SERVICES**

A bank is a financial institution for the keeping of money and valuable safety, the transfer of money, between persons, the giving of advances, and carrying out of transaction on other monetary matters.

Commercial banks are in business to render services and render such services at a profit. The services are many and divergent by the type and the quality available will depend upon the degree of development of a country's financial system. Bank services, according to Afolabi (1988) (7) and Akpaso (1988) (8) could be grouped into:

1. Deposit collection
2. Money transmission service
3. Financial services
4. Foreign services
5. Provision of credit facilities
6. Services of place or time.

3.4.1 **DEPOSIT COLLECTION**

In order to benefit from all the numerous services provided by commercial banks in Nigeria, one is expected to open an account with the bank through which deposits are collected. The main types of accounts that can be operated in Nigeria and through which deposits are collected are discussed below.

(a) **Current Account**

The most popular banking account is the current account. This runs from day to day, and the balances changes at the end of any day in which a debt or credit entry has been made. No notice is required before money can be withdrawn from a current account, thus also called a demand deposit account.

Before a customer can open a current account he is normally required to provide people of satisfactory status as reference. Withdrawals are made by the use of cheques, while deposits are done by completing paying-in-slips, locally called tellers. The banks pay no interest on credit balance on current accounts.

A customer operating a current account is expected to maintain a credit balance in his account except where he has been

granted overdraft facilities. When an overdraft facility is granted to a customer, a “limit” is usually set, up to which he can draw. An overdraft facility granted to a customer attracts interest, in addition to fees charge for services rendered to the account holder by the bank.

(b) **Saving Account**

The second most popular account is the saving account. Saving accounts are operated by means of a passbook in which credit or debit entries are entered in accordance with deposits and withdrawals respectively. Unlike current account, withdrawal forms are used in place of cheques, hence the account holder must be physically present before withdrawals are made. Saving accounts attract interest at a fixed rate and no notice is required before a withdrawal is made.

(c) **Fixed Deposit Account**

This account is similar to saving account and is operated by customers who want to earn interest on their money. In some cases, notice for a period of time, say seven days, are usually required before withdrawal is allowed without notice should be

given. One time of account in this category is the Short deposit account.

Another type of deposit account are the fixed deposits. Fixed deposit accounts can be operated for 3 months, 6 months, 9 months and one year. These, also called “Time Deposits”, attract higher rates of interest but are expected to be kept for the fixed period of time. If a withdrawal is made before that period, interest will be forfeited for the whole period.

3.4.2 **MONEY TRANSMISSION SERVICES**

The second major service rendered by commercial banks is that of money transmission. The money transmission services provided by commercial banks include collection of cheques, direct debiting, standing orders, mail and telegraphic transfers, and bank drafts.

(a) **Collection of Cheques**

When a customer receive a cheque in which his/her name appears as payee, there are three major things the customer can choose from, depending on his/her choice and on whether there is

a restriction. If there is no restriction, the customer can collect cash at the drawee bank (the bank on whom the cheque is drawn), can transfer the cheque to another person(s) by acknowledging the transfer in writing at the reverses side of the cheque, followed by his/her usual signature, or thirdly, by completing a credit slip and paying it into her/his account in any branch of any bank.

However, restrictions are imposed on cheques called cross cheques. A cheque is said to be crossed when it bears across its face an addition of

(i) The words 'and company' or any abbreviation thereof between two parallel transverse lines, either with a or without the words 'not negotiable'.

(ii) Two parallel transverse line simply, either with or without the words 'not negotiable', that addition constitute a crossing and that cheque is crossed generally.

Cheques can also be crossed especially to a banker. Cheques with restrictions are not cashed at a bank, but must be paid in for the credit of an account, with the information supplied.

(b) **Direct Debiting**

By the authority of a customer, financial houses, insurance companies, and building societies can make a direct claim on the customer's account. This saves time and extra money that would otherwise be required if the customers was to order for the transfer each time it falls due.

(c) **Standing Order**

A standing order is a written request from a customer to the banks to render a service of payments, usually monthly or annually, either for a limited period or unit further notice. Such standing instructions might request the bank to make such payments as and when due to insurance companies, business houses etc. in respect of subscription to clubs, associations, institutes and so on. This will be done if enough funds are available in the account on the given dates.

(d) **Mail and Telegraphic Transfer**

Mail and Telegraphic transfers are a firm of money transmission service rendered by commercial banks. Mail transfer is particularly very useful in the settlement of foreign accounts

between banks, business and institutions, and takes about one to six months to clear across international boundaries because of the use of the post office as the instruments of communication.

The telegraphic transfer is more or less a phone call information, confirmation the necessary actions. Both parties can be notified by means of telephone, radio message, cablegram or telegram when appropriate.

(e) **Bank Drafts**

A bank draft is a cheque drawn by a branch of a bank on another branch of the same bank. It is issued on request to a customer who is compelled to make payment to a payee who wants to ensure that the cheque will not bounce.

(f) **Open or Cashing Credit**

A customer traveling to another town to stay for sometime to conduct business, work or study can be his bank to establish an open credit for him. The customer's bank can then arrange with the branch concerned to honour the customer's cheque up to a certain limit. The specimen signature of the customer is send to

the branch concerned. This arrangement can also be made with a branch of another bank where it is not represented.

3.4.3 **FINANCIAL SERVICES**

Commercial bank's in addition to the above services rendered financial service such as safe custody, status inquired and business advice.

(a) **Safe Custody**

Commercial banks in Nigeria provide custody services for their customers. Treasure items, such as jewellery, wills, certificate of occupancy, share certificates, life assurance policies, deed of conveyance etc. can be kept in the bank strong rooms. Such items are made 'open'to the bank offiials, in which case the items are signed for. These are done for safety purpose. Items can also be lodged in sealed envelopes where the contexts will be unknown to bank officials.

(b) **Status Inquiries**

A customer can give his banks names to a supplier or another bank for reference purposes. In such a case, a request is

sent to the customer's bank for brief assessment of the customer's financial standing.

The benefit that customers derive from this service is that the bank's view or assessment of another customer can assist the inquirer to arrive at a decision regarding the inquirer's financial standing, behaviour, and financial prudence. Such information are very crucial when financial contracts and agreements based on trust are being made.

(c) **Business Advice**

Business advisory service is primarily aimed at assisting small business customers to develop their businesses in such a way that they can attract bank finance, small scale traders are taught how to introduce simple record keeping and accounting into their operations.

3.4.4 **FOREIGN SERVICES**

A number of foreign services are provide by commercial banks some of which are provision of travellers' cheques, foreign

currency, bill for collection, bills for negotiation, documentary credits and open account.

(a) **Travellers Cheque**

Travellers' cheque are a form of travel currency giving the holder the security of a letter of credit and the conveniences of a local currency. They can be issued in several denominations of foreign currencies, but in Nigeria they are generally in dollar and pound sterling and are encashable at the correspondents of the issuing bank abroad. In practice, they are also usually acceptable at hotels, departmental store etc. The holder signs the cheques on their issue, when they are to be cashed the holder counter signs them in the presence of the cashier who checks the signatures before effecting payment.

In the event of a loss or theft of travellers' cheque, the issuing bank will arrange a refund or replacement provide the cheques were signed in the correct place at the time of issue.

(b) **Foreign Currency**

Foreign currencies especially the U.S. dollars and the pound sterling are available in limited quantities from all banks in Nigeria.

These can be obtained to meet minor expenses like taxi or bus fares prior to encashing travellers' cheque, when on a Journey abroad. Unused travellers' cheques and foreign notes. Can be cashed on return from foreign travel at the issuing bank. Nigeria's stringent foreign exchange regulations especially under the present Economic Reforms agenda and the past military administration programme. Structural Adjustment Programme (SAP) limits the amount of foreign currency and travellers' cheque that can be obtained.

(c) **Bills for Collection**

In \international trade, between persons or corporate bodies, the bank acts as a link. Exporters can request their banks to help them collect bills from their overseas importers. The exporters draws a bill of exchange payable on a specified date on the importer. The Nigerian exporter then gives the bill to his Nigerian banker to collect the proceeds on his behalf. The bank sends the bills to its correspondents in the overseas country send request that the bill be presented at the end of the term for

payment. When the proceeds are received, the customer's account is credited with the naira equivalent.

In some cases the customer may forward the bill direct to the importer in the overseas country for acceptance after which the bill is returned to him. He then attaches the necessary documents to the bill when demanded, and passes it to his bankers who will forward it to the overseas country concerned for payment. A bill with documents attached to it is called a documentary bill. If no documents are attached, it is a clean bill. The customer is required to give instructions to the bank as to whether documents are to be released against acceptance or only against payment.

(d) **Bills for Negotiation**

Cases abound in which the customer who owns a bill may be in dire need of money for more business, he may request his bank to negotiate the bill. This means that he sells the bill to the bank. The bank pays the customer the face value of the bill minus a discount. However, such negotiation is done with the agreement that if the acceptor fails to pay the bank, the bank will claim from

the customer. In such a situation the bank may ask the customer for security. If it is a documentary bill the documents will form parts of the security.

(e) **Documentary Credit**

This is an important foreign service and it is used where an exporter is sending goods to say a Nigerian importer by sea. The exporter would do the following:

- Insure the goods
- Obtain an insurance certificate, and
- Prepare an invoice showing details of the goods and their cost.

Immediately these are done, he/she would proceed to send the goods during which a bill of lading must be obtained from the ships master. The Insurance Certificate the bill of lading and the invoice, form credit. Since the Nigerian importer cannot claim the goods without the bill of lading, the documents are forwarded to him through a collecting bank (correspondent bank), by the quickest possible means.

The arrangement give protection to both the exporter and the importer, the importer will be able to study the documents and make sure that the quantity, cost and description of the goods are in conformity with the original contract. The exporter, on the other hand, retains control of goods until he/she is paid, because documents will not be released until payment is done.

3.4.5 **PROVISION OF CREDIT FACILITIES**

The provision of credit facilities is one of the most important function of commercial banks. In making credit available commercial banks are rendering a great social services, because production is increased, capital investments are expanded, and a higher standard of living is realized. Types of credit facilities include loans, overdraft, guarantees and indemnities, performance bond and so on.

(a) **Loans**

The loan facility is provided by commercial banks in Nigeria mainly, but not exclusively, to sole traders and individuals such as salary earners to help them over a difficult period or supplement

the payment of school fees, medical bills and some unforeseen expenses. The amount granted is usually small and it is payable at the shortest possible time.

The amount granted as loan is made available by transfer from a loan account in the customer's name, to his/her current account. At regular intervals, say monthly, transfers are made from the current account to the loan account.

In this way the debit balance in the loan account will be liquidated after a given period of time. Since interest is charged on the balance of the loan account, irrespective of whether or not there are surpluses in the current account, the loan is more expensive than the overdraft at given rates of interest.

(b) **Overdraft**

This is the cheapest form of borrowing at a given rate of interest, because interest is calculated on daily basis and the customer pays only for what he/she uses. Commercial banks in Nigeria today base their lending business on this concept of overdraft since they are interested in short-term lending.

Before an overdraft is granted the bank manager must be satisfied on certain points. These include, the purpose of the loan, amount of the loan, duration of the loan, security and source of repayments.

To the banker, an overdraft has the advantage of being self liquidating by the normal turnover of account. However, in practice, an account may not swing into credit for quite sometime.

In Nigeria commercial banks are constrained by the nature of their funds to provide only short-term facilities on loans and overdrafts to their customers which are usually repayable within one year. Thus, they provide mainly short term facilities for working capital purposes.

(c) **Performance Bond**

This service is provided by commercial banks to customers in the building or construction industry where they are sometimes asked to given performance bond as a guarantee that they have enough financial resources to carry out the contracts successfully. The bank would provide this to its deserving customers. When a banker gives such a guarantee, it usually

takes a counter-indemnity which enables him to claim against the customer in the event of default.

(d) **Guarantees and Indemnities**

This service is provided when a customer lost his/her share certificate. Duplicates of money related certificates, for example, share certificates, may only issued by the company affected if a banker guarantees/indemnifies the issuing company. A bank may do this its customer if the bank itself is covered.

3.4.6 SERVICES OF PLACE OR TIME

(a) **Mobile Banks**

Banks may go to agricultural shows or faires with strong boxes to provide banking services. At the initial stages or rural banking, some banks used to travel in the villages providing similar services. Now, many of the rural areas are provided with permanent banks through the rural banking scheme. Forms of mobile banks can also be seen during exhibitions and trade fairs where banks erect temporary stands.

(b) **Night Safes**

This arrangement, provided by a few branches of few banks in Nigeria enable selected customers to deposit money after usual banking hours. Opening customers are supplied with wallets with locks. When the need arises, the customer puts the cash and pay-slip in the wallet. It is then locked and 'post' through the exterior wall of the bank which leads into a safe. The wallets are cleared the following working day and the customers' account credited. Shopkeepers wishing to bank their daily takings rather than leave them in the shop overnight or carry large amounts home find this serve particularly helpful.

Some of these services are not available in Nigeria while most of those available are grossly under-developed thus creating appreciable divergence between the standard of services available to bank customer in Nigeria and elsewhere in the world.

Finally, the commercial banks operate within the guidelines of the Central Bank of Nigeria and these guidelines reflect the monetary policy of the Federal Government of Nigeria. In effect, banks also carry out the monetary policy of the government.

3.5 **MARKETING OF BANKING SERVICES**

Service is very fundamental to banking and infact it is the pivot around which banks revolve for survival. Since it is the core of real banking its importance needs not be over-emphasised. The tem “service” is very broad in meaning and includes among other things, cheerfulness and politeness at he counter, respect for and fair treatment of customers. Hence it is performed rather than physically produced.

Olalusi (1986) defines marketing of bank services as indentifying and stimulating demand for the bank’s services, meeting that demand by making available the banking services in the most effective manner to present and potential customer, and achieving the profit and other objectives related to the identification, stimulation and satisfaction of demand for the bank services”. The focus of marketing banking services is one the customer for without a total commitment to him on the part of the company as a whole, the application of advanced marketing techniques can have only limited and brief effects.

The marketing of banking services as Meidan (1983) observed “was concerned primarily with the problem of establishing itself as an acceptable worth-while function” (10). However, many bankers are fast realising the importance and impacts of marketing in their related field. They are recognising that marketing is changing not only the banking business but the financial world. They are coming to grips with the ideal that customers need and desires are the basic upon which the future of their business depend. The increasing importance of marketing in the banking industry according to Meidan (1983) is as a result of four occurring market-place factors:

(a) Increased competition for customers

(b) Increased sophistication of those customers

(c) Increased technology, and

(d) Increased cost of meeting customer needs profitably under these circumstances the changes is more and more the acquisition of funds rather than the employment of them.

Although marketing is now applied to both goods (tangible items) and services, the marketing of services is still essentially

different from the marketing of goods. ?the special nature of services stem from its characteristics which create special challenges, considerations and opportunities that often result in marketing programmes that are substantially different from those found in goods marketing. Hence, for the effective marketing of banking services, there is need for a close look at the characteristics of services in general and bank services in particular because this enable bankers to know the blend of marketing mix to use at each stage or level of activity.

From the foregoing discussion, the marketing of banking services required the banker to continuously develop his/her services in terms of the changing needs of his customers and the changing services of his competitors to ascertain where modifications are necessary or new services should be developed and yet maintain existing services.

3.6 **BANK MARKETING IN NIGERIA**

Bank marketing has been defined by Reekie (1972) as “that part of management activity which seeks to direct the flow of

banking services profitably to elected customers"(12). The need for marketing in banks stems from intense competition, not just from other banks, but also from financial institutions such as insurance companies, loan associations, credit unions etc. the banks service two markets, corporate and retail customers, or in marketing language, markets can be sub-divided into five main type, namely: government/public sector, the private sector, the commercial sector, industries, and lastly the international markets.

The concept of marketing is relatively new in Nigeria banking. According to Oguntade (1987) until recently, "the banks operate in a sellers market and this gave rise to the phenomenon of demarketing. He argued, Nigerian banker is an arm-chair banker who aimed for business and cared little or nothing about his customers.

Arguing in the same vein Usman (1988) states that "the marketing financial services in Nigeria was characterised by what is commonly referred to as arm chair banking, where officers simply stay glued to their chairs and waited for the business to come to them" (14).

In view of the above, the literature on the bank marketing in Nigeria is scanty and recent. Perhaps one of the most comprehensive work on bank marketing in Nigeria was that by Nwankwo (1980), who wrote on “Effective marketing of financial services in Nigeria” (15). According to Nwankwo (1980) “no casual observer of the Nigeria economy will fail to conclude that Nigeria today is a sellers’ market. It is a place where the problem is not selling the producing because anything and everything sells” (16). Banking is not an exception one would therefore question the need or rationale for bank marketing since, banking, like other business in the country is in the country is in a sellers’ market.

However, the need for bank marketing stem from the two sided nature of banking, which demands that the banker attract customers from whom he can buy deposits’ and customers to whom he can sell loans and advances. Nwakwo further stated that banks should embrace the marketing concept even though they were operating in a sellers market for the following reasons:

(a) The need to attract customers to 'buy' loan and advances in order to overcome the excess liquidity in the banking industry especially in the late 1970s.

(b) The increasing competition possed by the emergence of new financial institutions.

(c) The changing needs of customers.

(d) The changing economic and business environment that followed the expansion of the economy in the 1980s.

(e) The low level of awareness among customers and non-customers of the array of banking services and the high percentage of money outside the banking system.

From the foregoing, it can be said that emphasis on bank marketing in Nigeria should be on the need for the adoption of the marketing concept in commercial banks. Today's business environment is marked more often than not by a paucity of funds as more and more banks are given licenses to start business from the same deposit base. Competition has become keener and there is the emergence of a stronger drive towards attraction of funds in these days of rapidly changing need and business

circumstances. It is imperative that practical banker should thoroughly appreciate the importance of marketing and its relevance to banking. Only those banks which are able to adopt to these needs and develop systems which effectively and speedily satisfy them will survive.

3.7 COMMERCIAL BANKING SERVICES AND THE ROLE OF MARKETING

Marketing is a staff function its role is to support bank management by the provision of marketing information and expertise. Marketing, therefore, informs management, but management must also inform marketing. Management must determine the bank's goals and objectives and communicate them to marketing so that they can assist in the achievement of these goals and objectives set by banks. Marketing can provide a climate in which better decision can be made.

In order to function properly, marketing must be profit oriented, consumer-oriented, and value-oriented. Marketing cannot merely pay lip service to cost and expenses, it must be

aware of and continually informed about banks goals in terms of profits. To achieve this goal, marketing must be considered part of the top management team.

Marketing is the job of equating the goals and objectives of the banks with the financial needs and wants of the consumer by securing action at a profit.

It is also the responsibility of marketing to encourage the bank continually to focus on all customers. This is because it is vital or the bank to serve its customers in a better, more economical, and more satisfying manner.

In addition to profitability and customer orientation, marketing must also be concerned with all the value that exist in banking relationship, and there include economic values, morals values, ethical values, monetary values and so on.

The marketing man is in the unique position of helping to provide value both to the bank and to the customer. He also stimulates action between the bank and its customers. The marketing job of integrating and coordinating various banking function dealing with the consumer and molding these into an

effective programme. The role of marketing, therefore is essentially that of communicating and selling bank services by motivating and satisfying customers.

3.7.1 **THE ELEMENTS OF MARKETING MIX IN BANKING**

Marketing consists of a group of activities which every marketing mix. Effective marketing must be bases on a coordinated mix of activities.

Marketing mix as defined by Kotler (1980) is “the set of controllable variable and their levels that the firm uses to influence the target market” (17). While Stanton (1981) describes the marketing mix as “the term that is used to describes the combination of the four inputs that constitute the core of the company’s marketing system” (18). The marketing mix as can be seen, consists of tools and techniques which the market uses to achieve a defined marketing objectives as economically as possible.

Meidan (1983) sees the marketing mix as a tem used to describe a blending of decisions about product service, place,

promotion, and price. It is made-up of product or service, price, place and promotion, also called the 4 PS of marketing. It must also be remembered that any decision(s) on each element affects other e.g. decision on price affects decisions of promotion(19). Thus, these decisions must be evaluated continually, if the total marketing programme to succeed.

The development of an 'appropriate' marketing mix implies the recognition of a target market. Target marketing implies segmentation of the market. Once markets segmentation has been carried out the bank should ideally decide on its broad-strategy in terms of undifferentiated. Concentrated or differentiated marketing approaches. Although these approaches have been highly developed in the product field in banking the general approach appears to be through differentiated marketing, where the organisation is operating in a number of segments of the market, each with its appropriate marketing mix.

Product, price, place and promotion represent the four main elements of the marketing mix.

(a) **Product/Service**

In marketing, the term 'product' refer to both tangible products and services. Product planning consists of making decisions pertaining to the products or services to be offered to consumers.

Commercial banks in Nigeria are basically in the selling of such money by way of loans and overdraft (advances) for a profit. Thus, the task of product design and packaging calls for putting together a package of banking services and presenting it in such a way that it catches the interest of the customer.

(b) **Price/Interest**

The price of a banking services is the interest that a bank pays and receives on deposits and advance. Until only recently, the price of financial services, especially interest, was centrally regulated by the monetary authorities. This fact was aptly stated by Okongwu (1987) 'the monetary authority usually fix the rate leaving little or no latitude for competition among banks on the basis of interest rates (2). This meant in effect that the banking

industry was essentially monopolistically competitive, i.e. competition if any, was non-price.

However, since the deregulation of interest rates, price competition has started to feature in Nigeria commercial banking scene e.g. U.B.A. floating interest rate on deposits recently introduced and in the long run, marketing of financial services will focus more intensively on the price element.

(c) **Place (Distribution)**

Place or distribution has been and will continue to be a primary element in competition in the banking industry. Place distribution has two important sides to it – the physical channel of distribution and the personal channel for offering sales and service at the distribution point. Location of bank branches are very important. Most banks have more than one outlet (branch) of service i.e. a large network of service-point through the establishment of branches to reach the vest market of the country.

The personal channel of distribution posses problems of a different nature to the banks. It is said that “Goods are sold, but

services are performed". The difference between commercial lies mainly in how services are rendered. In the performance of a service, personal competence and efficiency constitute critical inputs.

(d) **Promotion**

Promotion is one of the four major elements of the marketing mix and, it is the company's attempt to stimulate sales by directing persuasive communications to buyers.

Management's task is however, also not easy since the promotional programme must be built around intangible banking benefits. To overcome these problems, a promotional programme in a service-oriented organisation like bank should have three major goals.

- To portray the service benefits in a pleasant and appealing manner.
- To differentiate its offerings from those of competitors.
- To build a good corporate image and regulation.

The fact that the back in intangibles makes the need to build a sound reputation a critical corporate objective. The

instruments of promotion commonly referred to as the promotional mix area: advertising, personal selling, sales promotion, and publicity.

The arrays of promotional tools used by most Nigerian commercial banks to achieve its objectives of persuasive communication include, space advertising television advertising speeches (lecture). House publication (Journals), Trade exhibitions, corporate publicity through the media, and corporate identification programme e.g. sponsoring conferences, sport contests, television programmes etc.

From the foregoing anlysis of the elements of marketing mix, it can be seen that there is the need for the banks to always have the customers in mind in rendering their services and decision relating to the 4PS.

FOOTNOTE

1. Okonkwo, C. Markeing of Bank Services: Nigerian Voice Newspaper. April 20, 1987.
2. Meidan, A., Oc cit, Pp. 16 – 17.
3. Stanton, W.J. Fundamentals of Marketing. 6th Edition, McGraw-Hill International Books Co., Tokyo, Japan, 1981.
4. Kotler, P. Marketing Management: Analysis, Planning and Control. 4th Edition, Prentice Hall Inc. Englewood Cliff, New York, 1980.
5. Nwankwo, G.O. Ibid, P. 171.
6. Nwankwo, G.O. The Nigerian Financial System. 1st Ed. Macmillan Pub. Ltd., London, 1980.
7. Okigbo, P.N.C. Nigerian Financial System. Longman Group, 1981.
8. Central Bank of Nigeria: Annual Report and Statement of Accounts. 1989.
9. Okigbo, PN.C., Op cit. P. 14.
10. Akpaso, E.N. Banking Services. First Banker. Vol. 4, No. 4 (1988).

11. Adekanye, F. The Elements of Banking in Nigeria. 3rd Edition, F.& A Publishers Ltd., Lagos, Nigeria (1986).

12. Reckie, W.G., "Marketing in Banking". The Banker Magazine. August, 1982.

13. Afolabi, Y.O., "Marketing commercial Banking Services". The Nigerian Banker. Vol. 8, No. 2 (1988).

14. Ogwuma, P.A. "the Growth of banking Industry in Nigeria". Business Time. January 6, 1981.

15. Oguntade, A., "Marketing of Bank Services: Strategic Issue". Business Time. Feb. 1987.

16. Meidan, A., The Role of Marketing management in Banking". The Quarterly Review of Marketing, Spring, 1985.

17. Olalusi, F., Introduction to Banking. Evans Brothers Publishers Nig. Ltd., Ibadan, 1986.

CHAPTER FOUR

DATAT PRESENTATION AND ANALYSIS

4.0 This section of the study deals with the presentation and analysis of data collected from the field work. The data collected is presented in tabular forms and the data expressed in percentages.

To ease and enhance a clear and distinct understanding, the chapter is divided into three main sections namely:

1. Presentation and analysis of data5
2. Discussions of finding; and
3. Proof of hypothesis.

4.1 PRESENTATION AND ANALYSIS OF DATA

The presentations bellows are in response to returned questionnaires. As stated earlier, the same questionnaire was administered to thirty (30) management staff of the banks i.e. 15 to each bank and out of which the United Bank for Africa Ltd. Completed and returned 14, while the First Bank of Nigeria Ltd. Completed and returned 11 which gives a total of twenty five (25)

completed and returned questionnaires. The responses are hereby presented according to the following sub-headings.

(a) Objectives of the banks

(b) Understanding of the marketing concept

(c) Application of the marketing concept in bank operations and

(d) Differences in the application of the concept to services and tangible products.

Table 1: Objectives of the Banks

Responses	No. of Respondents	Weight (% Age)
Profit-making	15	60
Increased market share	2	8
Customer satisfaction	4	16
Provision of efficient services	4	16
Total:	25	100

Source: Field work.

As could be seen from the above table, profit making is the main objective of the banks. An increase in the market share

comes last in the banks objectives, while the provision of efficient banking services and customer satisfaction go hand in hand.

Table 2: Existence of a formal marketing and customer service department

Responses	No. of Respondents	Percentage
Yes	-	-
No	25	100
Total:	25	100

Source: Field work.

This table indicates that the banks do not have formal marketing/customer service department. The marketing functions are carried out by other departments.

Table 3: Meaning of Marketing to Banks

Responses	No. of Respondents	Percentage age
Selling to service	2	8
Advertising and sale promotion	-	-
Market research	-	-
Public relations	1	4
All of the above	22	88
Total:	25	100

Source: Field work.

The data as can be seen in the above table indicates that marketing in the banks includes not only selling of services and public relations, but advertising, sale promotion and marketing research. This is because majority of the respondents ticked the fifth response in the questionnaire which embraces the first four responses.

Table 4: Relevance of marketing in banking operations

Responses	No. of Respondents	Percentage
Yes	25	100
No	-	-
Total:	25	100

Source: Field work.

All the respondents as could be observed in the table above are of the opinion that marketing is relevant to their operations, and that it is through marketing, banks could achieve their objective of profit-making.

Table 5: Researching into customers needs

Responses	No. of Respondents	Percentage age
Yes	20	80
No	5	20
Total:	25	100

Source: Field work.

The table indicates that 20 respondents representing 80 percent indicated that the banks conduct research into customer

needs, while 5 respondents representing 20 percent say that researching into customer needs is not undertaken by the banks.

Table 6: Consultation of customers in decision making

Responses	No. of Respondents	Percentage age
Yes	22	88
No	3	12
Total:	25	100

Source: Field work.

The data in the above table re-firms the finding in Tables 5 that the bank conduct research into customer needs. This is because 22 respondents representing 88% indicated that the banks consult their customers in taking decisions that affects them while only 3 respondents representing 12 percent say the customers are not normally consulted. However, the consultation with customers is not regular.

Table 7: Importance of research

Responses	No. of Respondents	Percentage age
Very important	21	84
Important	4	16
Less important	-	-
Not important	-	-
Indifferent	-	-
Total:	25	100

Source: Field work.

The data as can be seen in the table above indicates that researching into customer needs is very important, as 21 respondents representing 84% indicate that research is very important in their bank while 4 respondents representing 16% say it is important.

Table 8: Ways of getting inputs from customer on services provide

Responses	No. of Respondents	Percentage age
Market survey	4	16
Customer enquiry	15	60
Sales force	-	-
Mere observations	6	24
Total:	25	100

Source: Field work.

The table above reveals that the banks get substantial part of their inputs from customer enquiry which accounts for 60% while mere observations and market survey contributes 24% and 16% respectively. Other ways not reflected in questionnaire but mentioned by respondents include customers quest forums, women's forum and branch suggestion boxes.

Table 9: Customers responses to services provided

Responses	No. of Respondents	Percentage
Favourable	25	100
Unfavouirable	1	-
Total:	25	100

Source: Field work.

The table above reveals that all the 25 respondents indicated that the banks give their customers maximum satisfaction in term of the services provided or rendered. In other word, customers response to services provided it favourable. However, it should be noted that this is the view of bank management (i.e.) respondents) not what the customers necessarily think or feel about the service provided.

Table 10: Determinants of services provided

Responses	No. of Respondents	Percentage
Bank management	18	72
Customers	2	8
Government	4	16
Competition	1	4
Total:	25	100

Source: Field work.

From the above table it can be seen that the type of services provided by the banks is determine to a large extent by the bank management accounting for 72% of decision in this regard. While the government accounts for about 16% customer 8 percent and competition 4 percent. Customers and competition as can be seen from the data play an insignificant role in this regard.

Table 11: Promotion of services provided

Responses	No. of Respondents	Percentage
Advertisement	20	80
Personal selling	4	16
Sales promotion	-	-
All of the above	1	4
Total:	25	100

Source: Field work.

The data as can be seen in the table above, 20 respondents representing 80% indicate that bank services are promoted mainly through advertisement while 4 respondents representing 16% indicated that the services are promoted through personal selling, with only 1 respondent indicating the use of all the promotools in promoting bank services. This clearly shows that banks services are promoted through advertising more than personal selling.

Table 12: Determinants of promotional mode

Responses	No. of respondents	Percentage
Bank management	22	88
Customers	1	4
Government	-	-
Competition	2	8
Total:	25	100

Source: Field work

From the above table, it is clear that the mode of promotion used by these banks in promoting their services is determined by the bank management. 22 respondents representing 88% indicate that the bank management determines the mode of promotion to be used while 2 respondents representing 8% indicated that it is determined competition with only respondent that customers determined the mode of promotion to be used.

Table 13: Differences in price

Responses	No. of respondents	Percentage
Yes	22	88
No	3	12
Total:	25	100

Source: Field work

From the above table, majority of the respondents indicated of are of the opinion that customer pay different prices that is, interest rate change on loans, overdrafts and other services provident by the banks. Only 3 respondents out of the 25 respondents are of the opinion that customers don't pay different charges on services rendered.

Table 14: Pricing Techniques

Responses	No. of respondents	Percentage
Cost-plus	-	-
Market penetration	-	-
Market skimming	-	-
Market rate	25	100
Total:	25	100

Source: Field work

The table above reveals that the banks used only one pricing techniques in setting their price i.e. marketing rate pricing techniques which involves the charging of uniform rate for services rendered and this is usually determined by the Central Bank.

Table 15: Determinants of interest rate

Responses	No. of respondents	Percentage
Bank Management	7	28
Customers	-	-
Government	16	64
Competition	2	8
Total:	25	100

Source: Field work

From the above table, 16 respondents representing 64% revealed that the interest rate charged is determined by the government through the Central Bank, while 7 respondents representing 28% indicated that the interest charge on services is determined by the bank management, and with only 2

respondents representing 8% said that it is determined by competition.

Table 16: Branch location

Responses	No. of respondents	Percentage
Bank Management	2	8
Customers	-	-
Government	23	92
Competition	-	-
Total:	25	100

Source: Field work

The data in the table above revealed that 23 respondents representing 92% indicated that branch location is determined by the government through the Central Bank, while 2 respondents representing 8% indicated that branch location is determined by the bank management. Both competition and customers play no role in branch location.

4.2 DISCUSSION OF FINDINGS

OBJECTIVES OF THE BANKS

The research finding relating to the banks objectives reveal that the main objective of the banks is profit-making not only in the short-run but also in the long-run. Of the 15 respondent that indicted that the main objective of the banks was profit making. 9 respondents are in the United Bank for Africa Ltd. And 6 respondents from First Bank Nigeria Plc. Other objectives include customer satisfaction and provision of efficient banking services through various innovations such as the use of computers or computerisation of operations, credit card and quick services counters all by the United Bank for Africa Ltd., and increased market share. However, increased market share is not prominent objective as it was only scored by a respondent from each of the banks, although some pronouncements of the banks revealed that each wants to be a lender in the commercial banking industry in the country.

The above objectives as revealed by findings indicates that the objectives are normally designed by bank management

through monthly and quarterly reviews between branch and area offices under the total supervisor of the Head Office.

Profit maximisation objective which is primary is justified in the sense that share holders always judge a firm's success through the profit declared. But to ensure profits, customers have to be satisfied with services rendered or offered, and it is only through customer satisfaction that the profit maximisation objective and other objectives can be attainable.

UNDERSTANDING OF THE MARKETING CONCEPT

The responses tabulated in Table 2, 3 and 4 seek to indicate the understanding of marketing concept by the commercial banks. The responses to question 1 as presented in Table 2 revealed that none of the banks understudy has a formal marketing/customer service department. Rather the two banks have their marketing functions performed in other departments amongst which are public relations, corporate affairs and Operations Departments.

The findings relating to what marketing means to the banks is presented in Table 3. The responses revealed that majority of

the respondents see marketing in banks referring to selling and promotion of services. In the United Bank for Africa Ltd. Two respondents see marketing as selling of services and 12 respondents see it as embracing selling and promotion of services, and market research. On the other hand, 10 respondents in First Bank Nigeria Plc out of the 11 respondents see marketing as referring to selling and promotion of services, with only a respondent seeing it as public relations.

Furthermore, all the 25 respondents from the two banks involved in the study accepted the fact that marketing is relevant to their operations as shown in Table 4. Various reasons were advanced by their operations and some of which include the high competition in the industry today and the ever-changing and increasing needs of banks customers in terms of services demanded.

The responses of respondents to question 4 through not tabulated, reveals that many of the respondents have not grasped what marketing concept actually is because many skipped the question with only 10 respondents answering the question. 6 in

U.B.A. Ltd. and 4 respondents in First Bank of Nigeria Plc. The responses of 7 respondents defined marketing concept as supremacy of customer while 3 respondents see it as customer-orientation.

APPLICATION OF THE MARKETING CONCEPT IN BANKING OPERATIONS

The findings relating to the application of the marketing concept in banking operations are shown in Table 5, 6, 7, 8 and 9. in response to question 5, 20 respondents indicated that researching into customers needs are undertaken by the two banks. Out of this number all the 14 respondents in U.B.A. say Yes that research into customer needs is undertaken while in F.B.N. only 6 respondents say 'Yes" with 5 respondents indicating 'No'. It is doubtful therefore, if the latter bank conduct any research into customer needs.

In addition, although the F.B.N. Plc. consult its customers in taking decision that affects them as revealed by the response of 10 respondents out of 22 to question 6 with only 1 respondent

saying 'No' the respondents failed to reveal how customers are while the 12 respondents in U.B.A. Ltd revealed that customers are normally consulted when decisions are taken and this is done through forms and the uses of suggestion boxes. Only 2 respondents in U.B.A. indicted that customers are not consulted in decision-making. However, findings revealed that researching into customers needs and consultations of customers by the two banks are not done frequently but occasionally.

Although researching into customer needs is very important to the banks as indicated by all the twenty five respondents in response to question 7 and shown in Table 7: the banks have not implemented some of the suggestions made by customers despite the fact that such suggestions were favourable e.g. weekend banking and branch locations. Some of the suggestions adopted, include increased innovations such as the use of computers in their operations, credit cards (UBA) cooperative and other group financing. However, these innovations can generally be attributed to the keen competition in the industry and not necessarily for meeting the needs to customers.

The research findings reveals that the banks obtained information from customers on the services provided through customer enquiry, market survey and more observations. The United Bank for Africa as indicated by respondents, in addition to the above three means, used customers forums, suggestion boxes in all branches and articles written by customers and published in their in-house journal.

On the other hand, the First Bank of Nigeria Plc uses mainly customer enquiries, mere observations and suggestion boxes 10 obtained inputs from customers on services provided.

DIFFERENCES IN APPLICATION OF THE MARKETING CONCEPT TO SERVICES AND TANGIBLE PRODUCTS

The research findings discussed below relate to services, and the focus is on the 4PS of marketing as it relates to services, specially in the area of decision making on each of the 4PS. Hence, in this section each component of the marketing mix is discussed and a comparison is drawn with tangible products.

(a) **Service Offered**

The research findings reveal that the type of services provided by the banks stated and discussed in the proceeding chapter. The decision as to which type of services or services(s) to be provided is determined to a large extend by the bank management and at times subject to approval of the government through the Central Bank of Nigeria. Both customers and competition don't pay much important role in determining type of banking service(s) to be offered as can be seen in Table 10.

According to data collected, 10 out of 14 respondents in U.B.A indicated that decision on service rest with management while 7 respondents in F.B.N. out of 11 say service decisions rest with management. However, with the present Federal government policy of deregulating the economy, competition is now playing a key role in the determination of the services provided by commercial banks in the country.

In the case of tangible products, although management play a key role in determining what type of product to offer, the customer/consumer and competition also play a vital role and this

can be attributed to the physical nature of products. Furthermore, in the case of tangible products, the role of government is simply limited to that state ensuring that items produced meet the laid down standard of quality.

(b) **Promotion**

The research findings relating to promotion indicate that the services provided by banks are promoted through advertising with the use of both the print and electronic media. Personal selling and sales promotion though very important means of promoting services are not popular with the banks as can be seen in Table 11, despite the fact that these two can enhance the quality of their services and obviously lead to an increase in market share.

In the United Bank for Africa, 12 respondents indicated that their services are promoted through advertising and 2 indicating personal selling. While in F.B.N, 8 respondents reveal that advertising is the main tool used. 2 respondents indicating personal selling, and a respondent revealed that both are used.

Furthermore, research findings revealed that the ode of promotion to be used as shown in Table 12 is determined by the

bank managements in these bank with customers and competition playing an insignificant role.

Tangible products however, as discussed win the literature review are promoted through advertising. Personal selling, sales promotion etc. Also the mode of promotion or promotool used in promoting tangible products in dt3ermined not only by management but also by customer/consumer, the product itself, and competition.

(b) **Price**

The role of price as a component of the marketing mix cannot be over-emphasised, being the only element that is not a cost. The finding revealed that most of the respondents are of the opinion that customers pay different “prices” interest rates for services provided especially on loans and overdrafts by the bankers (see Table 14). The interest rate charged differ depending on the size of the loan or over draft, and the type of service rendered.

The pricing technique used in setting prices by the two banks is the same ie. The market rate pricing techniques as shown

in Table 14 as opposed to other techniques applicable to tangible products. In addition, the finding as shown in Table 15 indicates that government (Central Bank) plays a major role in determining the prices for bank services.

However, the deregulation of the interest rates by the Central Bank of Nigeria under the present democracy administration (Economic Reforms Agenda) has resulted in banks changing different rates not only for saving/deposits but also for loans and overdrafts. Furthermore, the deregulation of interest rates has also affected the position of government as a major determinant of 'prices' for bank services.

(d) **Place**

The importance of place (distribution) in marketing can not be over-emphasized. In the marketing of tangible products quite a number of channels are opened to a producer depending on the type of product involved and these channels can be either direct or indirect. But with services due to their characteristics especially those of inseparability perishability only the direct channel is used.

The responses tabulated in Table 16 revealed that place (i.e. branch location) is determined by the government through the Central Bank of Nigeria. According to the respondents interviewed there is strict control on branch location by the government both for rural and urban branches to ensure adherence to the guideline on rural-banking.

Although the respondents were of the opinion if the factors taken into account when locating a branch include market potentials, infrastructural facilities, social services and accessibility the over-riding factor taken into account when locating a branch is government policy on location of rural and urban branches.

From the above discussions of finding therefore, it could be deduced that commercial banks in Nigeria under stand and apply the marketing concept in their operations. However, it is only the degree of understanding and application of the concept that can be regarded as inadequable in sustaining customer satisfaction.

As had earlier been printed out in the literature review, where the marketing concept is practiced, there is expected to be customer satisfaction. The essence of customers by meeting their

needs. From the findings, it has been established that the needs of customers are not adequately met in terms of services rendered by the banks and the exclusion of the customers in the decision-making process as its affect them.

In conclusion, it can be said that these banks do not fully understand the marketing concept and its application is highly limited as stipulated in the review of related literature.

4.3 **PROOF OF HYPOTHESIS**

Hypothesis I:

NH. That the commercial banks fully understand the marketing concept.

AH1. That the commercial banks do not fully understand the marketing concept.

The above hypothesis is aimed at determining if the marketing concept is understood by commercial banks and the key question used in testing this hypothesis is question No. 4 in the questionnaire.

In proving the above hypothesis, it has been established from the findings that majority of the bank staff (respondents) do not understand what the marketing concept means. This was evidenced in the responses of question 4. Out of the 25 respondents 15 representing 60% are ignorant of the marketing concept while only 10 respondents representing 40% understand what is meant by marketing concept.

Based on the above findings, the null hypothesis is rejected, while the alternative hypothesis is accepted.

Hypothesis II

NHI. That the commercial banks apply the marketing concept in their operations.

AHI. That the commercial banks do not apply the marketing concept in their operations.

The responses to questions 5 and 6 have been tabulated in Tables 5 and 6 above and will be used in testing the above hypothesis. In responses to question No. 5, 20 respondents representing 80% agreed that they research into customer need

with only 5 respondents representing 20% say 'No' that they do not research into customer needs. In responses to question 6, 22 respondents representing 88% submitted that customers are consulted when taking decisions that affects them. However, the frequency with which they are consulted varies from time to time and from one bank to another. In addition, the findings revealed that researching into customer needs is of great importance to the banks.

From the above, and in the view of the findings and discussions of same, the null hypothesis is accepted while the alternative hypothesis is rejected.

Hypothesis III

NHI that the application of the marketing concept in marketing banking services is the same as in marketing tangible products.

AHI That the application of the marketing concept in marketing banking services is not the same as that of marketing tangible products.

For the proof of the above hypothesis see Tables 1,12,15 and 16. A careful examinations of these tables show clearly that decisions relation to the 4Ps in marketing of banking services as either in the hands of banks managements or government through the Central bank with the customer playing little or no role in decision-making.

Based on the data presented in the various tables and discussions of findings relating to the above hypothesis, the alternative hypothesis is accepted while the null hypothesis is rejected.

CHAPTER FIVE

SUMMARY, CONCLSIONS AND RECOMMENDATIONS

5.1 SUMMARY OF FINDING

Although some researches have proved profit maximisation is not always the main objective of business, the same also agreed that for an organisation to succeed, it must be able to generate some profits. The primary objective of the banks understudies has profit-making while all the other objectives were secondary.

From the data collected during the course of this study it has been found that the banks understudies had no formal marketing departments. The marketing functions are performed by other departments such as Public Relations, Operations, Corporate Affairs and so on.

Furthermore, from the analysis of data collected, it was found that some management staff of the banks do not understand what is meant by the term marketing concept and most of them perceived the term marketing differently.

The researcher also found that despite the fact that the marketing concept is not fully understood by majority of the

respondents, the banks understudies nonetheless applied it in the marketing of their services.

It was also discovered that although their customers were normally consulted in taking decisions that affects them, however, that these banks had not adopted most of the suggestions made by them even though such suggestions were found to be favourable.

Finally. It was also revealed that banks understudied provided purely commercial banking services just like other in the industry. However, key decisions relating to the type of services to offer promotion, pricing and branch location are taken words, their customers play little or no role in determining the 4Ps of marketing.

5.2 **CONCLUSIONS**

This study has empirically investigated the application of the marketing concept in the marketing of commercial banking services and the researchers has drawn the following conclusions on the topic.

(a) That most of our commercial banks if not all are set-up purely to reap maximum profit in the shortest time and hence do not properly carry out their functions. Infact, Nigerian commercial banks charge some of the highest rates of interest in the world today.

(b) That the marketing aspects of banking have been neglected by the commercial banks in this study (and likely by all commercial banks in Nigeria) prior to the introduction of the Structural Adjustment Programme (SAP). Hence many people use the banks either because of the convenience (e.g. to get their salaries through them) and not because the bank differentiate its services or charges from other banks.

(c) That the marketing concept has not been fully understood and implemented in the banks studied. The banks have neglected the need to apply the concept fully and as such could not sell the benefits of using banks services to the customers and banks are therefore used by people for one reason or the other.

Finally, it should be realized that a satisfied customer/consumer is the firm's unpaid sales-force. The power of spoken recommendations by the satisfied customer/consumer are by far the most powerful tool in creating more customers and making more sales.

5.3 **RECOMMENDATIONS**

In the light of the findings discussed in chapter four and the conclusions drawn in the proceeding section, the researcher wishes to recommend the following:

A marketing department should be established in the banks to carry out marketing functions. The department should have four divisions. The first division shall be responsible for identifying opportunities for marketing services (or repackaging existing services) and the outlets through which the banks service will be offered to the customer. This division would include the following sections.

(i) **Research Section**

This section will have to undertake accumulation and analysis of facts relating to the financial practices and needs of the people. The identification of the characteristics of customers and non-customers and the bank's penetration of the various markets for it's services.

(ii) **Service Development Section**

This section would be concerned with the investigation for feasible ideas relating to non-technical services, improvement for existing services identification of market demand, and in conjunction with other parts of the group, develop proposal for approval.

(iii) **Representation Section**

This section shall be concerned with the outlets through which the bank's services are sold from the view point of both suitability and profitability. It will also be responsible for survey to assist in decision-making relating to opening, relocating or closing branches.

The second major division shall have the responsibility of maintaining the vital link between the staff marketing function and the executive marketing activities of line management. It shall comprise of two sections.

(i) **Market Section**

This section shall put into practice the principles of marketing segmentation by concentrating on the implementation through the branch network of business development campaigns directed at clearly defined customer segmentation.

(ii) **Training Section**

This section shall be responsible for marketing training for all levels of staff.

The third division shall be responsible for advertising and sales promotions. It shall be responsible for the total communication efforts of the entire marketing department.

The last division i.e. fourth shall be responsible for coordinating the developments works programme, administration and the developments of annual marketing plan setting out in the worlds of McIver and Naylor (1980) “a programme of action

designed to support line management at all levels of performance" (1).

The marketing department shall then adopt the customer-orientation concept. The integration of the marketing activities must be graduate in order to win extensive acceptance by the other departments of the organisation.

Personal selling should be used in customer search. In the marketing of financial services where the product in broad terms according to Mclver and Naylor (1980) "is the assistance for the customer whether corporate or personnel, to find the resources to further his personal or commercial objectives or to deploy, he has to be best advantage, the requirements for empathy predominates" (2). The need of the customers are many and complex, hence he needs professional assistance to assess alternative cases of action. ?the banks should employ salesmen who know both their customers and products the banks are offering. This would attract other customers too to the banks.

If these salesmen are employed the banks will not only be applying the marketing concept in their operations but would also

be able to stand the present cash squeeze problem facing commercial banks.

The banks primary objective of profit making should go hand-in-hand with customer orientation. This is because customer-satisfaction by the banks will not only lead to increase patronage by the present and potential customers but also increase sales of it service resulting in more profits.

The banks should computerise all their branches especially those in the urban areas where they have more customers, to handle the increased transactions in an accurate and timely manner.

It is a fact that introducing computes into the banking system will bring the danger of dehumanising the banks image. However, by computerising especially the routine back-up services, the management and staff of commercial banks would have more time for active involvements in learning about and satisfying less routine requirements of customers.

The implementation of these recommendations in the short-run may be expensive and thus reduce the profit margin of the

bank through profit making is the main objective, but in the long-run the gains will compensate for the loss of profits now.

5.4. **DIRECTION FOR FURTHER STUDY**

Further research in the application of marketing concept in the banking industry is very much desirable in the light of the foregone analysis. I wish to suggest that researchers interested in this field could further investigate how banks can fully implement the principles and application of marketing concept in the delivery of banking services in Nigeria. A research of this nature is most desirable in Nigeria to enable banks fully occupy their rightful position as engine of economic growth and development.

It is also suggested that future researcher's should study the marketing practices of merchant and commercial banks with the view to seeing the extent to which they differ.

FOOT NOTES

1. Mclver, C. and Naylor, Marketing financial services. Institute of Bankers, London (1980), P. 11.
2. Mclver, C. and Naylor G., Ibid. P. 109.

BIBLIOGRAPHY

Adekanye, F. (1986) The Elements of Banking in Nigeria. Lagos 3rd Edition F & A Publishers Ltd., Nigeria.

Afolabi, Y.D. (1988) "Marketing Commercial Banking Services". The Nigerian Banker. Vol. 8, No. 2.

Akpaso, F.N. (1988) "Banking Services". First Banker. Vol. 4, No. 4.

Baker, M.J. (1979). Marketing: An Introduction Text. London The Macmillan Press Ltd.

Central Bank of Nigeria: (2004). Annual Report and Statement of Accounts

Derek, F.C. (1970). Bank Strategic Management: London Institute of Bankers.

Druker, P.F. (1973). Management: Tasks, Responsibilities. Practices: Harper & Row.

Elvy, B.H, (1980). Marketing Made Simple: London W.H. Allen and Co. Ltd.

Enis, B.M., (1973). "Deepening the concept of marketing". Journal of Marketing. Vol. 37, October.

Hanson, D.G. (1979). Service Banking. London: The Institute of Bankers.

Hunt, S.D. (1976). "The nature and scope of marketing". European Journal of Marketing. Vol. 40, July.

James, B. G.(1989) , Integrated Marketing. London: Penguin Books Ltd.

Jolson, M.A. and Walter, F.S., (1978). Marketing Management. London: Collier-Macmillan Publishers.

Kotler, P. (1980). Principles of Marketing. 2nd Edition, prentice Hall Inc. Englewood Cliff, N.Y.

Luck, D.J., (1979). "Broadening the Concept of Marketing Too far". Journal of Marketing, Vol. 33, January.

Marin, C.I., (1985). "Delineating the Boundaries of Marketing". European Journal of Marketing. Vol. 19, 14.

Meidan, A., (1985). "The role of marketing management in Banking". The Quarterly Review of Marketing., Spring.

Mclver, C. and Naylor G. (1980), Marketing Financial Services. London: Institute of Bankers, P. 11.

Nwankwo, G.A., (1980)The Nigerian Financial System. London: 1st Ed. Macmillan Pub. Ltd., ,.

Oguntade, A., (1987). "Marketing of Bank Services: Strategic Issues". Business Times. Feb.

Ogwuna, P.A. , (1985). "Bank Credit in Development of the Nigerian Economy" Business Time. June.

Ogwuna, P.A. (1981). "The Growth of Banking Industry in Nigeria". Business Time. January 6.

Okigbo, P.N.C., (1981). Nigerian Financial System. Longman Group.

Okongwu, C., (1987). Marketing of Bank Service: Nigerian Voice Newspaper. April 20.

Olalusi, F., (1986). Introduction to Banking. Ibadan: Evans Brothers Publishers Nig. Ltd.

Osubor, J.U., (1984) Business Finance and Banking in Nigeria. Owerri: New Africa Publishing Co. Ltd., , Nig.

Preston, R.H. et al., (1978). "The Effectiveness of Bank Premium" Journal of Marketing. Vol. 42, No. 3.

Reckie, W. G., (1982). "Marketing in Banking" The Bankers Magazine. August.

Sachs, W.S. and Benson, G., (1978). "Is it Time to Discard the Marketing Concept"? Business Horizontal. Vol. 21, No. 4.

Stanton, W.J., (1981). Fundamentals of Marketing. Tokyo: 6th Edition, McGraw Hill International Books Co., , Japan.

Other Publications

1. Annual Reports and Promotional Publications of the Selected Banks namely.

   (i) United Bank for Africa Ltd.

   (ii) First Bank of Nigeria Ltd.

2. Journal of Marketing various issues

3. The Nigerian Banker various issues

4. Guardian Financial Weekly various issues

5. Business Concord various issues

6. Business Times various issues

7. Financial Post various issues

8. Business (Nigeria's Business Magazine), October, 1990

9. Nigeria Banking, Finance and Commerce, 1988/1989

10. Management in Nigeria Vol. 21 No. 4

APPENDIX

DEPARTMENT OF BUSINESS ADMINISTRATION
AHMADU BELLO UNIVERSITY, ZARIA

Dear Sir/Madam,

REQUEST FOR ASSISTANCE IN PROJECT WORK

I am undertaking a study of the marketing of commercial banking services with particular emphasis on "The Application of the Marketing Concept".

The study is being undertaken as part of the requirements for the award of the Masters of Business Administration (MBA) degree. The research is, therefore, soliciting your help in filling the attached questionnaire. I assure you that all information given and opinions expressed, will be treated in strict confidence and only for academic purposes. In addition, no identity would be disclosed either of the bank or any person supplying information, hence you are not required to give your name.

Thank you for your co-operation.

Yours faithfully,
ABDULGANIYU A. YUSUF

BACKGROUND INFORMATION

Position ……..

Years of service……..

Academic and professional Qualifications ……..

What are some of the objectives of your Bank? ……..

How did you arrive at these objectives ……..

How do you measure these objectives ……..

UNDERSTANDING OF THE MARKETING CONCEPT

1. Does your bank have a formal marketing/customer service department?

   (a) Yes [ ]

   (b) No [ ]

   If No, which department is responsible for the marketing function? ……..

2. Marketing in your banks means (tick only one)

   (a) Selling of service [ ]

   (b) Advertising and sales promotion [ ]

   (c) Market research [ ]

   (d) Public relations [ ]

   (e) All of the above [ ]

(f) Others (please specify) ……..

3. Is marketing relevant to your banking operation?

(a) Yes [ ]

(b) No [ ]

(c) Don't know [ ]

4. What do you understand by the term marketing concept?

……..

APPLICAIOTN OF THE MARKETING CONCEPT

5. Does your bank conduct research into customer's needs?

(a) Yes [ ]

(b) No [ ]

(c) If No, briefly state why? ……..

6. Does your bank consult its customers in taking decision that affects them?

(a) Yes [ ]

(b) No [ ]

(c) If Yes, how often does it consult them? ……..

7. To what extent is researching into customer needs important to your bank? (please tick only one)

(a) Very important [ ]

(b) Important [ ]

(c) Less important [ ]

(d) Not important [ ]

(e) Indifferent [ ]

8. How do you get input from customers on the services provided?

(a) Through market survey [ ]

(b) Customer enquiry [ ]

(c) Sales force [ ]

(d) Mere observation [ ]

(e) Others (please specify) ……..

9. What sort of response have you been receiving from your customers after providing them with services?

(a) Favourable [ ]

(b) Unfavourable [ ]

10. State the kind of things that suggested by your customers?

……

……

11. What of these have been adopted by your bank?……..

……

12. Which of these have not been adopted and Why?……

……

DIFFERENCES IN THE APPLICATION OF THE CONCEPT TO SERVICES AND TANGIBLE PRODUCTS

13. What types of banking services does your bank provided

……

14. Who determines the type of service to be provided?

(a) Bank management [ ]

(b) Customers [ ]

(c) Government [ ]

(d) Competition [ ]

(e) Others (please specify) ……..

15. Howe does your bank promote its services?

(a) Through advertisement [ ]

(b) Through personal selling [ ]

(c) Through sales promotion [ ]

(d) All of the above [ ]

(e) Others (please specify) ……..

16. Who determines the mode of promotion to use (Tick one)

(a) Bank management [ ]

(b) Customers [ ]

(c) Government [ ]

(d) Competition [ ]

(e) Others (please specify) ……

17. Do different customers pay different 'price' (interest rate) for your services?

(a) Yes [ ]

(b) No [ ]

18. What type of pricing technique does your bank use?

(a) Cost-plus pricing [ ]

(b) Marketing penetration pricing [ ]

(c) Marketing skimming pricing [ ]

(d) Market rate pricing [ ]

(e) Others (please specify) ……

19. Who determines the interest rate or commission changed for the different services provided by your bank?

(a) Bank management [ ]

(b) Customers [ ]

(c) Government [ ]

(d) Competition [ ]

(e) Others (please specify) ……

20. What factors are taken into account when locating a branch?

……

21. Who determines where a branch is located? (Tick one)

(a) Bank management [ ]

(b) Customers [ ]

(c) Government [ ]

(d) Competition [ ]

(e) Others (please specify) ……

22. Any other comments on your bank's marketing activities?

……