AN ASSESSMENT OF THE MARKETING OF FINANCIAL SERVICES IN BANKS IN NIGERIA:

A CASE STUDY OF UNION BANK OF NIGERIA PLC

BY

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CERTIFICATION

This research project written by Augustine Oghenovo Otohwarhuere under the guidance of Mrs. M.S. Akanet, has been submitted and accepted by the Post Graduate School, Ahmadu Bello University, Zaria in partial fulfilment of the requirements for the degree of Masters of Business Administration.

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CERTIFICATION

This project titled *AN ASSESSMENT OF THE MARKETING OF FINANCIAL SERVICES IN BANKS IN NIGERIA.* A case study of Union Bank of Nigeria Plc. *By Augustine O. Otohw Arhuere* meets the regulation governing the award of degree of Master of Business Administration (M.B.A) of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This research project is dedicated to my wife, Mrs Love Eguono Otohwarhuere, my children, my elder brother, Mr. Godwin A. Eyaife and to my parents, Mr and Mrs Otohwarhuere Eyaife.

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ABSTRACT

Marketing is a management process of identifying, anticipating and satisfying the customer profitability. It is an on-going action which starts and ends with the customer. The customer is, thus, the focal point of every marketing activity and effort.

An assessment of the marketing of financial services in banks in Nigeria is all about determining the importance of marketing in banks and the extent to which its principles and strategies are put in place by the banks in achieving their objectives, particularly in these days of keen competition. A systematic assessment in this regard has shown that banks are, of late, realising the fact that marketing principles and strategies can mobilise and sustain their customers.

Most Nigerian banks stop at marketing their names rather than their services and the result is that their customers become ignorant of the existence of the financial products of their bankers. It has come to a time when banks that are still in this category should wake up from their deep slumber, brace up to the challenges posed by the competitive banking environment in Nigeria.

The banks are well advised to arise and take the bull by the horns by employing the principles and strategies of marketing in presenting their financial services to both existing and potential customers.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Marketing is a key management process. It is also a principal functional are akin to production, finance and personnel. A good starting point is to perceive marketing in the right perspective.

Marketing is not simply selling products or services. It is rather a combination of individual areas of expertise, designed to ensure that goods produced or services rendered and offered, actually meet the needs of potential users or customers. It plays a unique role in an organisation in that without it all other functional areas in any business would be entirely crippled.

Marketing may be defined as a management process of identifying, anticipating and satisfying the customer profitability. This means it is an on-going or dynamic action. It starts and ends with the customer - the focal point of any marketing effort which has always been and will continue to be the customer.

To market, an organisation must identify the factors which will influence its customer, be it product design, delivery, or distribution. Having identified the factors, then, the management must anticipated the needs of the customer and provide a product or service which meets those needs. Providing a product which meets the needs of customer will be of little use if the product is not made available in the form, size, taste and at the place that is convenient to the customer to reach and purchase. This means that marketing requires total application in terms of its various processes and major functions, such as the 4ps of marketing. The 4ps refer to product, price, promotion and place.

Product as to product planning, price as to pricing policies, objectives and actual determination of prices of goods and services; promotion comprises of advertisement, personal selling, sales promotion, publicity and public relations; while place or distribution involves both channel decisions and physical distribution decisions (they both ensure that goods move from the producer to the consumers).

Although marketing is not always conducted purely for profits, the requirement for a profitable operation cannot be over-stressed. Without an annual profit, companies will not be able to allocate capital fairly towards future marketing efforts and activities. Hence companies will still need to ensure that their marketing expenditure produces the anticipated results. Efficiency, which is the mainstay of all business management, must be pursued vigorously in marketing.

Fundamental to the business of banking is the receiving of money from customers either on current or deposit account, coupled with the payment of cheques drawn by current account holders or withdrawal instructions by other savings and time deposits customers. There are a host of other services rendered by a bank such as making advances either by way of loans or overdrafts; conducting foreign exchange business; discounting bills and promissory notes, etc. All these and lots more constitute the financial services of banks. Banks offer services but do not engage in the production of tangible goods and services.

The question is , how are these financial services marketed? How do banks in contemporary Nigeria bring their diverse services to the knowledge and benefit of people?

Nigerian banks advertise, no doubt. But they do not seem to be in a position where they need to persuade their customers to patronise them or the other banks. After all, the services are the same.

Generally, marketing is undertaken for survival against competition; but banks advertise not to sell their financial services but their names. And here lies the problem.

There is the need, therefore, to assess the marketing of financial services in the Nigerian banks with a view to finding out whether or not they actually bring to the attention of existing and potential customers information on their products; and whether they even know the benefits they can derive from properly marketing their financial services to their customers.

1.2 PROBLEM ANALYSIS

The experience in the banking environment has shown that Nigerian banks do not market their financial services but only their names. Most people are familiar with the various advertisements sponsored by banks in Nigeria; but none of these advertisements fully catalogue all the financial services they offer in practice.

The foregoing point then shows the problem clearly i.e. that of not educating customers on the financial services offered by the banks. The banking sector has grown and is getting so competitive that banks must now promote their services through proper and total marketing process. With the level of competition in the banking environment, only effective marketing can make the difference.

Currently, customers move from one bank to the other in search of satisfaction because they do not know where their needs can be met. This way, both the customers and the banks alike are losing fast. On the side of the customers, they are not getting the best services their bankers have at their disposal to offer because of lack of awareness. On the other hand, the banks are not also generating their maximum profits for not implementing the principles and strategies of marketing that should have

enhanced more the achievement of their objectives through continuous or repeat customers' patronage.

It is clear in Nigeria that banks have not fully realised that they need to market their financial services and this has been one of the reasons why some of them went out of business. This problem needs to be solved in order to improve the banking business and to make it more effective than ever before.

This research study is undertaken to create such understanding to banks and to make them realise the benefit they could enjoy if proper marketing of financial services is embarked upon than marketing banks' names.

1.3 PURPOSE OF THE STUDY

It has been clearly stated above that the problem the banks have is: not marketing their financial services (products) to their existing and potential customers. They merely market their names which is not helping them in terms of performance. This neglect of marketing in the past can no longer work for banks because of the competition in the banking sector today.

In the light of the foregoing, the purpose of this research study would include the following:

i. To ascertain and examine whether banks in Nigeria actually make financial services known to their existing and potential customers.

ii. To assess the extent, if any, to which Nigerian banks market their financial services to their existing and potential customers.

iii. To investigate into the methods employed by the banks in Nigeria in marketing their financial

services, if any.

iv. To determine the extent to which customers are satisfied with the banks' services offered to them in Nigeria.

v. To explore what the banks can do further so as to be more efficient in their marketing efforts, particularly in these days of stiff or keen competition.

vi. In partial fulfilment of the requirements of the award of the Masters of Business Administration degree.

One of the reasons why this research study is based on the banking industry in general and Union Bank of Nigeria Plc in particular, is because past researchers have written on different areas of banking but not on marketing of bank services. Another reason is that the banking industry is considered as one of the life wires of the Nigerian economy.

Furthermore, another veritable reason for choosing the Union Bank of Nigeria Plc as a case study is that it is one of the BIG FOUR banks in Nigeria (the other three being the First Bank of Nigeria Plc, the United Bank for Africa Plc and the Afribank PLC). Owing to their strategic and leadership position in the industry, therefore, it goes without saying that any of them can serve as a good representative of the other banks. This is because the role of marketing financial services is basically the same in most, if not all, the banks in Nigeria.

1.4 SCOPE OF THE STUDY

The scope of this study is limited to Union Bank of Nigeria Plc as a case study. The research effort has been on the assessment of Union Bank's marketing activities with a view to determining their

adequacy for recommendation to other banks in Nigeria.

In assessing the marketing of financial services in the Nigerian banks, attention will be focused on such aspects as whether the average customer of Union Bank knows what financial products or services are offered by the bank and whether customers are satisfied with their bank's financial services or not.

However, such details as the number of advertisements sponsored by banks in a year, the message in such advertisements, the cost implications and the enormity of trade exhibition participated in by banks, will be outside the province of this study.

More importantly, it is believed that the results of this study will be applicable to other banks in Nigeria.

1.5 THE RESEARCH METHODOLOGY OF THE STUDY

A combination of the following methods will be employed in this study:

i. Secondary data collected from Union Bank records to form the basis of the research analysis and recommendations.

ii. Questionnaires to members of the bank's staff to elicit their opinions on the study.

iii. Observation would be carried out at the bank's pavillion of trade fairs or similar exhibitions and the marketing department of the bank.

iv. Personal interviews with members of staff both at management and clerical cadres to give room for objectivity.

1.6 THE LIMITATION OF THE STUDY

This research study will be strictly limited to the banks' marketing activities. For this reason, the questionnaires and other study schedules are directed at the employees of Union Bank of Nigeria Plc (a key player in the banking industry) as a case study.

The study is, thus, limited to the marketing efforts of the banks in Nigeria in the hope that if the banks' marketing programmes are well carried out, then these activities will result in efficiency to the benefit of the customers and the organisation as well.

1.7 SIGNIFICANCE OF THE STUDY

The era of arm-chair banking is over in Nigeria. It is no longer enough or even practicable for banks to think that the only effort they could make was to open their doors to the public and expect customers to rush in. Those were the days when the banking industry was referred to as the seller's market because the banks dictated the terms of the business. They needed no marketing efforts or activities then.

But these days, the story is different. Banks are not only required to scout for customers, but they also need to market their financial services using the available promotools. Services not marketed by banks cannot be known by the customers for whom they are intended. They, thus, remain obscure to the target users.

To the customer, time is money and for this reason, he does not joke with delays experienced at bank counters. He, therefore, needs information or enlightenment regarding what his bankers can offer to avoid going from one bank to the other.

To the banks, there will be higher return on capital employed, as their marketing efforts will result in better performance (such as efficient use of resources and achievement of profitability). The management will be happy and the shareholders will equally be delighted.

Of course, this will also impact on the economy in a positive light. The national income will be positively affected in the process.

A knowledge of the above position would enable banks to regularly market their financial products or services and keep their customers informed by updating them of their new products and reminding them of their existing ones. The banks would then be in a better position to reap the fruit of their marketing efforts.

1.8 DEFINITION OF TERMS

For the purpose of this research study, the following terms shall be defined as below:

1. Akin: Marketing as a management process plays a similar role as production, personnel and finance in the functional areas of an organisation.
2. Annals: Historical accounts of events in Nigerian banking.
3. Armchair banking: Practice of sitting on a rolling chair by bank officials and expecting customers to come in or patronise them without scouting or hunting for them.
4. Automation: The computerisation of an organisation's systems and operations.
5. Crippled: Operations or activities of an organisation coming to halt or standstill.
6. Customer intimacy: A marketing possibility in which an organisation chooses few customers to serve or delight and also by making itself indispensable to such customers.

7. Customised banking services: banking services that are tailored towards the needs of a particular customer.
8. Millennium: a period of one thousand (1000) years.
9. Operational excellence: a core value discipline that believes in efficiency and service to many customers.
10. Pavilion: a building, stand or tent erected by a participating organisation on the ground in which a trade fair or exhibition is holding.
11. Product Leadership: a marketing possibility that presupposes that an organisation is acclaimed as leading with new products.
12. Proliferation: a rapid or phenomenal increase in the growth of banks in Nigeria.
13. Promotools: various tools used for promoting an organisation's products. Examples of such tools are *personal selling, publicity, public relations and advertising.*
14. Re-engineering: a process of fundamental re-thinking, radical redesign and restructuring of an organisation's business.
15. Snag: Little difficulty that is experienced or perceived to be experienced by banks in their marketing effort.
16. State-of-the-art information technology: modern or up-to-date computer technology.
17. Syndicated loan: a very large loan, usually in millions or billions of Naira, arranged by a consortium of banks or lenders for just a single borrower to finance a project.
18. Voodoo banking: a banking practice that is almost miraculous and incredible to believe.
19. WAN: abbreviation for Wide Area Network, that is, a computer system in a bank that has the ability to link up with other branches.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 HISTORICAL DEVELOPMENT OF BANKING IN NIGERIA

The history of banking in Nigeria dates back to the end of the nineteenth century, when the elder Dempster Lines, a shipping company, started some form of banking business in the country to facilitate its own business transactions.

In 1892, the first bank, the African Banking Corporation was established in Nigeria. By 1894, what was the Bank of British West Africa, and later Standard Bank Limited until March 1979, when it metamorphosed into First Bank of Nigeria Limited, and now First Bank of Nigeria PLC, took over the African Banking Corporation and became established in a conventional sense. Arising from this conventional sense and approach, it is being acclaimed as the first bank in Nigeria today. It remained the sole bank until 1917 when the Colonial Bank, later Barclays Bank (DCO), subsequently Barclays Bank of Nigeria Limited, the Union Bank of Nigeria Limited and now Union Bank of Nigeria PLC, opened branches in the country.

Between 1928 and 1952, a number of indigenous banks were founded in Nigeria. But before dwelling on this point, it is worthy of note to mention that the year 1952 was when the first ever banking legislation was enacted in Nigeria..

During the 15-month period between February 1951 and May 1952 when the banking ordinance came into effect, some 18 indigenous banks were registered. Of all these, the National Bank of Nigeria Limited (1933); Agbonmagbe Bank (1938), now WEMA Bank, and the already distressed/delicensed African Continental Bank Limited (1947) survived then. The rest had gone into liquidation in loss of funds by the depositors and crisis of confidence in the bank. By 1948, following the G.D. Paton Report on the failure of the indigenous banks, the Government and the existing banks agreed that there was need for some control. The requirements

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and controls proposed by the report included recommendation for a grace period of 3 years to allow the bank time to meet the regulatory requirements. In the history or evolution of banking in Nigeria, the period up to 1952 is generally referred to as the free banking era.

There is, however, another side of the story. Just as banks were established and some survived during the free banking era, some banks also failed during the period. Paton described, without mentioning by name, three such defunct banks. These, however, appear to be the industrial and commercial bank, the Nigerian Mercantile Bank and the Nigerian Penny Bank. These were established respectively in 1929, 1931, and 1945; they failed in 1930, 1936 and 1946 respectively. These failures caused losses to depositors and although the losses were relatively small in relation to total bank deposits in the country at that time, they nevertheless aroused much public indignation and concern. In respect of this experience, the Government from time to time gave consideration to the advisability of enacting legislation, providing for the control of establishment and operation of banking companies. After the failure of the Penny Bank in 1946, action became imperative. Accordingly, a meeting of government officials and representatives of banks was called and it was agreed that there was need for legislation for the control of banking and particularly for restriction in the use of the word "bank" in the interest of both the general public and those engaged in banking business. However, legislative action was deferred, pending the report of the commission of inquiry, the Paton commission. This was actually appointed on 7th September, 1948 to "enquire generally into the business of banking in Nigeria and make recommendations to the Government on the form and extent of control which should be introduced".

Although the commission submitted its report on 25th October 1948, it was not until 1952, four years later, that this first ever-banking legislation in the country was promulgated. The Paton commission of inquiry was, therefore, an important feature in the free banking era.

Another prominent feature in the free banking era was an indigenous banking boom. Mention has already been made of banks, which physically commenced operations but collapsed during the period. But there were many others, most of which merely registered without actually commencing operations. According to the statement to that effect made to the Federal House of Assembly in 1952, a total of 185 banking companies was registered in Nigeria between 1947 and 1952, of which 145 were registered in 1947 and 40 in 1952. The magnitude of the registration involved (during the period under review) gives an indication of an indigenous banking boom during the free banking era.

The next (second) phase in the evolution of banking in Nigeria is the pre-Central Banking Era: 1952 to 1959. Four main features characterise this period and these are the effectualisation of the Paton Commission Report in the 1952 Ordinance which came into effect in 1952; the collapse of the indigenous banking boom; an absence of new banking establishment and the absence of central banking or lender of last resort.

It is worthy of mention that the Banking Ordinance of 1952 defined a bank as "any company carrying on banking business or using bank or banking as part of the title under which it carries on business. It also defined banking business as "the business of receiving from the public on current account money which is to be repayable on demand by cheque and of making advances to customers." It further stated that no banking business shall be transacted in Nigeria except by a company which must take up a banking licence from the financial secretary after paying in cash ₦ 25,000.00 out of an authorised capital of ₦ 50,000.00 for indigenous banks and ₦200,000.00 for expatriate banks that is, banks incorporated outside Nigeria but transacting banking business in Nigeria. The Ordinance also required banks to maintain a reserve fund, into which 20 per cent of profits would be paid annually until the reserve fund equalled the paid-up capital, and to maintain an adequate degree of liquidity satisfactory to the Financial Secretary. Banks were also prohibited from paying dividends until capitalized expenditure was written off. They were also prohibited from making loans on the

security of their shares and from making unsecured loans of more than ₦600.00 to their director or to any private company in which the directors had an interest. In order to ensure compliance, the ordinance provided for bank examination and supervisor.

The third phase is the era of banking legislation (1959 to 1970). This phase opened with the establishment of the Central Bank of Nigeria which started operations on 1st July 1959, following the Loynes Commission in September 1958 and the Ordinance of 1958 that followed. Indeed, to all intents and purposes, 1959 can be regarded as a watershed in the annals of Nigerian Banking. Not only was the Central Bank established in that year, but also, the foundations of the Nigerian money and capital markets were laid in that year. For example, the treasury Bill Ordinance, forming the basis for the first issue of Treasury Bills in April 1960, was promulgated in 1959. The Barback Committee, set up in 1958, reported in 1959 as a result of which the Lagos Stock Exchange was established on 5th June, 1961. The Investment Company of Nigeria (which was reconstituted to form the Nigerian Industrial Development Bank Limited in 1964) was established in 1959. 1959 was also the year when the first public issue of shares and the first Federal Government Development loan stock were issued. Finally, apart from the abortive banking boom and crash of the late 1940s and early 1950s, 1959 saw the biggest number of new commercial bank establishments in the country. For example, of all the eight commercial bank establishments in the country between 1959 and 1962, four were established in 1959 alone, ignoring the purely Agricultural Co-operative Banks of former Eastern and Western Nigeria which opted to be licensed as commercial banks in 1962. Thus, the third phase in the evolution of commercial banking was a period when a new breed of banks, the mixed banks emerged in the banking firmament.

Next is the fourth phase, which is the era of indigenisation (1970-1976). With the banking Ordinances foundation, the amendments of 1961 to 1964 plugging the observed loopholes and deficiencies in the system, and the 1969 banking decree consolidating and improving on previous legislation, Nigerian banking was

poised for a take-off in the 1970s. Indeed, the period since 1970 marks a new and fourth phase in commercial banking evolution in the country. This phase terminated in 1976. During the interval, Nigeria banking witnessed three main developments. The first is the indigenisation of Nigeria banking. Although the indigenous Enterprises Promotion Decree 1972 excluded banking, some expatriate banks, seeing the writing on the wall, had on their own volition taken steps to achieve some measures of indigenisation. In 1973, the Federal Government, in pursuance of its policy of ensuring that Nigerian indigenes own and control the commanding heights in their economy, took enough percentage interest in the three biggest expatriate commercial banks in the country to bring total indigenous ownership to 40 per cent. Under the second phase of the indigenisation exercise, the Federal Government in 1976 acquired an additional 20 per cent in the three biggest foreign banks and 60 per cent in the other foreign banks to bring indigenous ownership in these banks to 60 per cent.

The second feature of this period is the renewed boom in indigenous banking; but this time the banks were being established not by individual Nigerians but by state governments. About twelve state governments had banking institutions of their own. Some who did not have by that time had proposal to do so much later, and the objective seems to be that eventually each state in the country has virtually owned banking institution. Since state banking is an aspect of indigenisation of Nigerian banking, this phenomenon was and is still perceived as a welcome development.

The third and final characteristic of the period is the Financial System Review Committee set up by the Federal Government under the 'chairmanship of a distinguished economist, Dr. Pius Okigbo. This was established in April and it reported in December, 1976. This Committee is known as the Okigbo Committee.

Then came the fifth phase: the post- Okigbo era, 1977 onwards. The government published its White Paper on the Okigbo Report. The white paper gives an indication of the wide-ranging recommendations which

the committee made in order to streamline the structure and improve the operations of the commercial banks, in particular and the entire financial system in general.

The Okigbo report and the White Paper on it mark a new era on the evolution of the Nigerian financial system in general and Nigerian commercial banking in particular. One important feature during this time was the rural banking scheme designed by the government through the Central Bank of Nigeria which actually inculcated the much needed - but hitherto lacking -banking habit in the rural dwellers. This scheme made it mandatory or obligatory for the existing banks then to establish branches in certain rural areas of this country and this actually helped to ensure a boost in the Nigerian financial system. From then, commercial banking in particular became exciting, more hopeful and much brighter than the past.

Today, many more banks of different types, including commercial, merchant, development, mortgage, etc have been established. Indeed the Nigerian financial system has come a long way.

2.2 THE GROWTH OF THE BANKING INDUSTRY IN NIGERIA

Broadly speaking, the banking system in Nigeria consists of three main categories of financial institutions. These are the central bank, the commercial banks and the non-commercial banks. The central Bank is the apex of the financial system. The banking industry as used in this context or segment consists of those financial institutions that are essentially involved in performing banking functions. These are mainly the commercial banks, merchant banks, the development banks, the people's bank, the community banks and the mortgage institutions..

There has been substantial growth in the banking industry since the beginning of banking in Nigeria. The most spectacular or phenomenal growth, however, has been over the past four decades, that is, the period since independence. This period is very interesting because it witnessed a closer supervision of banks under new banking laws and decrees, the take-over as well as ownership of banks; and the federal government

participation in banking in the wake of the indigenisation decree and after. All these put together have affected the growth of the banking industry.

In Nigeria's financial system, the commercial banks predominate. They currently constitute the "centre-piece of the financial sector". While an understanding of the growth in this sectior is therefore, a key to an understanding of the growth in banking industry, it is nevertheless important that an analysis of other financial institutions in the banking indusry should be briefly undertaken.

In doing this, issues that pertain to merchant banks, development banks and the commercial banking sector relevant to the banking industry will be briefly discussed.

2.2.1 MERCHANT BANKING IN NIGERIA

Between 1960 and 1973, only two merchant banks existed, these were the Phillip Hill (Nigeria) Limited, which opened business in 1960 and merged with the Nigerian Acceptance Limited in 1969, and the UDT Bank (Nigeria) Limited established in 1973, later known as the Nigerian Merchant Bank, now distressed and delicensed.

These two merchant banks were joined in 1974 by the other merchant banks. These were the First National Bank of Chicago (Nig) Limited and the First National City Bank of New York (Nig) Ltd, thus bringing the number of merchant banks to four. Two other merchants' banks - ICON Ltd and Chase Merchant Bank (Nig) Ltd - then joined in 1975.

As a result of the small number of merchant banks (only five up to the period 1980), there is not enough data to necessitate penetrating analysis into merchant banking during the early period. Their size as measured by their assets and liabilities over the relatively short period for which we have information can, however, be used to measure growth. The combined assets and liabilities grew from an end of December amount of ₦ 31.2 million in 1973 to ₦ 168.3 million in 1976 - a growth rate of 439% for the 3-year period. The

amount of total deposits (merchant banks have only demand and time deposits) grew from ₦14.4 million in December 1973 to ₦61.8 million in 1976; that is, a growth rate of over 300% in the 3-year period.

The growth in time deposit has been more consistent in that it has been continuously upwards. While demand deposit grew by 207% in 1973 and 1974, time deposit grew by 187 %. But between 1975 and 1976 demand deposit had a negative growth of 67%, time deposit grew by about 8%.

By the nature of their business, merchant banks are supposed to provide medium - and long-term loans. Over the time for which data exist, loans and advances (which was ₦14.0 million in December 1973) rose to ₦78.1 million in 1976 - a growth rate of 458%. While this growth has been fantastic, an analysis of the maturity pattern of the loans and advances shows that merchant banks in Nigeria behave like commercial banks by concentrating their resources on the short end of the market.

At the moment, very many merchant banks are in operation, some of which are seeking licence to diversify into commercial banking. Recently, some of these merchant banks were distressed and consequently out of the scene or market, having been formally delicensed by the Central Bank of Nigeria.

2.2.2 DEVELOPMENT BANKS

The development banks are part of the banking industry. As the name implies, they are special banks and differ substantially in operation from both the merchant banks and the commercial banks. In addition to the fact that they provide medium and long-term finance to enterprises in different sector of the economy, they also provide managerial advice. Amongst the banks that qualify to be under their category are the Nigerian Bank for Commerce and Industry, the Nigerian Industrial Development Bank, and the Nigerian Agricultural and Cooperative Bank. All these banks were established since the 1970s in an attempt to influence the direction as well as the pace of economic development.

2.2.3 COMMERCIAL BANKING IN NIGERIA

The commercial bank is very important in our analysis because apart from any other fact, they and the central bank are responsible for the economy's money supply. This is the amount of currency plus demand deposits. The commercial banks are the creators of demand deposits. The amount of demand deposit created is, however, indirectly dependent on the amount of currency in circulation. This (i.e. currency) of course is a liability of the central bank. In essence, the ultimate source of money supply in the economy is the central bank.

A good starting point in the analysis of growth in commercial banking is an examination of growth in commercial banking offices, i.e. bank branches throughout the federation. A well-dispersed and dense branch network is necessary for two reasons: first, it is useful for the purposes of mobilising savings from a very large number of sources; second, through a widely dispersed branch network, the banking habit of nationals is promoted.

At the dawn of independence in 1960, there were 12 banks with a total of 204 banking branches. The total number of commercial banks was 16. At the same time, only about 20% of these banks were located in town with populations of less than 20,000. The concentration of the banks showed that Lagos area alone had about 23% of these banks while the then Western Region, Eastern Region and Northern Region had 31%, 16% and 30% respectively (See Table 1). With an estimated population of about 50 million in 1962 and total banking branches of about 200, there was a bank to about 250,000 people.

Table 1: Offices of Banks, 1962

Banks	Total	Offices in Towns of Less than 20,000	Regional Distribution			Offices
			West	East	North	Lagos Area
BWA	55		19	9	20	7
Barclays	57	11	9	26	11	
UBA	11		1	2	2	6
Bank of the North	5				3	2
Banque de L'Afrique Occidentale	2				1	1
Berini	1					1
Bank of Lagos	1				1	
Muslim Bank	1				1	
Bank of America	1				1	

Bank of India	1						1	
Chase Manhattan	1						1	
Cooperative (East)		3			3			
Cooperative (West)	4			3			1	
ACB		21	4		2	8	7	4
National	31	7		22	1	3	5	
Agbonmagbe	9	3		6			3	
Total:		**204**	**41**		**64**	**32**	**62**	**46**

Source: C.V. Brown (1966) P.80.

At the end of 1973/74, the number of commercial banks remained at 16 although the names had changed. There were a total of 329 branches. Of the total number of branches, 15.4% were located in the rural areas, 30.5% in the urban areas and 53.8% in the large urban areas. The commercial bank branch location by size of town was also improved upon.

The alarming concentration of banks in the urban areas continued till 1976. Although the central bank of Nigeria was empowered to control the establishment and closure of commercial bank branch offices through the Banking Decree (1969), it was not until later in the 1970s that the power was ever used. At this time the Central Bank embarked on a rural banking scheme for all banks. At the time the scheme started, there were 18 commercial banks. Two banks- the Societe Generale Bank and the International Bank of Credit and Commerce- were formed after the phase of the rural banking

scheme got under way. The distribution to banks and between states were guided by a number of factors which included the size of the bank, the level of economic activities in the area, the need of the states for banking services as indicated by the state governments, and the number of banks in that area. The distribution of new branches amongst the states existing during the period under review is shown in table 2.

Table 2: State allocation of bank branches, rural banking scheme

State	Number of banks	Percentage share
Anambra	18	6.9
Bauchi	15	5.8
Bendel	15	5.8
Benue	12	4.6
Borno	13	5.0
Cross River	16	6.2
Gongola	13	5.0
Imo	20	7.7
Kaduna	12	4.6
Kano	14	5.4
Kwara	12	4.6

Lagos		8	3.1
Niger		8	3.1
Ogun		9	3.5
Ondo		19	7.3
Oyo		18	6.9
Plateau	12	4.6	
Rivers	12	4.6	
Sokoto	14	5.4	
TOTAL	**260**	**100-0**	

Source: Central Bank of Nigeria

In the rural banking scheme, the Central Bank allocated branches to the existing banks and the scheme was to be implemented in two phases. Table 3 shows the number of branches allocated to the different banks.

Table 3: Allocation of branches to banks, rural banking scheme

	Allocations	
Name of bank	Phase II	Phase I
African Continental Bank	18	17
Allied Bank of Nigeria (formerly Bank of		

India)	6	6
Bank of the North	18	6
Cooperative bank	8	5
Cooperative Bank of Eastern Nigeria	8	7
First Bank	37	38
International Bank for West Africa (now Afribank)	12	11
Kaduna Co-operative bank	6	3
Kano Co-operative Bank	6	6
Merchantile Bank	6	3
National Bank	19	15
New Nigeria Bank	9	4
Nigeria -Arab Bank	6	7
Pan Africa bank	6	5
Savanah Bank	11	7
Union Bank	36	27
UBA	30	27
Wema Bank	6	5
Societe Generale Bank	6	*
Bank of Credit and Commerce		*

International	6	
TOTAL	**260**	**199**

**Not in existence at that time*

Source: Central Bank of Nigeria.

The structure of the growth pattern of deposits was steady and encouraging. The same is true of the percentage growth in banks' principal assets.

2.3 THE CONCEPTUAL DEVELOPMENT OF MARKETING IN THE BANKING INDUSTRY

In years gone by, there was no need for marketing in the banking industry. This is simply because only a few banks were in operation and competition was virtually non-existent. Arm-chair banking was the order of the day. The banks expected the customers to come from very distant towns and villages to patronise them.

In fact, the customers were at the mercy of the banks and the latter dictated the terms and conditions of the business. It was indeed a sellers market. The customers had no say and the banks could afford to do whatever they felt like doing. The customers then felt the brunt of whatever the situation was - no matter how harrowing, bitter or ugly their experiences were. They had no choice. The customer, who is supposed to be the king and the very purpose of the banking business, was considered secondary.

However, since the introduction of the Structural Adjustment Programme (SAP) on the 29th September, 1986; the story has then changed. Many banks have been issued with operating licenses and this paved way for keen competition. The bank customers' tastes also increased and became varied. This means that if a bank fails to satisfy its customers, the latter would go and open accounts

with other banks where they may gain satisfaction. The older banks now stand the risk of losing their customers to the new ones.

Competition was then accentuated in the banking industry by the general deregulation of the economy pursued under the Structural Adjustment Programme. Deregulation opened up the gate for new banks and other financial institutions and this development then jolted the existing banks out of their deep slumber. It dawned on them for the first time that to survive the heightened competition, they had no alternative but to act swiftly. They realised that for their financial services to be patronised, they must be brought to the attention of the potential and target users for whom they were intended. Many financial services are also offered by rival organisations such as the bureau de change companies and this means that banks have to compete with other organisations and not just with one another in the market place. To retain their existing customers and win more business, it became obvious that they must adopt a positive marketing approach.

Marketing in the banking industry in Nigeria has, thus, become necessary because of the changes in the totality of the banking operating environment. Banks need to respond to these changes by doing what the customers want and not what the former has to offer. In the process, new markets and new market segments are being developed with aggressive philosophy which is offensive rather then defensive in its central thrust. In the light of consumerism, consumers are demanding what they think they want and not what the banks can offer to them.

Today, marketing management has come to stay in the banking industry with most, if not all, the banks introducing and maintaining a marketing department or unit with the purpose of developing new products of the bank as well as bringing same to the attention of the target users. There is no gainsaying the fact that in the light of the changes taking place in the totality of the banking operating

environment, it is only those banks with the sufficient drive, right focus, adequate resources, aggression, dynamism and effective marketing strategies, that will be able to survive.

The banks are poised to do just that.

2.4 RELEVANCE OF MARKETING TO BANKS IN NIGERIA

There was an era in the history of banking in Nigeria when it was just enough for the few existing banks at the time to open their doors to the public and expected their customers to troop in. The period was highly characterised by armchair banking on the part of the bank managers, dictating the terms and conditions of the business, exploiting the largely ignorant customers, enjoying a competition-free business environment and making high profit almost without much effort. The customers had no choice than to accept whatever services were rendered to them in addition to having to have to travel over long distances to transact banking business. They dared not complain. Banking habit was also not largely cultivated in the Nigerian populace. Since the customers were at the mercy of their bankers, taking whatever quality of services rendered, it was indeed a seller's market!

Needless to point out that the marketing concept applicable then was virtually production orientation. Determination of what the customers' needs are and striving to satisfy them was not the focal point of the banks then; but the maximization of profit. The customer, who, today, is the king and purpose of every business including the banks, was relegated to the background and his position was de-emphasized. Customer service was very poor.

However, with the inception or introduction of the structural adjustment Programme (SAP) in 1986, many banks were issued with operating licences and the awareness of banking services was created and/or increased, with many new banks coming up with different competitive strategies and employing advertising slogans of rendering the same services in better ways.

Amongst others, some of the forces within the Nigerian economy that tend to make banks more marketing conscious, can be identified as follows:

(a) Increase in the number of Nigerian populace changing over to or trying to develop banking habit.

(b) Competition from within and without the banking industry

(c) The state of the economy: the downturn in economic activities implies a drastic reduction in customer's income, hence the need to attract retail customers to bank their money.

(d) Proliferation in the number of banks and other financial institutions with the attendant pressure on the available bank customers.

(e) Degree of urbanization: more and more people are moving from the rural areas to urban centres and banks need to take measures to mobilize them in putting their money in the banks.

(f). Fraud and other malpractice's within the banking industry has the tendency of eroding peoples confidence in the banking industry, hence most banks now take measures to redeem corporate image and buy back their customers.

(g). Political situation (instability) which leads to general feeling of insecurity, hence reluctance to invest in the bank. The bank now has to employ marketing strategies to attractive deposits, etc.

(h) Cases of distressed banks, which are counter-productive. Banks that are not yet distressed employ marketing strategies to survive and keep afloat.

Thus, with the adoption of the marketing concept by many banks, there is the implication that the customers are now accorded better respect in their interactions with the bank than hitherto. This marketing approach centres on the needs of the customers as the final consumers of the bank's products. The primary aim of the market concept philosophy is that of customer satisfaction provided that by doing so, the banks would be earning a profit. Other marketing objectives are obtaining and sustaining a good market share, competitive prices and margins, discounting policies, new product development and the promotion of product portfolio.

2.5 MARKETING INFORMATION IN BANKING OPERATIONS

Decision making being a prime responsibility of management is critical to the successful operation of any banking businesses. Knowledge is power. Knowledge is acquired through information. The better informed a person is, the better decision he is likely to make. Given the complex nature of modern businesses including banking business, managers are at the mercy of the information which is made available to them and on the basis of which they are likely to base most, if not all, of their decisions.

Decisions usually taken by managers (bank managers inclusive) range from routine decision to both tactical and strategic decision and each of these types of decisions invariably requires adequate use of information as input in form of data and for other variables..

There are two basic types of information flows in marketing information system:

-External information flows and

-Internal (or intra-firm) information flows

The external information flows include information that flows from the firm (bank) to the environment known as marketing communication and the information that flows from the

environment to the firm (bank) which is referred to as intelligence information. Intelligence information includes data on the various elements that make up the firm's operating environment and which must necessarily interact with and have some impact on the firm's operations. These data are the customers /consumers of the bank's services, the competitors i.e. other banks, finance houses, channels of distribution, etc. Channels of distribution, for example, are useful in evaluating short trends in the current environment. Intelligence information also includes long term data collection on the general economic situation such as trends on consumer income, changes in the spending and for banking habit in relation to changes in income, changes in social and cultural expectations of current and prospective customers, changes in marketing /other technology, customers reaction to the company's (bank's) product offering, etc.

This information comes in as necessary input /feedback from the various "publics" of the bank as an organization) to improve on its performance for better and greater profitability.

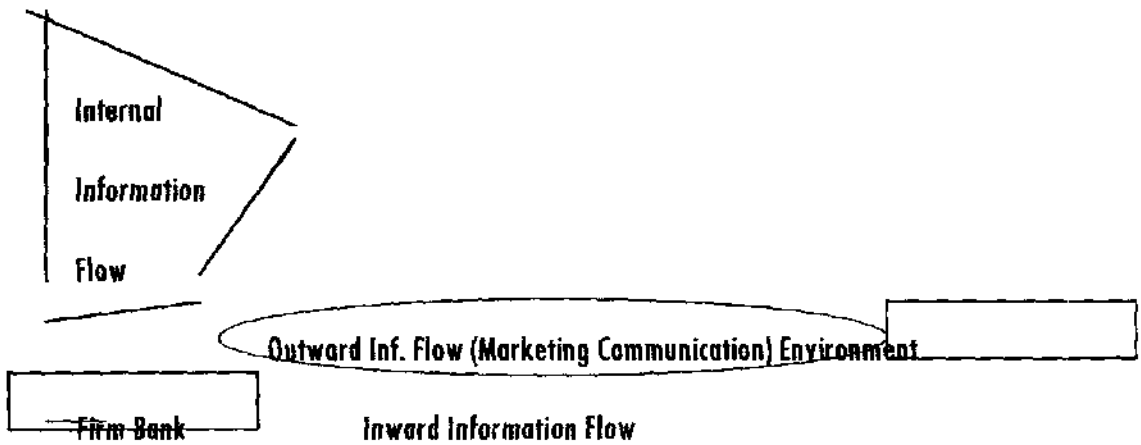
The marketing communication is an aid aimed at influencing the market to respond to services being rendered by the firm (bank) concerned. Such things as promotion, packaging, advertising messages, product information, pricing, personal selling efforts.;, etc. are some of the marketing communication dimensions.

On the other hand, internal (or intra-firm) information flows are those that flow within the confined territories of the firm (bank) concerned. The flows can be vertical and /or horizontal in nature. Vertical information can flow from up to down, or from down to the top. Information can also flow from one department/ departmental manager to another. Internal information flows take the form of memoranda, directives, instructions, minutes or reports, etc. Such information can also be formal or informal.

It should be noted that a manager whether in the bank or elsewhere needs information very critically in order to make decisions, in order to prepare the strategic, tactical and immediate plans of action. He needs information in order to detect and identify problems and opportunities and to allow specific actions to happen or to stop certain actions from occurring.

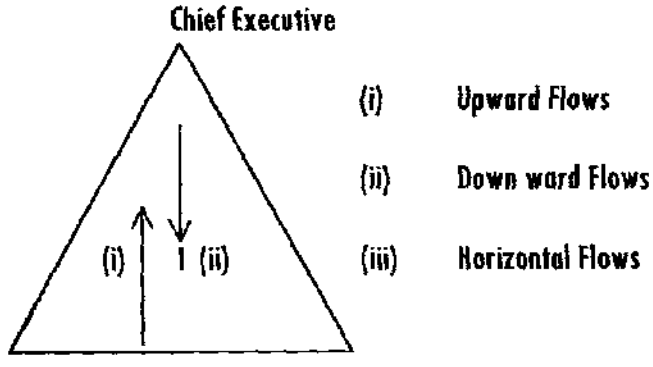
Regardless of the type of information flowing into a firm (bank) the important thing is that such information to the firm and within the firm must be transmitted efficiently and accurately to reach the right executive on time in order to enhance its use in assisting decision making .

The following is a model of marketing information flows



(Marketing Intelligence)

Internal Information Flow





(iii)

Fig. 1 Information Flows in a Firm (Bank)

Amongst others, the factors that account for the increasing need for information by bank managers are as follows:

(a). Work pressure/ shortening of time available to manager to take quick decision.

(b) The shift from price to non-price competition among firms (banks) e.g. branding, product differentiation, advertising, sales promotion, etc. The use of these tools call for information on their application and effectiveness or otherwise.

(c) The need to minimize growing consumer discontent

(d). Rapid changes in information technology within the firm and even within the economy particularly with the use of computers.

(e). Competition among firms which is being increasingly intensified and which requires proper monitoring

(f) The fact that marketing activities are becoming more complex and broader in scope to the extent that banks now expand their market even to the point of engaging in multinational marketing of their services.

(g) The shift from local to national and international marketing which necessitates that decisions are made on the basis of secondary information since customers are now far removed from the scenes where their products are sold.

(h) Information is needed for planning and control activities of the firm.

(i) Dynamic nature of the economy (both local and global) which calls for rapid changes, adaptation or adjustment.

(j) Need to continue to survive as an institution by offering services which the customers perceive as satisfactory to their ever- changing needs and wants.

(k) Government policy, etc.

From the above analysis, market information may be defined as facts and interpretations of facts likely to help producers, traders, consumers, and indeed operators in organisations in making decisions. Such information includes the character and volume of supply of a product, its location and probable movement, the expected level of consumer demand and of wholesale demands based on it at each exchange point. It covers current price quotations, the "feel" of the market, trade opinion as to future trends and the probable effect of seasonal and climatic influences, and forecasts of future production, consumption and trade movement seasonal variations in yields and their probable impact on prices- all material likely to influence the terms of exchange.

2.6 MARKETING AREAS OF ACHIEVING SUCCESS IN BUSINESS

There are three vital marketing possibilities at the disposal of every organisation. These are the operational excellence, product leadership and the customer intimacy. The three possibilities are also called core value discipline. Each of them will now be briefly considered.

2.6.1 OPERATIONAL EXCELLENCE

Operational excellence is a discipline that believes in efficiency and service to many customers. It ensures that no system breakdown arises or exists.

Viewed from the outside, operational excellence involves the following::

i. (l) Lowest price

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(ii) Basic service convenience and reliability

(iii) Superb service error recovery

(iv) Lots of advertising

(v) *Limited product variety*

(vi) Rigidity of service approach

(vii) Products without the latest features

(viii) Little direct control

In order to achieve efficient core operations, efficient transactions and efficient suppliers and channels, an organization employing operational excellence may take some or all of the following actions:

(i). Improved information technology

(ii) Improved structure

(iii) Create power authority to staff (empowerment)

(iv) Review of loss- making branches, departments or units which are considered as excess weight

(v) Staff re-orientation with respect to attitudes etc.

(vi) Training and re-training of staff

(vii) Aggressive advertising of the products

(viii) Resuscitation of the systems and ensuring that all tools are functioning properly

(ix) Creating and maintaining a conducive working environment.

(x) Ensuring queue breaking (Operation quick serve)

In general, it seeks to provide answers to such questions as: "how can we make what we are doing now much better so as to satisfy our numerous customers?; " In what ways can we improve our existing products ?" "how can we be more efficient in our operations?"

2.6.2 *PRODUCT LEADERSHIP*

This marketing possibility presupposes that the organization concerned is acclaimed as being innovative. It is the very first company to come with new products. It leads with new products and it is identified with such new products.

Viewed from the outside product leadership has the following characteristics or practices:

(i) Breakthrough product capabilities

(ii) Product features with major benefits

(iii) Big bang product launches and events

(iv) Light price but worth it after all.,

(v). Limited help i8n selecting and applying the product

2.6.3 CUSTOMER INTIMACY

In this marketing possibility , an organization picks or chooses few customers to be delighted but charges high premium for the services it renders or the goods it produces. The in- thing or focus here is the class. Above all, the organization tries to go all out to make itself indispensable to the customers or clients it serves.

Viewed from the outside, customer intimacy has the following practices:

(i) Superb understanding of customer's business

(ii) Expertise in areas of customer need

(iii) Tailored basic service

(iv) Sales representatives that make things happen

(v) Products without the latest features

(vi) Never the product innovator, but a quick follower

(vii) But still some service glitches

(viii) A little more expensive, but worth the charges. In order to practise this value discipline, an organization should:

-Select segment of the market with opportunities

-Have designated branches and the- state- of- the- art information technology

-Be equipped with professional and skilled staff

Be an expert in customer's line of business

-Provide regular information to customers

-Provide personalized services or products

-Strive at achieving efficiency or timeliness

2.7 THE 'YOU' APPROACH IN MARKETING

As we all know, sales management is under marketing management. A truly professional sales executive does not appear to "sell" however. He must rather appear to his customer to be simply holding a conversation - discussing him and his needs. The twin skills of questioning and listening help him to carry out the sales consultant role and to sell conversationally.

To do this successfully, the sales executive must give his discussions the 'YOU APPEAL' - by thinking and talking in terms of his customer's interests and by using the words "You" and "Your" as often as possible. What this means is that whenever he wants to sell an item, he will be doing better by telling a possible buyer what the product will do for him (the buyer) rather than stressing what the sale means to

him (the seller). He might point out, for example, that the possible buyer will save money by buying a used bicycle or motorcycle than a new one.

Sight must not be lost of the most important word in successful selling and that is ....."You"(i.e. the customer)

The next most important word in selling is:....

."We" (i.e. the customer and sales executive jointly)

The least important word in selling is..."I" I.e. the sales executive)

Therefore, professional selling is helping people to buy what they have a need for anyway.

2.8 STRATEGIES FOR MARKETING BANK SERVICES

The banks that would sail into the next millennium should be able to develop certain strategies for marketing their services. The need for this cannot be over emphasized.

A winning strategy that should be integrated into the business plan by banks is sustainable growth. This creates a dynamic vision of the future. It also inspires new ideals, new technology and indeed new market. By expanding their markets, banks also should improve services delivery. Over time the success of the bank would also depend on its people particularly the employees, since banking is a personal service industry and hence labour- intensive, their ideals and reputation. The twenty first century banks should be able to tap the full potential of these resources.

Homogenous products and difficulty in differentiation have made the job of the marketing staff increasingly difficult. Examples of such homogenous products, procedures and practices include automation (computerization) in which case we talk of the distribution of data processing system and the bank is said to be

on-line and real time, extended banking hours and the added advantage of Saturday banking service and an instant delivery for withdrawal and deposits. Indeed, these and many more, most of the bank have mastered.

There is, therefore, a very tiny cutting edge which one bank has over the other as at today

Beyond these, customers are demanding much more from the banks as a precondition for either establishing a relationship or maintaining an existing relationship. For example, many marketing officials are daily experiencing a growing request for overdraft facilities from customers.

In cases where such requests do not get approvals, the marketing staff is faced with the problem of explaining to the customer the reason for refusals. Of course, the customer would always let you know that A,B or C bank had granted same for him without much ado.

It improves the marketing chances of the bank official if he is empowered to grant concession to the customers in the area of rate commission, off-line statement of accounts, rates on loans and deposit, etc.

The marketing officer has to have a good knowledge of the range of products and services his bank has to offer. The glee with which the bank officials demonstrates his knowledge of the products to a prospective customer contributes significantly to the acceptance or non acceptance by the customer.

Added to this, the turn out of the staff, professionally and smartly, eases his marketing effort, after the axiom "Appeal proclaims the man"

The duty of the marketing personnel does not stop at getting the customer to open an account, follow- up process entails the staff getting to know more about the customer. Accounts become dormant when relationship officers do not pay regular visits to their customer. The account relationship officers who would go the extra-mile to know his customer's birthday (and send a card accordingly), the position of his customer's business in periods of boom and recession and work with him in the light of the current situation or

circumstance will be much more likely to keep a relationship going than the other officer who would do otherwise.

This fosters a good working relationship of give and take between the staff and customers on the one hand; and the bank and the customer business on the other. Turning down a customer's request in whatever form should be handled diplomatically enough as not to affect existing and future relationships.

Operations department of banks who do the ultimate service delivery is expected to provide the quality of service which the marketing staff has promised to the customer. A customer who is promised five minutes turn around time (TAT) should not come to the bank to wait endlessly.

Turn around time on service delivery in whatever from of the service delivered by the bank should be a competitive strategy, especially in the prevailing homogeneity of product ranges.

In meeting service delivery standards, however, provision should be made for all necessary computer equipment, stationeries and supplies and most importantly, manpower requirements. The marketing team should be constituted in such a size, therefore, that when some members of the team are on the field doing the "hunting" or "scouting ", others are in the house responding to account enquiries and other relationship management functions.

One cannot possibly dwell on bank's race for dominance and not mention staff training and development. This should be recognized and actually acknowledged. In fact it should be seen as a priority. Quality service can only be rendered through skilled people. Skilled people should be seen to be pro-active and initiative while being given the independence to exercise their initiative for customers' good.

A bank 's current and future success depends greatly on the knowledge and skills of its people. This is all towards meeting the bank's corporate mission.

In the rapid changes being witnessed in the global financial market place, the Nigerian banker must keep abreast on new and improved methods of operation. This is not for the immediate gain in terms of high profitability for his organization, but to sail smoothly into the new millenium.

2.9 ISSUES INVOLVED IN CUSTOMER SERVICE MANAGEMENT

The adoption of the marketing concept by many banks implies that the customers are now being accorded better respect in their interaction with the banks than hitherto. The banking industry provides an interesting example of a service industry, which, in the past, had not been marketing-oriented, but which in recent years has been struggling to make the transition to modern times.

For years, commercial banks made customers feel as if they are being done some favor to have their money in a checking account with no interest, but a service charge; and with a savings account earning very low interest rates: or in giving loans and advances to them to run their business. Most, if not all, of the banks operating in the country then felt that it was enough to open their doors to the public and expected customers to troop in, even if from distant places . There was no competition. It was a seller's market with the bank dictating the terms to the buyers (customers). What was in place was virtually arm- chair banking.

In the present dispensation, most banks are striving to change those images because the market situation in banking has changed., with intensified competition from within and without the industry. The resultant effect of this change in attitude is that banks now strive to offer to their customers extra services in addition to their core/ traditional products. These extra services offered to customers far and beyond the core products in a bid to give maximum satisfaction to them, thereby retaining them, is known as customer service . This is another name for this augmented product which is totality of benefit that the customer receives and experiences in obtaining the formal product or

service . The augmented product of a manufacturing company like Rank Xerox for example is not only the photocopy but a whole set of accompanying service including instruction as how to operate, maintenance and repairs, guarantees, after sales service, etc.

It should be borne in mind that customer service is very important as a competitive weapon, hence banks would do well to accord it a greater priority particularly at this time , by considering, developing a strong , efficient , effective and market- focus customer service section within the marketing department .

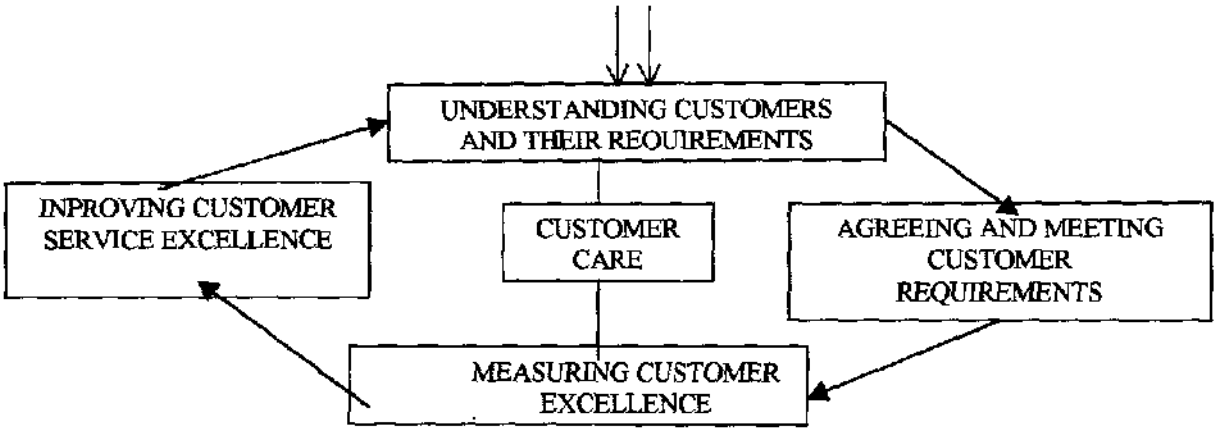
Some of the issues (elements) involved in customer service management include:

- Provision of secured parking space for client.
- Personal attention to clients.
- Taking step to reduce the waiting time in banks
- Provision of conducive exchange environment in the banking hall .
- Provision of advisory service to current and potential customers
- Technical service to clients who are engaged in specialized fields and who require banks assistance
- Training the bank personnel to be more courteous, friendly and polite to customers
- Set up procedures for facilitating and handling customers ' complaints
- Organization of customers forum to listen to suggestions / feed back
- Ensuring ready availability for material necessary to assist customers in their banking activities viz = paying in - teller, withdrawal forms, statements of accounts, etc
- Provisions of outside office hour deposit and withdrawal facilities
- Relax conditions for purchase of drafts , transfers remittances, etc.

- Information services: banks should consider setting up an information unit that is responsible for answering customers enquiries and disseminating information on new products, sale of shares , features, processes etc

While all of the above issues /services should be co-ordinated and used as tools in creating customers' satisfaction and loyalty by banks, it is worthy of note to stress that a customer is someone who receives something that we provide. A customer can be a consumer (or-end -user), intermediate customer or client. Customers can also be external or internal . External customers are those outside of the organization while the internal customers are those internal to the organisation such as employees.

TABLE 4 CUSTOMER SERVICE EXCELLENCE



Customer care is basically how an organisation looks after its customer. The principles are:

- A caring attitude to customers
- Knowledge of the customer needs and requirement , and knowledge of the organisation and its products and / or service
- Inter personal skills used to make the customers feel cared for:

TABLE 5 WHY CUSTOMER CARE

-	96% of customer do not complain
-	91% of those who complain will not come back.
-	Each customer tells an average of 12 others
-	It costs five times more to get new customers than keep existing ones.
-	A significance reason for complaint is poor customer service

TABLE 6 ATTITUDES THAT CUSTOMERS LOO K FOR

-	Positive outlook
-	Enthusiasm
-	Welcoming behavior
-	Pride in the job
-	Attention to detail
-	Willingness to help
-	Empathy
-	Sincerity

In conclusion, there is need to emphasize that these days we have gone beyond talking of customer satisfaction. The in-thing now is delighting the customer-- giving him extras, what he does not expect, what is given to him that is outside the ordinary such as a bank cashier putting a customer's cash in a clean leather bag or envelope specially printed by the ban for that purpose and adding "Thank you for your patronage".

These companies which in a flurry of activities to respond to the market dictates and consumers' shift, have turned to lots of proved performance improvement approaches/tools such as training, re-organization, business process re-engineering, new management information systems and incentive compensation; should not fail to realize that each effective tool addresses only a limited number of ailments with the organization's inability to agree on a vision/mission that best focuses the company's capabilities on external realities (particularly the very reason why it is in business). This is no other reason but the customer. Such organizations should thus prescribe actions and provide the measures that anticipate/prevent rather than cure problems.

For a business to thrive, it must be built around the customer. The customer must be the focus and purpose of the business and the business operations must be geared towards meeting or satisfying the need of the customers. The business must stop at nothing in order to delight the customer it serves.

2.10 CUSTOMISED BANKING SERVICES FOR EFFICIENCY

Competition and dynamic business environment for bank operation have brought about the introduction of more and more marketing strategies. One of such strategies employed by banks today is the customized banking service

In doing this, a bank needs a superb understanding of the customer's business. With this deep understanding, the bank would fashion out services that best suit the operation of the customer's business. In other words, the bank also needs expertise in areas of customer need. Questions like the following may be asked by the bank in order to do well in this regard:

-What is my customer's business?

-In what areas can we be of assistance to him?

-What weaknesses and strengths does he have?

-What opportunities and threats face him ?

-What advice can we render to the customer so as to make him more efficient at the end of the day.

-What special products do we design or package that will meet the peculiar needs of this customer ?

With the foregoing and other information- seeking questions in mind , the bank which can be said to be practising customer intimacy would forge ahead to design special products that are tailored

to the needs of the customer. This way, the bank would have made itself relevant and indispensable in the business of the customer.

Examples of such basic services that can be rendered by banks are:

- Daily collection of cash from the customer's business premises to the bank
- Weekend banking services, sometimes responding to the needs of the customer requiring cash on Sundays.
- Favourable and competitive terms in extending advances such as loans, guarantees, overdrafts, discounting, negotiation, etc which the customer may not be able to obtain elsewhere.
- Other personalised services such as obtaining phone calls as to how much is required by the customer (cash withdrawals) and delivering same to him at his business premises for convenience and time saving, etc.

It is worthy of note that customised banking services cannot be embarked upon meaningfully without a crop of sales representatives or marketing officers that are aggressive and dogged in their drive to make things happen. Such officers must be committed, devoted to their job and above all, they must be seasoned professionals willing to offer comprehensive high quality services to their numerous customers across the country.

Such a bank must embark on financial re-engineering and management restructuring to position itself for quality service. It must develop unique products targeted at attracting parastatals and ministries accounts. Provision must be made for the issuance of performance bonds and guarantees to cover various projects that may be embarked upon by any good customer.

In consonance with the customised services, there should also be provision for staff salary administration especially for government ministries and the military personnel. The parastatals and

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extra-ministerial deparments must be assured of competitive commission on turnover (COT) charges on their accounts by the bank.

In its bid to enhance service delivery, the bank must acquire the- state-of -the-art (modern) information technology for the management of the huge deposits. In line with the modern day banking, its system must be already 2000 compliant while it should have an effective wide area network (WAN) with the ability to link up with one another in order to enhance good services delivery to customers.

In addition, a bank practising customised and efficient service must resolve to provide customers with varied services, coupled with necessary technology backed by a trusted workforce and forward- looking management - a proof of its capabilities and confidence in its operations.

2.11 CUSTOMERS' EXPECTATION FROM BANKS IN THE NEXT MILLENNIUM

The year 2000, the beginning of the next millennium is remarkable . It is the year in which all computer systems not particularly made year 2000 compliant will fail. In the same vein, all banks which fail to make their operations and processes year 2000 compliant may have a long story to tell about their having been in existence .

While it may not be easy to predict what could happen in the area of banking environment, what we know about the past ten years could as well be an indication of what we should be expecting

to shape the environments of business. There is the feeling that there will be many more new products, and prices will become secondary in terms of the perception of value added.

It is not gainsaying the fact that the next millennium will be highly driven by technology. Technological advances made in the present century are only a tip of the iceberg. The internet, the electronic system, the mass media explosion have all contributed to sharing of information and service delivery quicker and more efficiently. This will be a greater reality in the future and the difference between success and failure in terms of banking will be the ability to create and maintain sustainable competitive advantage in the application of technology to deliver better value to the customers.

Presently, the world is referred to as a global village. This is the extent to which technological advances have shaped our world. National boundaries have shrunk and will continue to shrink. Organisations will increasingly be seeing the whole world as their playing field. This means that events in one part of the world will greatly be impacting on others in other parts of the world hitherto not closely affiliated.

Globilisation also means keener, fairer and stronger competition, which will bring out the best innovative products from bankers in response to their customers' expectations. There are new foreign commercial banks that may open their doors to the public in the nearest future, having been duly licensed. They are definitely coming to Nigeria with over a century's experience of banking. They may not actively indulge in lobbying for parastatal accounts or even depend on the foreign exchange market for their key profits. They are likely to concentrate on core commercial banking activities that will prepare them better to face the challenges when such transitory issues have long gone.

To a large extent, growing religious fervour is going to shape our world in the next millennium in the way people are going to adopt innovations, particularly specific banking innovations and in the way things are perceived. There is talk in religious circles about smart cards being a device of Satan to smuggle in the dreaded 666 Satanic number on people and this claim is being given credence in various serious quarters. The religious are likely to increasingly read the use of smart cards as a sign of the end- time and therefore may reject its use, and even savings, since the world will soon come to an end.

Until recently, banking, using our country as a case study, was referred to as arm-chair banking. What happened was that the banks were simply to receive people's deposits as an alternative to people digging the floors of their houses and stowing their monies away.

The fact that banks did not, and some still do not see the people banking with them as customers and to point out that there is more to the word customer than just providing people the opportunity to save their money.

Banks saw their role only in terms of keeping deposits and as long as the deposits were safe, all was well. The idea of convenience for the customer was not there. The image of the depositor who goes to the bank carrying his mat preparation for the long hours it took to withdraw his money from the bank loomed large.

The coming of the new generation banks several years ago with some emphasis on some aspects of customer focus redefined the traditional banking concept.

The scenario pointed above has since changed though vestiges of the old self still remain. The last few years witnessed the creeping in of what may be described as customer service in banking operations in the country.

Not only were the speed of service delivery improved upon, banks introduced lots of products and services targeted at individuals and corporate bodies. There has been a gradual shift from the so-called armchair banking to customer-creating initiatives, through the strengthening of treasury departments of banks.

Inspite of the gains made by banks in the last few years, persistent distrust of banks still exists. Banks' ethical and moral behaviours are frequently called to question in their dealings with their customers.

The following are some scathing remarks about banks, by a public issue commentator few months ago: "What is called banking in Nigeria is nothing but pen-pushing day light robbery. Nigerian banks are simply officially licensed extortion agencies living off the sweat of their hapless victims".

"They sit atop their penthouse offices nibbling away like rats at their captive customer hard-earned deposit to declare increasing mouth-watering annual profits in viciously depressed economy".

Furthermore, he said: "it is not possible to make something out of nothing, but banks are performing this miracle daily in Nigeria while the regulatory authority turns a blind eye. You can call it voodoo banking because the more you look, the less you see in your bank accounts".

While one may not share in its entirety the remarks made above about the banking industry, there are certain elements of the person's outburst that are of serious concern to one's customers.

The near collapse of the financial sector few years ago has also been traced to "sharp" and unethical practices by banks in the country. The confidence in banks that was eroded following that experience is yet to be fully regained.

Generally, banks in the country have quite some ethical questions to answer ranging from high charges for services rendered, to high charges for services not rendered, unbridled greed , etc. How banks address these issues will go a long way to reassure customers.

Nowadays, there are shifts in customer expectations. More often than not, it is taken for granted that the customer has needs and desires that require to be satisfied and should not depend on the convenience of the banker, but on the customer's convenience.

The customer wants to be known, he wants to be recognised, and he wants to complain and receive positive feedback about something he does not like.

It is a candid opinion that the banking war in the next millennium will be fought in the mind of the customer. The reason is obvious. It is becoming increasingly clear to companies across the globe, that "to survive in the competitive market place, strategic focus on the customer is critical".

This is by no means an empty statement. With increased competition amongst banks, the effects of globilisation, liberalisation of economies and the rise of the concept of "mass customisation", the customers are surely going to be calling the shots. In fact, there has been a real power shift from the manufacturers (in companies producing tangible products) and banks, etc (rendering services) to consumers (customers) and there are really smart consumers (customers) these days.

From the foregoing discussion, it is not difficult anymore to know what kind of expectations customers would have of banks in the next millennium.

These include increased customisation, which is the ability to tailor banking services to the needs of individuals in the market place. As customers increase in sophistication, the demand for services and products that meet their specific needs will also be on the increase.

2.12 SUMMARY

The history of banking in this country can be traced back to the nineteenth century with the Elder Dempster lines (a shipping company) starting some form of banking business with a view to facilitating its own business transactions. From then, certain banking institutions or organisations were formally established. While some failed, others are still in operation even till today.

Initially, there was no form of marketing in the banking industry, since the need never arose then. However, with competition accentuating in the banking industry following the general deregulation of the economy as a measure of SAP, the banks - the new and the older ones a like - had to wake up from their slumber. They soon realised that if their financial services (products) have to be patronised, then they must be brought to the attention of their target user: the customer.

Two basic types of marketing flows abound: the internal (or intra-firm) and the external information flows. This information is required by management in order to make decision affecting the life of a banking business. Knowledge, which is power, can only be acquired in business through information. Amongst other factors that account for the increasing need for information by bank managers are competition, dynamic nature of the economy, survival, work pressure and the fact that marketing activities are becoming more complex and broader in scope to the extent that banks now expand their market to the point of engaging in multinational marketing of their services.

At the disposal of every organisation are three marketing possibilities: operational excellence, product leadership and customer intimacy - out of which the organisation ought to focus on one core value.

The strategies for marketing bank services include sustainable growth, professionalism and a good knowledge of the products of the bank on the part of the marketing officers. Quality of service on

the part of operations department cannot be compromised; more so when the marketing staff must have promised such to the customers.

The dynamic business environment has brought about the introduction of more and more marketing strategies. The latest is the customised banking services for efficiency. Examples are daily collection of cash from the customer's business premises to the bank, weekend banking services, favouravle and competitive advances to customers (which they may not be also to obtain elsewhere), etc.

If the banks of today must survive, then they do not have any alternative than to market their financial services or products. They can do this by enlightening their customers about their products through notice boards in and outside the banking hall. Regular bulletins should also be sent to the customers particularly when new products are launched. Areas in which a bank enjoys competitive advantage should be exploited. Above all, bank must recognise the fact that customers are the very purpose of their business. Therefore, the banks must build their business around the customer by constantly thinking and focusing on the customers. The customer, as the king, must be satisfied and delighted at all times. Nothing short of this must be done by the banks.

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CHAPTER THREE

HISTORICAL BACKGROUND OF U.B.N. PLC

3.1 BRIEF HISTORY OF UNION BANK OF NIGERIA PLC

What is now known as the Union Bank of Nigeria Plc, with its new Head Office at 36 Marina (Stallion Plaza), started as a subsidiary of Barclays Bank DCO (Dominion, Colonial and Overseas) in 1917; with the opening of the Colonial Bank offices in Lagos, Jos and Port-Harcourt. In 1925, the Bank was acquired by Barclays Bank International Limited.

Over the years, the Bank developed and grew rapidly. By 1957, branches had been opened in almost every part of the country, including Kano, Zaria, Aba and Sapele.

In compliance with the directive of the government in 1968, that all companies (including Banks) must be inorporated locally in Nigeria, Barclays Bank DCO changed to Barclays Bank of Nigeria Limited with its registered Head Office at 40 Marina, Lagos.

As a result of the Nigerian Enterprises Pomotion Decrees of 1972 and 1977, the Fderal Government of Nigeria acquired 53% of the Bank's shares, leaving 40% for Barclays bank International Limited (now Barclays Bank International Plc) while the remaining 8% was taken up by the Nigerian public.

Barclays Bank International PLC then sold 50% of its shares to Nigerians in 1979, thus

reducing her equity holding to 20%. Following this development, the bank's name was further changed to Union Bank of Nigeria Limited on 12th March, 1979 by its Board of Directors to reflect the new ownership structure i.e

Federal Government of Nigerian - 52%

Private Nigerian Investors - 28%

Barclays Bank Plc - 20%

With this new name, this Bank is now indigenous in nature and no longer a subsidiary of Barclays Bank Plc; althouth the latter still continued to offer technical and correspondent services as in the past. It is worthy of note that the change effectively made it the first Nigerian Bank of its counterpart to have 80% Nigerian ownership.

In April 1989, Barclays Bank International Plc sold its shares to the Nigerian public which now makes Union Bank 100% Nigerian. As a wholly indigenous Bank, the running and operation became effectively a Nigerian affair. The structure of the Bank's share now stands at 52% for the Federal Government of Nigeria and 48% Nigerian public.

In conformity with the Companies and Allied Matters Decree of 1990, otherwise known as CAMD 90; the Bank's name has eventually been changed to Union bank of Nigeria Plc.

Today, the Bank is a group with many subsidiaries. These include the Union Homes and Savings Limited, Union Trustees Limited, UBN Merchant bank Limited (which the group made a foray into, being a wholesale end of the market in 1996) and finally the Union Assurance Limited. Apart from establishment 271 branches which spread throughout the country, it also has a branch each in London

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and South Africa, with another being proposed for the United States of America. With all these giant strides, the Bank is indeed a formidable force to reckon with in the Nigerian economy. It is a world teeming with financial services for its customers.

3.2 OBJECTIVES OF UNION BANK OF NIGERIA PLC

Like every business organisation, the Union Bank of Nigeria Plc as a financial institution, renders various income generating services, thereby earning profit in return and bearing in mind the welfare of its staff.

The Bank is posed to increase its total market share in a bid to be the leader in the banking industry. No wonder its current mission statement: "To be the foremost financial insitution with the most satisfied customers".

The Bank, in its effort to render quality driven and customer -focused financial and investment advisory services drawn from the track record of safety and tradition of excellence thereby adding value to shareholders' investment and promoting growth in the economy. The bank uses its highly skilled and dedicated workforce, extensive branch network and modern technology.

By and large, the marketing objectives of Union Bank of Nigeria Plc

- Maintaining and improving on the market share
- New product development
- Product portfolio
- Promotion of product portfolio
- Fair prices and margins

- Provision of financial services that are geared towards meeting the needs of customers.
- Above all, striving to be the foremost financial institution with the most satisfied customers.

3.3 ORGANISATION STRUCTURE

At the peak is the Board of Directors comprising the Executive Directors as well as other Directors who deliberate on the general direction of the business of the Bank, formulate policies, direct and ensure that the objectives of the business are achieved. To attain these objectives, they check and correct deviations from the general direction.

The Board is headed by the Group Managing Director/Chief Executive who presides over the board meetings and takes key or strategic decisions binding on the bank. Directly under the Chief Executive and, therefore, responsible to him are the Executive Directors Commercial Banking, Corporate and International Banking, Corporate Resources, Management Services and Information Technology and Services.

Below the Executive Directors are the Deputy General Managers who are all 11 (eleven) in number, and the 15(fifteen) Assistant General Managers; all of whom constitute the General management with various responsibilities for executing different functions.

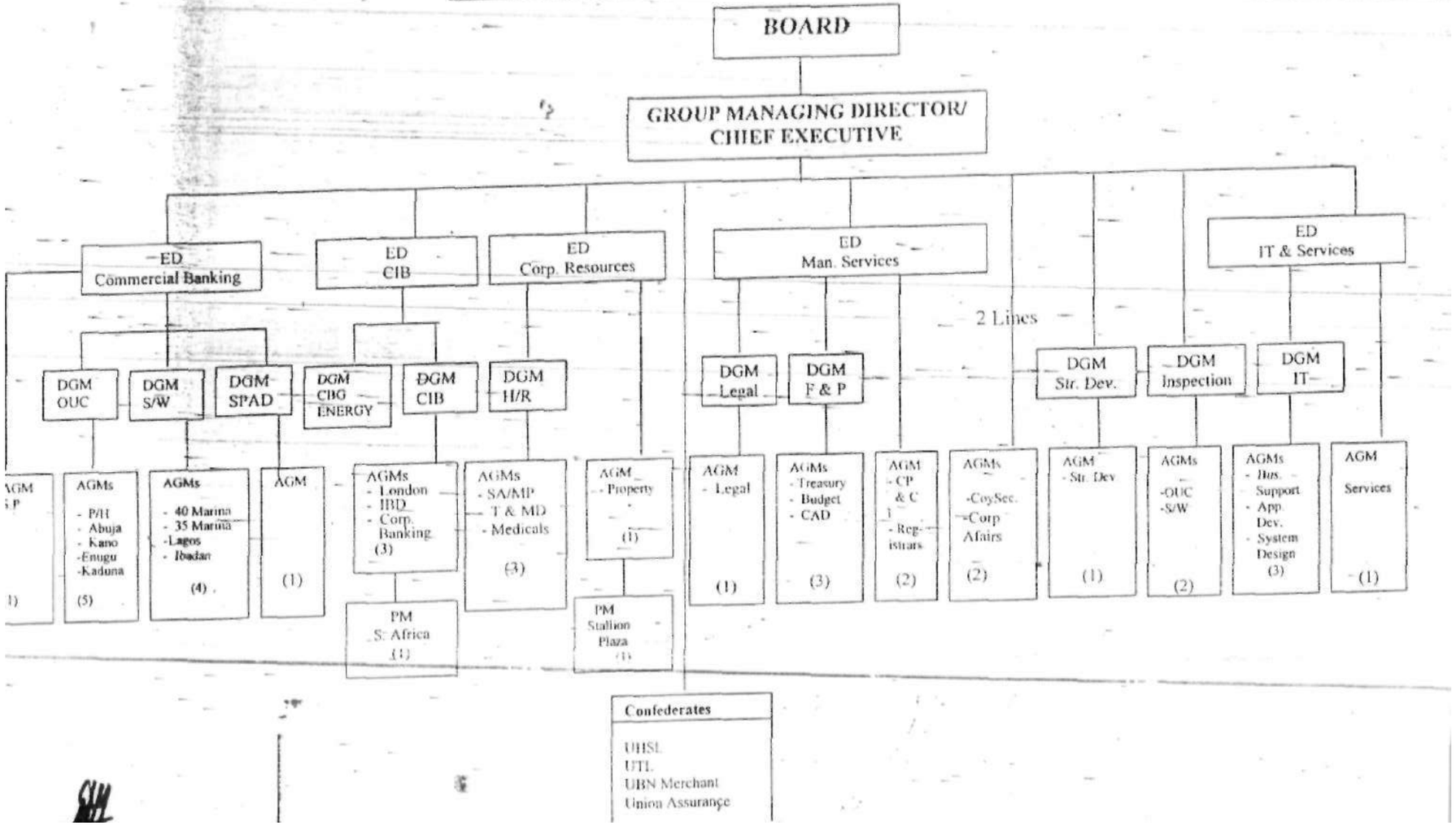
Also below the Assistant General Managers and the senior manager who direct and monitor the activities of some designated branches and offices within their control. At the branch level, the manager who, with the assistance of the branch accountant, sub managers and other management staff is saddled with the responsibility of directing the day-to-day affair of the branch.

The Bank's organisational structure is not static - it is continuously reviewed to allow for faster decision making, decentralisation and, above all, to ensure overall corporate performance.

The present structure for example, was approved only in April 1999 in line with the recommendation of the strategic planning and re-engineering project in an attempt to forge ahead with the current change blowing across the world over a general and Nigeria in particular.

TABLE 7 : UNION BANK OF NIGERIA PLC

APPROVED ORGANISATION STRUCTURE



KEY TO ABBREVIATIONS USED IN THE ORGANISATION STRUCTURE.

1.	ED	-	Executive Director
2.	ED/CIB	-	Executive Director (Corporate & International banking)
3.	ED/Corp. Resources	-	Executive Director(Corporate Resource)
4.	ED/Man. Services	-	Executive Director(Management Services)
5.	ED/IT & Services	-	Executive Director (Information Technology & Services)
6.	DGM/OUC	-	Deputy General Manager (Operations Up-country)
7.	DGM/SW	-	Deputy General Manager (South West)
8.	DGM (SPAD)	-	Deputy General Manager (Special Assets Department)
9.	DGM (CBG/ENERGY	-	Deputy General Manager (Corporate Banking Group/Energy
10.	DGM/CIB	-	Deputy General Manager (Corporate International banking)
11.	DGM/HIR	-	Deputy General Manager (Human Resources)
12.	DGM/F&P	-	Deputy General Manager (Finance and Planning Group
13.	DGM/Str. Dev.	-	Deputy General Manager (Strategic Development)
14.	DGM/IT	-	Deputy General Manager (Information Technology)
15.	AGM/S.P	-	Assistant General Manager (Strategic Planning)
16.	AGM(SA/MP)	-	Assistant General Manger (Staff Administration and Manpower Planning)
17.	AGM (T & MD)	-	Assistant General Manager, (Training and Manpower Development)
18.	AGM/CAD	-	Assistant General Manager (Central Accounts Department)

19. AGM/CP & C - Assistant General Manager (Credit Policy and Control)

20. AGM/Coy Sec. - Assistant General Manager (Company Secretary)

21. AGM/Corp.Affairs - Assistant General Manager (Corporate Affair)

22. AGM/ Str. Dev - Assistant General Manager (Strategic Development)

23. AGM/OUC - Assistant General Manager (Operations -Up-Country)

24. AGM/SW - Assistant General Manager (South West Operations)

25. AGM/Bus.Support - Assistant General Manager (Manager Business Support)

26. AGM/APP Dev - Assistant General Manager (Application Development)

3.4 RE-ENGINEERING PROCESS BEING EMBARKED UPON BY UBN PLC

Re-engineering may be defined as a fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service and speed. It is a process that involves a total reconceptualisation, rethinking, remodeling, redesigning and restruturing of an organisation's business process to enable it meet in the contemporary business setting. Basically, an organisation's re-engineering effort will require it to "start all over" on a clean sheet of paper.

It has been proved that no organisation can stay the same forever. Thus, changes occur inside and outside which force the organisation to alter the way its affairs are managed.

As a foremost player in the domestic banking industry, indeed, the international financial market, Union Bank is not insulated from the dynamics of the environment. Over the years, the rules in the market have been radically affected by a combination of several faction that have been induced by the

regulatory authorities, new entrants, new technologies and other issues that have altered the customers perception of service and value. This led banks into their laboratories to device methods of staying or forging ahead of the competition that ensued.

Therefore, to remain competitive and in order not to lose its market share, there is te dire need for a re-positioning of the Union Bank of Nigeria Plc and also to re-engineer its branches and processes. There is need to review its strategies and to continually realign its structures, technology, staff attitude and processes in its change management efforts. A look at the following performance statistics of some key players in the industry will bring home the reality of the current situation and strongly underscores the necessity for a review of the bank's strategies.

See Table 8 - Performance of some banks based on selected indices.

TABLE 8

PERFOMANCE OF SOME BANKS BASED ON SELECTED INDICES

YEAR 1995

INDICES	INDUSTRY	UBN	FBN	UBA	ZENITH	CITIBANK
ROCE%	33	16	14	10	63	102%
Gross Earnings(N m)	33224	9868	8271	4840	816	2870
PAT(N'm)	4414	574	830	353	259	1098
Net Earnings per staff (N'000)	464	47.3	73.4	45	860	2897
Av Staff per branch	38	47	39	39	23	32
Return On Assets %	N/A	1.1	1.9	1	6.4	7.5
EPS	N/A	90K	154K	59K	145K	1098K

1996

INDICES	INDUSTRY	UBN	FBN	UBA	ZENITH	CITIBANK
ROCE%	37	27.6	16.4	34	78.5	57
Gross Earnings(N m)	50567	10617	7411	6973	1352	3390
PAT(N'm)	7833	1046	997	944	448.5	1201
Net Earnings per staff (N'000)	729	89	91.3	122	1267	3212
Av Staff per branch	37	45	37	38	27	31
Return On Assets %	N/A	1.4	1.5	2.1	6	9.3
EPS	N/A	132K	118K	157K	185K	240

1997

INDICES	INDUSTRY	UBN	FBN	UBA	ZENITH	CITIBANK
ROCE%	31	23.7	21.1	17.5	75.7	55.4
Gross Earnings(N m)	60133	10378	13808	7627	2330	
PAT(N'm)	9492	1209	1649	837	861	1395
Net Earnings per staff (N'000)	935	106	168	113	1934	
Av Staff per branch	34	43	29	36	22	27
Return On Assets %	N/A	1.5	2	1.6	6.7	8.1
EPS	N/A	152K	158K	153K	168K	

1998

INDICES	INDUSTRY	UBN	FBN	UBA	ZENITH	CITIBANK
ROCE%	N/A	28	29.73	6.62	64.54	N/A
Gross Earnings(N m)	N/A	13773	15518	8300	3777.89	N/A
PAT(N'm)	N/A	1711	2027	238	1062.61	N/A
Net Earnings per staff (N'000)	N/A	222.77	458.27	N/A	675.3	N/A
Av Staff per branch	N/A	32	29	21	30	N/A
Return On Assets %	N/A	203	277	0.53	5.78	N/A
EPS	N/A	107K	180K	21K	207K	N/A

SOURCES; VARIOUS BANKS ANNUAL REPORTS AND OTHER PUBLICATIONS

FIGURE FOR 18 MONTHS

For the bank (just like other first generation ones) to survive, it needs to change its work attitude and work process. And to do that, it needs a thorough examination of what is on the ground, it has to project into the future in terms of what it wants, its vision about the position it should be at a particular time frame, its market share and services level, its growth and returns on investment. On the basis of what is happening today, there is no way this bank can survive in the next millenium without undertaking this important process.

In re-engineering, something more thorough and more fundamental than re-organisation is involved. Re-engineering as has earlier been highlighted, has work process which has to be computerised. New products have to be introduced so that market share can be maintained particularly these days that customers are becoming more and more sophisticated. Theres is need to change the staff attitude to word so that value for service - which is what the bank is actually giving to customers - is delivered in the most efficient and effective manner. And, of course, there is need to restructure the management itself reduce the chain of command and the last one is doing manpower audit to identify those who cannot perform, cannot cope, in the new situation and find a way of excising (cutting off) them from the system.

The branches need to be re-organised, showing their layout, the work process and service rendered, identify their areas of strength and emphasis those areas. This is the process of re-engineering, which is again tied to what an organisation has to decide on and what the bank is giving to buy for the branches. It is a major exercise and it calls for what might be called "independent minds".

In the banking service, one needs to call somebody who will mirror one, who will tell one what one is, what one's areas of strenght are, what one's weaknesses are, what the position of one's competitors is and what else one can do in the general market.

Union bank of Nigeria Plc is re-engineering to improve its position in the market, specifically speaking. It is embarking on this process with absence of vision and aggression. The process is that very incisive and very fundamental. The exercise has just begun.

The bank has started taking delivery of some computer equipment on wide Area Network (WAN). Their programme involves bringing on-line about 71 branches and in fact, the equipment are already being installed. The challenges of the present re-engineering exercise are legion with the foremost being the need to get it right in terms of hardware, software, communication and people. The essence of re-engineering is to ensure that information technology is deployed in the appropriate manner, as it will be foolhardy to automatic a process without determining the relevance of such automation on the process.

While much emphasis is laid on right-sizing and down-sizing of staff, the staff remaining in the system should be willing to take risk by experimenting with new structure, new systems, new procedures and new policies. They should have determined minds ready to face challenges relating to restructuring and re-engineering. They should engage in self-development efforts as a way to prepare fully for the emerging challenges. They shoudl be committed to a re-engineered Union Bank to be driven by high quality, well-motivated and highly conscientions staff and to behoves them to be prepared for these very vital challenges.

On the part of the bank, no effort should be spared to ensure that the current re-engineering exercise achieves, inter alia, the following:

- alignment of structures technology, staff and processes with the bank's strategy
- marketing of the financial services (products) of the bank
- financial structure
- product development/management
- adequate empowerment at the different levels of operation.
- regular and appropriate staff enlightment
- achievement of a fitter, swifter and profitable bank.

3.5 FINANCIAL PRODUCTS OF THE BANK

A LOCAL MONEY TRANSFER SERVICES

1. SMART CARD

FEATURES

- Smart Card is a plastic card similar to the debit or credit card with electronic chip.
- It can be used at designated points-of -sale, (i.e supermarkets, petrol stations and shops, to pay for goods and services purchased).
- The brand used in Nigeria is VALUCARD

It is a new payment instrument which will decash the society.

- The card can be stored with digitalized signature and photograph of the holder.
- It can be called electronic purse because monetary value is stored in it unlilke debit

and credit cards.

- The Smart Card can be used to make payments for goods and services.

There are four parties to the Smart Card Viz:

I) banks/Branch

II) Cardholder/Customer

III) Merchants (Outlets)

IV) Smart Card Company

2. UNICARD

This is a cheque guaranteed card which enables a holder to cash his/her cheque up to a maximum of ₦2000 at any of our branches. Any cheque drawn and cashed under this scheme must be clearly marked as such on the reverse, to differentiate it from the normal drawings. Subsequent drawings are not allowed until the previous drawing is cleared and the clearing period is determined based on the place of encashment(i.e. town, state or outside state).

3. CASHING CREDIT FACILITY

This scheme is designed to enable our customers to cash their cheques at any of our branches or at other banks where they (customers0 do not maintain accounts. There is no limit to the amount that can be drawn, however drawing is subject to previous arrangement, incorporating frequency of drawing and whether it is cumulative or non-cumulative. This facility is suitable to customers on holiday outside their own town or state of residence where they may need to cash their cheques to meet their personal needs.

4. AUTOMATED TELLER MACHINE (ATM)

FEATURES

An electronic device which is activated by magnetic encoded card to perform the basic functions of a bank cashier or Teller including cash withdrawal, transfer of funds between accounts and balance information.

The machine offers a 24-hour service dand is often situated away from the actual bank main office or branch.

The machine is linked to the Treasury where cash (Notes) are loaded for dispensing.

5. ELECTRONIC FUNDS TRANSFER (EFT)

In order to meet with the present day technology as well as improve our customer service delivery, Union Bank introduced Electronic Funds Transfer System. This method is to enable our numerous customers move funds quickly from one point to another within Nigeria. The transfer is effected via a dial-up system from a computer at a local branch to another at the remote branch/station. The dial-up method will fall off when a more reliable/robust system is introduced.

B INTERNATIONAL FOREIGN SERVICES

6. SOCIETY FOR WORLD WIDE INTERBANK FINANCIAL TELECOMMUNICATION(SWIFT)

This is a co-operative society created under Belgium Law and registered in Brussels. It is used by over 90% of the banks worldwide and is linked with the domestic inter-banking network of the USA.

The aim of SWIFT is to enable members to carry out the following transactions:

- International payments
- Statements of Accounts
- Other messages connected with international banking.

The SWIFT system is designed to speed up international settlement and transmission in a matter of few seconds.

Union Bank of Nigeria PLC became a member in September 1996.

Since then all transfers (outward and inwards) previously effected in cable, telex and mail transfers are now transmitted by SWIFT.

C ADVANCES SERVICES:

7. UBN VIGO MONEY TRANSFER AND RIA EXPRESS

These are similar to what is currently obtained in other banks in the country. Under the scheme, the Bank reached and signed an agreement with Vigo Remittances Corporation, New York (The Money Transmitter) to carry out international money transfer services in Nigeria.

8. BANKERS ACCEPTANCES (B/A)

Bankers Acceptances are short term bills of exchange drawn by investors on a Bank and accepted by that Bank. They are financial intermediation instruments aimed at channellings surplus investible funds from investors to the users to overcome some occasional working capital problems.

9. SYNDICATED LOAN

This is a very large loan usually in millions of Naira (in USA = US$ 1 billion or more) arranged by a consortium of banks/lenders for a single borrower to finance a major project. This occurs when a

customer (usually corporate body) approaches our bank for a very large amount. Our banks can decide to spread the risks and consequently invite other banks to participate in the lending. This involves payment of commission, agency fees as well as the normal interest to all the participants by the borrower through the lead bank or Agent Bank. This facility is mainly provided by CBG Department.

10. COMMERCIAL PAPERS (CP,s)

DEFINITION

A commercial paper is an unconditional promise by a person to pay to the order of another person a certain sum at a future date. Such instrument may not carry the bank's guarantee. But where the bank guarantees the commercial paper to make it more marketable in the money market, the instrument acquires the features of a Bankers' Acceptance and the bank incures a contingent liability. It is a term used for unsecured promissory note issued generally by large corporations which are financially strong and highly rated borrowers to enable them source short-term funds from money market. The amounts involved are usually large and the investors are large institutions such as Insurance companies, banks and other big corporations. e.g. John Holt, UAC, Lever Brothers, Shell BP. Our bank acting as an intermediary will link the investors in Commercial Paper and users of the funds. The user will draw a promissory note in favour of the investor who will in turn release funds to the former at agreed rate of interest and maturity. Because of the relatively low risk and short maturity, commercial paper can be regarded as a close substitute for Treasury Bills, Certificates of Deposits and other money market instruments in terms of investments. It requires advances considerations. This service is offered by Corporate banking Group.

11. EQUIPMENT LEASING

This is medium-term finance for a company wishing to acquire the use of equipment without the initial burden of the cost of purchase.

Equipment Leasing therefore involves initial purchasing of equipment by our bank and thereafter leasing same to the user who has no finance to purchase it outrightly. The system is suitable for large and costly assets such as computer, aircraft, machinery etc. The big time customers like manufacturing and construction companies usually take advantage of this facility.

Leasing is an alternative to purchase of an asset by instalmental credits such as Hire Purchase or credit through the aid of a mortgage or term loan. A product offered by Corporate banking Group.

It has the following advantages:

- involves no capital outlay
- requires no down payment
- may have tax benefits for the user.
- does not count as borrowing for the purpose of a company's Memorandum and Articles of Association.

The company that grants the lease is known as lessor while the company which is granted the lease is known as lessee.

The ownership of the leased equipment remains with the lessor, while the lessee takes possession, but after final payment by the lessee ownership will revert or otherwise depending on the initial agreement. Requires advances considerations.

D. INTERNATIONAL FOREIGN SERVICES

12. FOREIGN DOMICILIARY CURRENCIES ACCOUNT

This is an account maintained by Nigerians at some selected branches of our bank in certain designated foreign currencies. It is designed by Federal Government of Nigeria to enable residents who earn foreign currencies, either as a result of gifts, transfers, donations from friends and relatives abroad or as export proceeds from goods exported, to lodge them in dominated foreign currency accounts.

However, foreign currencies from AFEM, CBN intervention in AFEM and Bureau de Change cannot be used to open or fund the domiciliary accounts. The account can be maintained in the name of the holder and there is no restriction in the withdrawal.

The requirements for opening are three pasport photographs and letters of reference from current account holders in our bank or other banks who have conducted their current account satisfactorily or at least two years. There are two types of domiciliary accounts viz Customer Foreign Currency Account (CFC) and Export Proceeds Domiciliary Account.

13. INTERNATIONAL TRADE FINANCE(ITF)

This is designed for valued customers who would want to save costs of importation by not bidding of foreign exchange, but they request for confirmed elcees to be established.

The collaterisation of the elcee is done off-shore at cheaper rates and cover (i.e. forex) is purchased locally and transfered off-shore after shipment of goods.

Our correspondent bank will tentatively provide cover while confirming the elcee and charge interest there from until cover (forex) is received from ourselves. The facility is for importers.

14. WAREHOUSE REFINANCING (WAREHOUSE FACILITY)

It provides refinancing service to exporters on delivery of exportable product(s) to the designated warehouse(s). The exporter delivers the products sourced with his funds or with credit obtained from the supplier of the products into any designated warehouse. In turn, the Warehouse Company issue a warrant to the order of the bank for the account of the exporter.

On receipt of the original warehouse warrant and confirmation of its authenticity, IBD will instruct branch to refinance the consignment taking into account the local price, foreign contract prices, exchange rate and the applicable mode of payment.

To enjoy or qualify for this facility, the exporter (customer) would apply through his branch. PF (ADV 1) prepared and submitted to Line DGM with a copyto control and approval obtained. Thereafter, branch advises IBD and a tripartite agreement between the bank, a designated warehouse company and the exporter will be arranged. The agreement will be duly signed and sealed by the three parties for the exporter (customer) to utilize the warehousing facility subject to usual advances conditions.

15. STOCKING TERM FINANCE (STF)

This is one of the export finance facilities available to the exporters. The banks provide the facility through the financial assistance of Nigerian Export Import Bank (NEXIM).

The facility is provided in local currency and made available to exporters (through their banks) to procure adequate local raw materials (seasonal in supply) in order to keep production of export goods at optimal levels particularly during the period of scarcity of the raw materials. The exporters apply to their banks which, after careful and satisfactory appraisal of the requests, will approach NEXIM for financial support.

The duration of the facility is 120 months and is also provided at concessional rate of interest to improve the competitiveness of the manufactured export goods. The facility requires advances consideration.

16. REDISCOUNTING AND REFINANCING

FACILITY FOR EXPORT(RRF)

This facility is designed to assist Commercial and Merchant banks to provide pre and post-shipment finance in local currency to exporters of non-oil exports.

It was designed by monetary authorities of Nigeria in 1987 but is now under the purview of Nigeria Export Import bank (NEXIM).

It enables the exporters to obtain export credit facilities (loans) from the banks at preferential rates usually lower or cheaper than the prevailing lending rates.

The banks will in turn obtain reimbursement from NEXIM. The scheme has contributed immensely in expanding the export credit portfolio of banks.

Under the Re-financing scheme, a bank is provided longer term credit (of up to 12 months) while the Rediscounting scheme is a 180 day short-term facility covering pre-shipment credit with a maximum duration of 120 days and post-shipment credit with a maximum of 60 days. The facility requires advances considerations.

E. 17 SPECIALISED SERVICES OFFERED BY

UNION BANK SUBSIDIARIES

I SHARE REGISTRATION

Union bank of Nigeria Plc has Registrar's Department which handles the following services:

- Registering new issues/debentures
- Maintenance of registers of members involving transfer of shares, change of address etc.
- Preparing interest and dividend warrants
- Handling right issues and bonuses
- Handling annual reports
- Co-ordinating annual general meetings.
- Mailing of reports and other information to stakeholders.
- Preparation of statutory returns.
- providing answers to miscellaneous queries and complaints from clients and shareholders.

li. TRUSTEES SERVICES

Union Bank of Nigeria Plc has incorporated another subsidiary under the name "UNION TRUSTEES LTD". Its services include collection, management/administration and investment of pension for the bank and other corporate bodies.

lii. HOUSE MORTGAGE SERVICES

Union Bank through its subsidiary called - UNION HOMES SAVINGS AND LOANS LTD.

KASHIM IBRA

(MORTGAGE BANKERS), offers mortgage services, such as accepting deposits from public at interest higher than bank deposit rates as a way of encouraging people to save money for the purchase of houses, or house development etc. The amount is disbursed by way of building loan to be repaid over twenty years at montly instalment.

Iv. STALLION INVESTMENT CERTIFICATE

This is a new product introduced by the Bank with a view to mobilising more funds and consequently improve our Bank deposit base.

The product is designed to attract funds from large investors i.e

I. Government Parastatals - e.g Universities, NEPA. NPA. NNPC. MARITIME. FHA, College of Education etc.

Ii Nigerian Social Insurance Trust Fund (NSITF)

III Insurance Companies

IV Pension Funds

V High Networth Individuals etc.

DENOMINATIONS OF STALLION INVESTMENT CERTIFICATE

Two distinct denominations of the new product exist:

I. Stallion Platinum Certificate - #50m minimum and addition to be in multiples of #5m.

II. Stallion Gold Certificate - #25 million and addition to be in multiple of #1.

The products have tenors of 90 days , 180 days and 360 days and the rates of interest are subject to negotiation.

The product is fully transferable and Negotiable.

OTHER SERVICES RENDERED BY THE BANK

1. HANDLING OF CASH

As directed by the Central Bank, this involves provision of change in smaller denominations to individuals, traders, corporate organisations to facilitate their trade; pay workers wages among others. Apart from this, customers can always come up asking to change old notes for new ones.

2. KEEPING OF ACCOUNTS

The types of accounts the bank maintains on behalf of customers are:

a) SAVINGS ACCOUNT

b) CURRENT ACCOUNT

C) DEPOSIT ACCOUNT

- Short Term Deposit or
- Fixed Deposit.

3. COLLECTION OF CHEQUES:

The bank collects proceeds of cheques drawn on other branches or banks on behalf of customers.

4. STANDING ORDER/TRANSFER OF FUNDS

At the request of customers, we effect periodic/regular payments or transfer of funds to other points and debit the customers' accounts accordingly.

5. FOREIGN BUSINESS

The bank assists customers for the documentation in respect of international trade i.e import and export of goods and services. Payments are effected for imports while proceeds of exports are received on behalf of customers.

6. SAFE KEEPING OF OTHER VALUABLES

Bank keeps boxes/parcels containing valuables such as jewels, wills, share certificates etc. on behalf of customers.

7. BANKERS OPINION

Individuals and Institutions intending to go into business with our customers usually ask for status reports of such customers to enable them assess their financial worthiness. We also give report on our customers to other branches/banks when they act as referees for those wishing to open current accounts. In the same vein at the request of our customers, we make enquiries on those with whom our customers intend to do business.

3.6 GENERAL MARKETING PROBLEMS OF UBN PLC

Union Bank of Nigeria Plc, like all other commercial banks, is into retail banking. So, this is essentially historical, traditional and also because it is mindful of its social responsibility. As a big bank with over 80 year experience, it feels obliged to provide its services to all and sundry.

The new generation banks, otherwise known as the 21st century banks have come and are still coming with a determined focus. They have come to exploit the opportunities on the ground with a sense of aggression and doggedness. They go all out to scout for their customers in a real competitive manner.

Despite the fact that Union bank of Nigeria is essentially into retail banking, its major areas of attention in terms of marketing is in the area of corporate banking. Its corporate customers have well been identified, within its own clearly defined criteria or parameters, and it has created a unit that looks after the corporate customers.

Of course, it will be appreciated that in a shrinking, dull or static economy like ours, that particular segment is contracting. Corporate customer are not growing because no new big business are coming up. Even the existing ones are scaling down their operation. And against that, banks like the Citibank, Guaranty Trust Bank and the Diamond banks can be recognised and they are also eyeing them. So there is intense, keen or stiff competition in that segment of the economy.

Another problem is that of inefficiency in its service delivery just like its counterparts. First Bank of Nigeria Plc and the United Bank for Africa Plc. It takes relatively longer period of time for a customer to get his desired service in the old banks than in the smaller ones. Poor customer service, delays and unnecessary bureaucracy are sometimes still noticed in the service delivery system. The chain of command and the span of control are both long or great. Since the span of control and the chain of command are wide, it is then more difficult for a customer to get a response from the bank or even to reach the bank's managing Director than it is to reach the managing Director of a smaller bank. And this is great problem since it breeds dissatisfaction in the mind of the customer who may want to move his banking business transactions to a bank where there is speed and aggression. To many customers, time is money and so a great resource that should be prudently managed.

From the foregoing points, it can be appreciated that if these general marketing problems are not adequately addressed, then the bank's niche or its market share will be adversely affected.

3.7 FUTURISTIC PERSPECTIVES OF UBN PLC

Union Bank of Nigeria Plc is a bank with a dynamic vision. The bank which started in 1917 as a mere subsidiary has, today, metarmophosed into a colossus, a giant , a leader in the banking industry and now a group having such subsidiaries as the Union Homes and Savings Limited, Union Trustees Limited UBN Merchant Bank Limited and the Union Assurance Limited- all of which are integrated to achieve a sustainable growth.

Over the years it has ventured into consortium lendings, syndicated loans equipment leasing, sponsorship of gains and other socially responsible areas like provision of equipment such as computer equipment to some universities in Nigeria.

As the next millennium draws closer, the bank should be able to maintain its market-hold in the most advanced technological form. In the next 5 to 6 years, Union Bank should be able to achieve this goal by devoting more of its resources in developing high calibre staff, high information technology (i.e the state-of-the-art or up-to-date type) through computerization of branch network and it should be able to focus more on the broad areas of the economy, particularly in the area of energy, in the area of telecommunications and when the rules and laws are amended, in the area of solid minerals. Of course these are believes to be the growth areas of the economy.

The bank is moving along the pattern of change blowing across the industry in particualr and the economy in general. It has much in stock to offer to the Nigeria economy and its future is very bright.

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CHAPTER FOUR

METHODOLOGY

4.1 INTRODUCTION

This chapter vividly presents the methods of research employed for this research study. Such major issues discussed include: the types of data required, methods of data collection, the population of study, sample, size, data collection process, limitations of the methodology and data analysis.

4.2 TYPES OF DATA

Two types of data have been collected for this research study. These are the primary data and the secondary data.

4.2.1 PRIMARY DATA

Primary data are data that mainly come from direct observation of the event, manipulation of variables, contrivance of research situations, including performance of experiments and responses to questionnaires. These are data that are yet to be refined in the form of classification, publication or analysis.

In this research study, primary data were generated directly from the respondents as their responses to questionnaires and interview (that were used in soliciting for the desired data).Also, additional data were collected through direct observation in branches, area offices and Head Office departments of the Bank.

The primary data obtained are presented and analysed for more meaningful and better understanding.

4.2.2 SECONDARY DATA

Secondary data are the data collected from a secondary source. In other words, they are data that have been refined in the form of classification, publication or analysis.

In this study, the secondary data were gathered from the Bank's Head Office departments circulars, related journals, magazines and other publications such as daily newspaper, weekly newspaper, etc. In addition, information extracted from textbooks is used to complement that obtained from the Bank.

4.3 METHODS OF DATA COLLECTION

In this research study, various methods of study were employed in carrying it out. These include the questionnaires, interviews and observations.

4.3.1 QUESTIONNAIRE

The use of questionnaire was predominant in this research study. In fact, questionnaires constituted the main study instruments in the data collection throughout the research study.

The questionnaires were structured and well designed in such a way as to enhance quick understanding and for the respondents to respond appropriately to the questions presented in the questionnaires. In all cases, options aimed at eliciting respondents' views on certain issues relating to the chosen topic, were provided so as to make the completion relatively easy for the respondents.

The employment of questionnaire as a study instrument was considered good and reliable, as it possessed such qualities as:

a. Scale questions- designed to recognise the degrees of intensity on the respondents' feelings

about the perceptions of certain phenomena. An example of such questions used in the study is as given below:

To what extent are the bank's customers satisfied with your services?

I Little extent

ii Reasonable extent

iii Great extent

(b) Multiple choice questions - representing gradations of feelings, preferences, perceptions and interests in some phenomenon especially where responses to such questions are multi-faceted. Two of such questions are as below:

Question 17: In which area does your bank enjoy competitive advantage?

I. Trained/qualitative staff

ii. Goodwill

iii Aggressive advertising

iv Local and International connection

Question 21: In these days of stiff competition amongst the banks, what should the bank do to be more efficient in its marketing effort?

I. Go into aggressive advertising

ii Staff re-orientation

iii Delighting the customers by providing them with extras from time to time.

Iv Computerisation of all of its operations.

(C) Two-way question - which seeks a choice of either yes or no, male or female, etc. for instance, question 11 states thus:

Are there public Relations Officer on the Bank counter?

I. Yes

ii No

(D) Counter-check questions - which, more often than not, relate to the sequencing of questions. For example, questions 9 and 12 respectively state as below:

In your own opinion, does the average customer know about your bank's products?

I. Yes

ii No

iii Undecided

Are regular bulletins made available for the customer?

I. Yes

ii No

iii Not to my knowledge

4.3.2 INTERVIEW

Oral interviews were embarked upon to enable the respondents shed more light on some issues raised by them in their responses. Also, interview was used to gather some data that were not contained in the questionnaires. The research had the rare privilege of interviewing some of the officers of the marketing unit of the bank with a view to procuring accurate and consistent information about

the research project. Some of the non-disguised questions posed during the interviews are as follows:

- Why must the bank market its financial services?
- What media does the bank use in marketing its products?
- How often does the bank market its products?
- What role is played by the marketing unit in the attainment of the corporate objective of the Union Bank of Nigeria Plc?

4.3.3 OBSERVATIONS

Observations were also used in this research study. In employing this techniques, the researcher himself took to participant observation at the 19th Lagos International Trade fair, Tafawa Balewa Square, Lagos between 5th and 14th November, 1999 and other.Similar trade exhibitions where the bank's products were actually marketed at its pavillon. Observations were thus direct. It is pertinent to mention that observations made were related to responses furnished earlier by respondents in the questionnaires. In this case direct observation helped the research study evidently & practically confirmed most of the data given by respondents from the Bank.

4.4 POPULATION OF STUDY

The research study is essentially commited to the Union Bank of Nigeria Plc. The research population comprises members of the bank staff from various branches, Area Offices and Head Office departments. It is worthy of note that those units or offices of the bank were randomly selected throughout the country so as to obtain a good representation and consequently validity of findings. Thus, responses were elicited from members of staff working in:

a. Some branches of the bank located at Zaria, Funtua, Sokoto, Yelwa, Kano, Ilorin, Jos, Katsina, Birnin Kebbi, Benin City, Port-Harcourt, Enugu, Aba and Lagos.

B. Area offices such as Kano, Benin, Ibadan, Lagos, Enugu, Bauch and Ilorin.

C. Head Office departments of the banks such as Human Resources Departments Finance Services Group comprising Central Accounts Department, Budgeting and Internal Control as well as Treasury deparments, international Banking Departments, Corporate Banking Group, Management Information System department, property departments, Corporate Affairs unit protocol departments, special product and marketing unit staff training and Manpower Development Unit.

The estimated population elements of the above offices of the bank are about 4200.

4.5 SAMPLE SIZE

The research study made use of the simple random sampling (within the specified population) which gave room for every element in the population to have equal chance of being included in Th sample. Thus, Th sample was representative of the whole population. This was because a sample size of 420 elements was randomly selected from the given population of about 4200 elements. In simple percentages, the sample size is about ten percent (10%) of the total population.

4.6 DATA COLLECTION PROCESS

As has already been highlighted, the process of collecting the data involved the researcher travelling to different parts of the country and also mailing the questionnaires to areas he could not physically reach.

Since the researcher is himself part of the system, the process of collecting data was made

relatively easy by his colleagues, as information was supplied without much difficulty.

4.7 LIMITATIONS OF THE METHODOLOGY

The methodology employed in this research work did not involve the use of test of hypothesis. This is so because the study is evaluative in nature of how the Bank markets its financial services. Thus, the conclusion and recommendations were predicted on the information supplied by respondents in the questionnaires and during the interview, as well as the observations.

4.8 DATA ANALYSIS

The research study employed simple frequency count and also simple statistical computations manually by way of presenting the data- since they are not many.

In specific terms, the research questions stated in chapter one and the relevant data obtained through the study instrument were accordingly presented and analysed. The style that was adopted in this analysis is simplicity. This is to enhance comprehension of the findings and as such simple percentage, tables and figures were used in representing the summarised views of the respondents.

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CHAPTER FIVE

PRESENTATION AND ANALYSIS OF DATA AND THEIR FINDINGS.

5.1 INTRODUCTION

In this chapter, an attempt was made to clarify responses according to sex, age, educational level, marital status, official status or rank, job experience and income brackets of the respondents. These characteristics-social and biodata-of the respondents would assist the reader to appreciate the characteristics of the sample on which the instruments were administered.

Every effort was equally made in presenting the data in breakdown of the types of questions contained in the questionnaires as well as the frequency of each. This serves as a guide to know whether the search actually satisfies the universal principles of research process.

Furthermore, the statistical techniques employed are percentage, tables and frequency polygon in the analysis and presentation of outcomes. These techniques have assisted the research study in organising precise and concise information to the research questionsl with a view to reaching the right conclusion.

5.2 QUESTIONNAIRE ANALYSIS

This is basically the tabular representation of the types of questions in the questionnaire and the purpose is to show the frequency distribution as well as the percentage of each.

Table 9: Questionnaire Analysis

TYPES	TALLY	FREQUENCY	PERCENTAGE
I.Scale question	III	3	14.29%
ii. Multiple-choice question	IIII IIII II	12	57.14%
III. Counter-check question	II	2	9.52%
IV. Two-way question	IIII	4	19.05%
		21	100%

From the above analysis, it can be easily observed that multiple -choice questions constituted the highest number while the counter-check type of questions has the least number. The disparity in distribution of the questions is largely due to the nature of information expected from the respondents. The questions contained in the questionnaire call for personal opinions of the respondents by exercising their right of choice. (See Appendix).

The information in Table 9 above can also be graphically presented by using polygon.

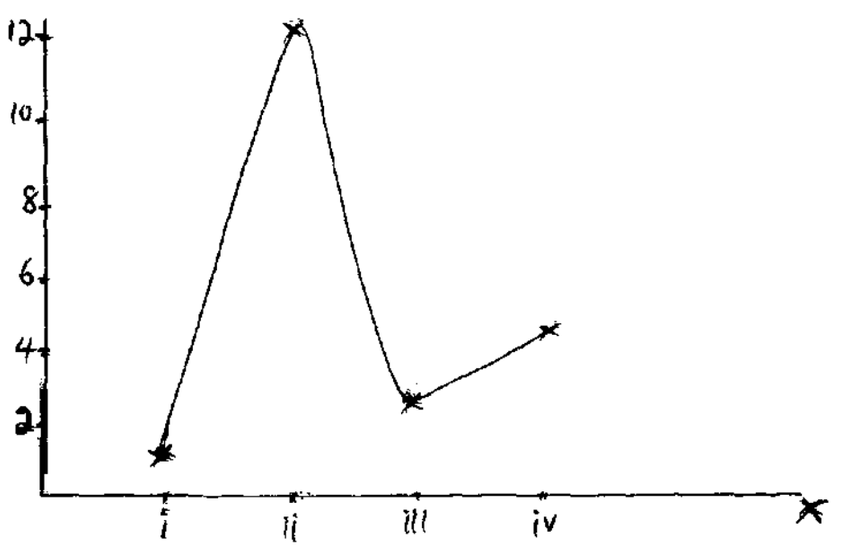


Fig. II Questionnaire Analysis

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The above polygon has value (ii) as its mode with the highest frequency of 12. By definition, mode is the value or item which occurs with the highest frequency. It is used as a simple average to show quickly the centre of concentration of a frequency distribution.

5.3 RESPONDENTS' CHARACTERISTICS AND CLASSIFICATIONS

Characteristics of the respondents are the biodata and social characteristics of the respondents that are necessary in assisting readers to appreciate and understand The features of the sample on which the questionnaires were administered. These characteristics related to the frequency distribution of the age, sex, educational level, marital status, official status, job experience and income brackets of the respondents.

The classifications in the frequency table is meant to facilitate understanding. It is pertinent to mention that these biodatal may reflect the level of perception and exposure of the respondents in providing appropriate suggestions to most of the questions contained in the questionnaire. In other words, there is a strong positive correlation between the quality of respondents characteristics and that of the data provided by them.

The characteristics and classifications of the respondents are tabulated below in table 10.

Table 10: Respondents' characteristics and classifications

Characteristics	Element	Male	Female
SEX	Male	139	
	Female		112
AGE	18-25 years	11	9
	26-30 Years	27	21
	31-35 Years	52	38
	Above 35 years	49	44
MARITAL STATUS	Single	35	13
	Married	104	99
	Divorced	-	-
	Widowed	-	-
HIGHEST QUALIFICATION	WASC/GCE	6	7
OBTAINED:	ND/NCE/ADPA/	31	53
	HND/B.Sc	48	38
	M.Sc/MBA	27	6
	ACIB/ACA/ACCA	22	5
	Others (P.hd,LLB, D.Sc)	5	3

KASHIM IBR

OFFICIAL STATUS	Clerical	11	9
	Officer	89	78
	Management	39	25
JOB EXPERIENCE	1-5Years	27	12
	6-10 Years	22	20
	11-15 Years	26	38
	16-20	31	23
	21-25 Years	18	14
	Above 25 Years	15	5

The following information is striking from the above table:

a. The percentages of the response for sex row are 55.37 and 44.63 for males and females respectively

b. The percentages of response in respect of age distribution are 7.96, 19.13, 35.85and 37.06 for age18-25, 26-30,31-35 and above 35 years respectively.

C. The percentages of single males and females are 13.94 and 5.18 respectively whilst those of married males and females are 41.43 and 39.45 respectively.

D. In the area of educational level of the respondents, the percentages are 5.17, 33.46, 34.27, 13.15,10.76 and 3.19 for WASC/GCE, ND/NCE/ADPA/ACIB PART II, HND/B.Sc, M.Sc/MBA, ACIB/ACA/ACCA and others (Phd,LLB and D.Sc) respectively

e. The percentage of respondents in the clerical category is 7.97, that of officers is 66.54 and Management 25.49.

F. In terms of job experience, the percentages are 15.33, 16.74, 25.49, 21.52, 12.75 and 7.97 in respects of 1-5 years, 6-10 years, 11-15 years, 16-20 years, 21-25 years and above 25 years respectively.

It is pertinent to note the following points from the respondents characteristics and classifications.

A. The combination of males and females who responded is quite balanced

b. It can be inferred that most of the workforce are in the ages of 31 years and above

c. Most of the employees of the bank are married and responsible.

D. Union Bank of Nigeria Plc has a well -educated workforce, as over 94% of the employees hold qualifications above the General Certificate of Education ordinary level or its equivalent.

E. A large chunk of the bank employees are from the offices category and this is capable of making them have a sense of commitment.

F. It is clear that most of the employees have put in well over ten years in the employ of the bank and again, this means that the employees are making a career in Union Bank of Nigeria Plc.

5.4 RESPONSE TO QUESTIONNAIRES

The response of the respondents to the questionnaires is as shown below:

Table 11

Response to Questionnaires

Element	Sample	Response	% of Response	Non-Response	% of Non-Response
Staff	420	251	60%	169	40%

In general terms, the percentage of the response can be considered to be very encouraging, especially when viewed from the context of the low response rate that researcher usually experience in any form of mail questionnaire administration in Nigeria. It goes without saying that the members of staff of the Bank (as subjects or respondents) actually demonstrated keen enthusiasm in the questions raised and the chosen topic of study. Also, necessary personal follow-up was embarked upon by the researcher to ensure that the whole exercise was cost-effective and result-oriented in nature.

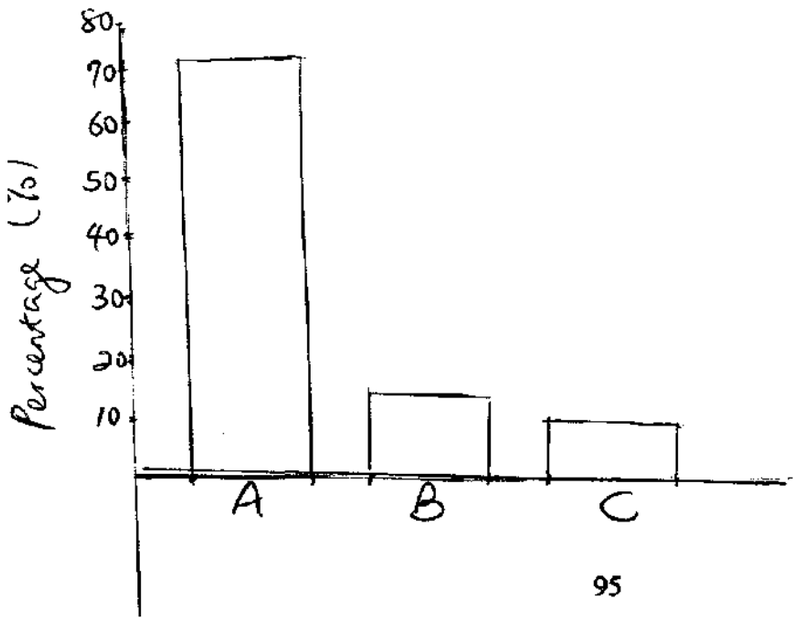
5.5 PRESENTATION AND ANALYSIS OF DATA

The relevant data obtained through the study instruments are accordingly presented and analysed in this section. The style adopted in this analysis is the use of simple percentages, tables and figures to represent the views of the respondents as stated before.

Research Question 1

Does the average customer know about the products of UBN Plc?

Figure III shows the respondents' views on this question:



Respondents' Opinion

Fig. III Average customers' knowledge of the Bank's products where

A = Yes (311)

B = No (63)

C = Undecided (46)

This table is indicating that about 74% of the respondents strongly agreed to the fact that the average customer knows about the bank's products, 15% strongly disagreed and 11% was undecided. This shows that most of the customers know about the products of the Union Bank of Nigeria Plc.

Research Question 2:

Does UBN Plc enlighten its customers about its products through notice board in and outside the banking hall?

The responses to this question are analysed in the table below:

Table 12: Enlightenment of customers about products in and outside the banking hall by UBN Plc

Types of response	No of Responses	Percentage
Yes	290	69%
No	130	31%

From the above table, it can be clearly seen that 69% of the respondents were of the opinion that the bank enlightens its customers about its products through notice board in and outside the banking hall whilst 31% strongly disagreed. The discrepancy in opinions may not be unconnected with the fact that those respondents who answered 'yes' may be having their branches and customers

adequately informed or enlightened about the bank's products perhaps with such phrases as 'notice to customers", "VIGO and RIA - the right or sure means to wire money", etc; while those who answered 'no' may not have such facilities at their branches. This findings reveals that customers are adequately enlightened about products in and outside the banking hall of Union Bank of Nigeria Plc.

Research Question 3:

Are regular bulletins made available for the bank customers?

The table below depicts the respondents responses

Table 13: Provision/availability of regular bulletin for bank customers

Type of response	No of Responses	Percentage
Yes	55	13%
No	164	39%
Not to my knowledge	201	48%

From the above table, it can easily be seen that 13% of the respondents answered in the affirmative, 39% of them disagreed while 48% gave the answers that it was not to their knowledge. This shows that most of the bank employees do not know whether or not regular bulletins are provided for customers.

Research Question 4:

Does the bank practice operational excellence as a marketing strategy?

The responses to this question are analysed in the figure below:

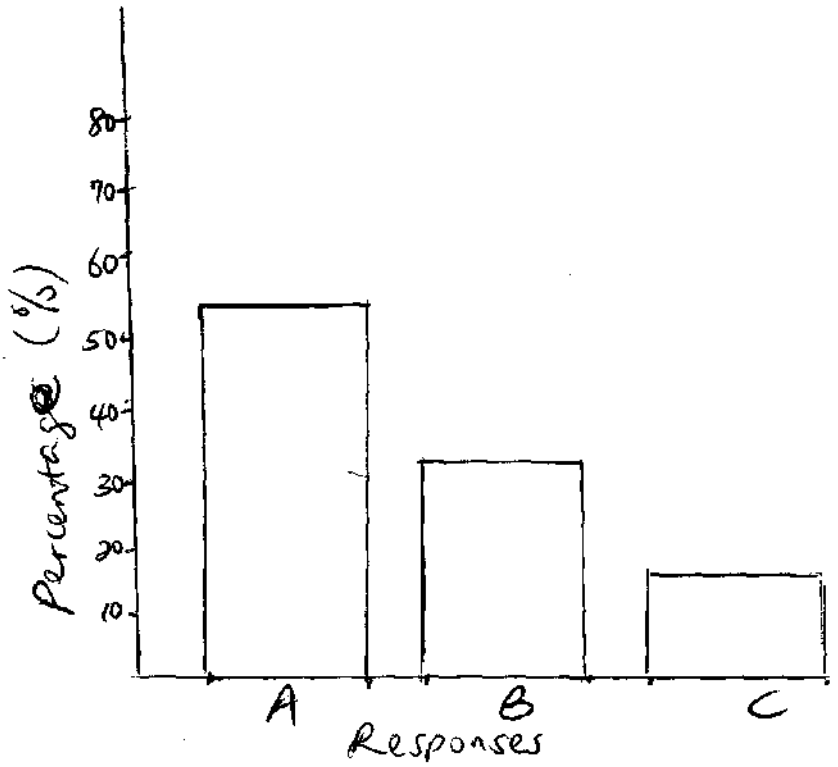


Fig Iv Practice of operational excellence by UBN Plc

N.B

A= Yes (223)

B = No (130)

C= Not to my knowledge (67)

From the above figure, it can be gleaned that 53% of the respondents were of the opinion that the bank practices operational excellence, 31% disagreed and the remaining 16% opined that such a fact was not to their knowledge.

It is clear from the responses above that the Union Bank is, in the main into operational excellence as a marketing strategy.

Research Question 5:

Does the bank practice product leadership as a marketing strategy?

The responses to this question can be analysed in the following table

Table 14: Practice of product leadership by UBN plc

Type of response	No of Response	Percentage
Yes	113	27%
No	206	49%
Not to my knowledge	101	24%

The inference that can be drawn from these responses is that Union Bank of Nigeria Plc does not practice product leadership.

Research Question 6:

Does the bank practise customer intimacy?

The table below shows the responses to this question:

Table 15: Practice of customer intimacy by UBN Plc

Type of response	No of Response	Percentage
Yes	38	9%
No	248	59%
Not to my knowledge	134	32%

It can be inferred that Union Bank of Nigeria Plc does not practice customer intimacy.

Research Question 7:

In which area does the bank enjoy competitive advantage?

Response to this question have been represented in the figure below:

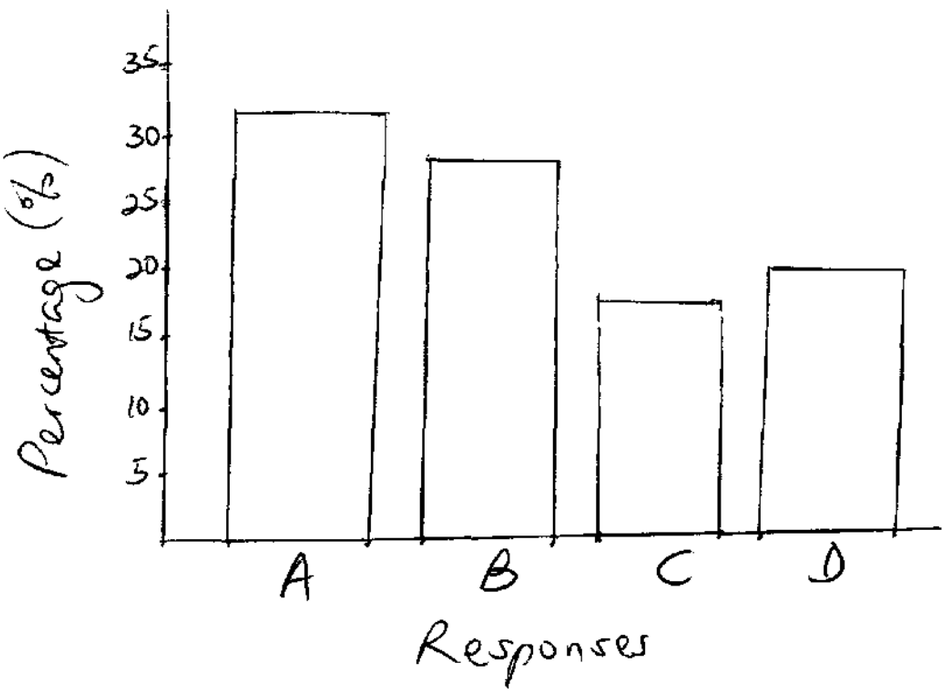


Fig V. Areas in which UBN enjoys competitive advantage

N.B

A= Trained/qualitative staff (32%) i.e 134

B = Goodwill (29%) i.e 122

C = Aggressive advertising (18%) i.e 76

D = Local and international connection (21%) i.e 88

This reveals that trained/qualitative personnel constitute the greatest area in which Union Bank enjoys competitive advantage.

Research Question 8

What effect, if any, does non-challant attitude of staff have on the bank's marketing effort?

The table below indicates the respondents' responses:

Table 16: Effect of non-challant attitude of staff on the bank's marketing effort

Type of response	No of Response	Percentage
It scares away the customers	113	27%
It decreases the bank's market share	172	41%
It results in decline of the bank's profit	135	32%

The above information tells us that non-challant attitude of staff towards the bank job and customers has the effect of decreasing the bank's market share, amongst others.

Research Question 9:

To what extent are the bank's customers satisfied with its services?

The responses of the respondents are represented in the table below:

Table 17: Extent of customers' satisfaction with the bank's services

Type of response	No of Response	Percentage
Little extent	105	25%
Reasonable extent	206	49%
Great extent	109	26%

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The above table shows that bank customers are reasonably satisfied with the services rendered by the bank.

Research Question 10:

In these days of stiff competition amongst the banks, what should the bank do in order to remain relevant and efficient in its marketing efforts?

The figure below represents the views of the respondents:

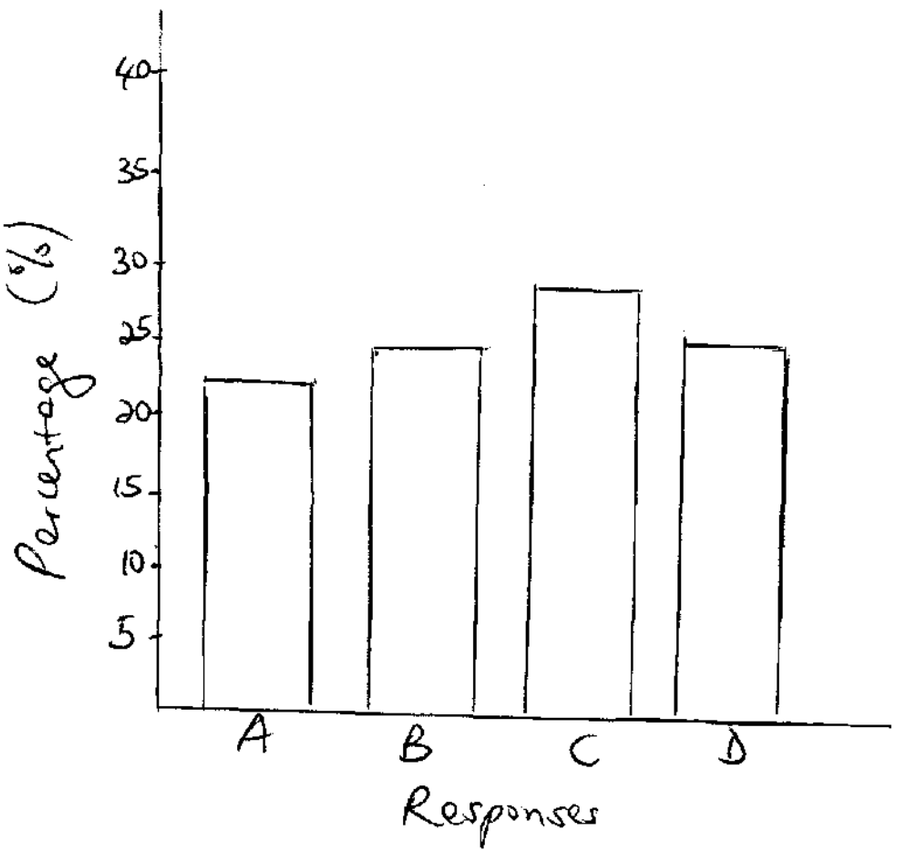


Fig.VI. What the bank should do in these days of staff competition.

NB

A= Go into aggressive advertising (22%) i.e 92

B = Staff re-orientation (25%) i.e 105

C = Delighting the customer (29%) i.e 122

D = Computerisation of all of its operation (24%) i.e 101

The figure above reveals that delighting the customer should be a priority area of the bank in these days of stiff competition.

5.6 ANALYSIS OF OTHER DATA

This section seeks to analyse other data which are not directly relevant to the research questions - but useful to the researcher. This has to do with how the bank charges are determined.

Table 18: Determination of bank charges for various products.

Types of response	No of Responses	Percentage
In comparison with other banks' charges	59	14%
By applying the provision of the Bankers Tariffs	323	77%
Based on other factors such as customers' influence, lenght of customer's patronage	38	9%

This shows that the provisions of the bankers tariffs constitute the main source of charges made by the bank for its services.

5.7 SUMMARY OF FINDINGS

It has been established from this research study that banks must necessarily market their financial products if existing and potential customers alike have to patronise them. The role of bringing the attention of users of products to the existence of such products cannot be shrugged off. The era of banks opening their doors to the public and expectingn customers to troop into their banking halls, is far gone. The aftermath of the proliferation of banks and the consequent keen competition that followed was the wholesale adoption of marketing strategies by banks so as to position themselves properly and effectively in the operating environment.

The following information constitutes the summary of findings of this research study.

A. The average customer of Union Bank of Nigeria Plc knows about the existence of the latter's products.

B. More often than not, the bank takes steps to enlighten its customers about its products through notice boards in and outside the banking hall.

C. It is, however, not to The knowledge of most of the respondents that the bank provides regular bulletins to its customers.

D. Indications are high that the marketing possibility practised by Union Bank is operational excellence. This shows that mgt at H/Q may have good policies but some branches may not be well informed.

E. The practice or adoption of product leadership or customer intimacy is outside the province of Union Bank of Nigeria Plc.

f. The bank enjoys a sustainable competitive advantage in the area of trained and qualitative personnel (See table 10 and figure 1 above).

G. The bank's marketing effort has been frustrated by non-challant attitude of the staff, and if unchecked, this attitude could scare away the customers, decrease the bank's market share and eventually result in decline of the bank's profits.

H. Feelers received from the respondents also indicate that the customers are reasonably satisfied with the bank's services. This is attested in table 17 above.

I. In order to remain relevant and to continue to be a key player in the banking industry, Union Bank should stop at nothing to achieve its goals and objectives. Amongst other actions to take in these days of staff competition are pleasing or delighting their customers by them "extras" in the service delivery system; embark on staff re-orientation and automation of the bank operations to accommodate the winds of change blowing across the industry as well as go into aggressive advertising.

Since banking is a personal service industry, the human element or factor is very crucial in the attainment of the corporate objectives of the organisation. Inspite of automation of operations, human beings must still be involved and infact play a major role in the service delivery system of banks.

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CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 SUMMARY

Marketing is the management process of identifying, anticipating and satisfying the customer profitability. It is a dynamic action that begins and ends with the customer. The customer is the focus of all marketing efforts and activities in an organisation. It involves identifying for the present, anticipating for the future need of the customer and satisfying the customer at a profit. Today, the level of satisfaction has been surpassed. The in-thing is that of delighting the customer. Delighting the customer simply means giving him 'extras', value added or something unsolicited for and received on a surprise basis.

More often than not, Nigerian banks market not their financial services but their names, a development that does not help matters. This has driven their products into complete oblivion, thus leaving their customers to wallow in ignorance. This makes the customer run from one bank to the other in the quest for satisfaction. At the same time, the banks lose much revenue as they do not enjoy the customer's patronage to the fullest.

The history of banking in Nigeria dates back to the end of the nineteenth century when the Elder Dempster Lines, a shipping company, started some form of banking business in the country to facilitate its own business transaction. When in 1892 the first bank, the African Banking Corporation was established, opportunities opened for other banks in this country, some of which failed and others have

been able to weather through the storm - and are still in existence today.

In the past, there was no need for marketing in the banking industry since only few banks existed and competition virtually non-existent. Arm-chair banking was the order of the day with the banks expecting their customers to come from very distant towns and villages to patronise them. What was in operation then was indeed a sellers market with the banks dictating the terms and conditions of the business. At this time the customer who ought to be the king and the very purpose of the business, was utterly neglected and at best, considered as secondary. The introduction of the Structural Adjustment Programme(SAP) in 1986 by the Babangida administration however, changed the whole story. Many new banks were issued with operating licences and competition was accentuated in the banking industry by the general deregulation of the economy. This jolted the existing banks out of their deep slumber and a more positive marketing approach was adopted by the banks.

Today, marketing management has come to stay in the banking industry with virtually all the banks introducing and maintaining a marketing department or unit with the purpose of developing new products of the bank as well as bringing same to the attention of the target users. Various strategies are developed by banks to market their services to their customers, including customised banking services.

Union Bank of Nigeria Plc, where this research study was carried out, used to be known as Barclays Bank & Co. From a mere subsidiary of Barclays Bank International in 1917, it has metamorphosed into a colossus, leader and today a group with other subsidiaries. It has recently embarked upon a re-engineering process. Its various financial products are highlighted in this research

study. The general marketing problems and the futuristic perspectives of the Bank are not left out.

Aside from interviews and observations, questionnaire is the main study instruments employed in this research thesis and it has the following fundamental parts: letter of introduction, bio-data section, main body and other related questions. This instrument was made very simple to understand by providing options throughout the questions raised and the respondents were implored to merely tick the appropriate answer on the space provided. Above all, the questions flow nationally in their logical sequence for meeting the research objectives.

Statistical methods such as percentages, tables, histogram and frequency polygon are employed in carrying out the presentation and analysis. These assisted out the presentation and analysis. These assisted the researcher in making reasonable and sound conclusions as well as good recommendations at the end of the study.

Furthermore, a section was created to address the analysis of other relevant data as supplied by the respondents. To this end, a table was prepared to represent the views of the respondents.

However, the following problems were encountered during the research process:

a. The drafting, typing, distribution and collection of the questionnaire were found to be time-consuming, costly and considered to be arduous tasks.

B. Some respondents were yet to cultivate the necessary research habit, as they did not see the need to complete the questionnaires initially.

C. Some of the respondents were highly sceptical in completing the bio-data section of the questionnaire until their minds were disabused of such migivings.

6.2 CONCLUSION

From the foregoing analytical research study, the following inferences can be made:

a. The profile of bank personnel (through whom the relevant data were obtainend) has drastically changed from a situation where virtually all Nigerian employees were engaged in the services of the bank organisation from the clerical level and were trained on the job in routine banking activities mostly. The modern banker is an educated professional, flashy, market-oriented, fahsionable, articulate, versatile, risk-taking and highly mobile persons. These qualities accounted for the nature of responses received during this research study.

B. The evolution of marketing in the Nigerian banking industry is tied to the growth and changes in the totality of the banking operating environment. This has given rise to the creation and maintainance of marketing departments and units in virtually all the banks in Nigeria. The banks have come to realise that their survival and growth largely depend on the various marketing strategies they are able to develop and implement towards satisfying customers and drawing potential ones.

C No meaningful marketing efforts can be made by banks if they lack adequate information, Rapid changes in information technology, competition amongst the banks and the shift from price to non-price competition amongst banks e.g branding, product differentiation, advertising, sales promotion, government policies etc amongst others, account for the increasing need for information by banks.

D. In marketing their financial products, banks have three vital marketing possibilities at

their disposal - the operational excellence, productleadership and the customer intimacy.

E. A reasonable percentage of the customers of Union Bank of Nigeria Plc and indeed the banks is informed of the financial products available.

F. The provision of regular bulletins for bank customers by banks is however, not known to most people.

G. Much havoc can be done to marketing effort of banks by the negative or non - challant attitutudes of staff. Amongst others, it would scare away or repel the customer (who must have been promised of efficient customer service by the marketing officers, decrease the bank's market share and eventually result in decline of the bank's profit.

H. The customers of Union Bank of Nigeria Plc are reasonably satisfied with its services.

I. In these days of stiff competition amongst the banks, they should strive to embark on staff re-orientation and automation of every area of their operations. Also, while going into aggressive advertising of their products, they must always delight their customers in their service delivery.

6.3 RECOMMENDATIONS

a. The bank should continue to respond to the changes and challenges being posed from the operating environment. A veritable way of doing this is by delighting t h e customers for whose purpose the business exists.

B. The bank should be aggressive in its drive and quest for information technology.

C. The bank should be professional in its marketing approach by employing the "you appeal". It

should think and talk in terms of its customers' interests - emphasising and stressing more of what the services or products mean to the customer more than the benefit it would derive from their patronage.

D. The bank should focus on leading in one value discipline and shape all aspectsof the organisation around it for the common good of the organisation.

E. The bank, in its bid to update its numerous customers of its full range of financial services, should send bulletins to the customers on regular basis.

F. To complement advertisement and other campaigns undertaken by the bank, it should improve on its services by being prompt, courteous, and efficient at all times.

G. In these days of stiff competition amongst the banks, Union Bank of Nigeria Plc should strife to embark on staff re-orientation, automation of every area of its operations and aggressive advertising. Above all the customer's satisfaction and delight should be uppermost and given priority attention at all times.

6.4 RECOMMENDATIONS FOR FURTHER STUDIES

The research study further recommends to potential researchers some revealing and interesting aspects of this study. These are as follows:

a. Marketing financial services should be regularly reviewed from time to time and not a one-off measure.

B. The marketing of financial services of banks brings home the fact that the customer is the king and the very purpose of the business. Therefore, the banking business must be built around the customer if it wants to survive within the ever-changing or dynamic operating environment.

C. It is recommended that marketing principles and strategies should be introduced in line with the desires and tastes of the customer.

D. Nothing can replace good, efficient and effective customer service- not even marketing slogans. In other words, concrete action must be matched with words.

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APPENDIX

Faculty of Administration
Department of Business Administration
Ahmadu Bello University
Kongo Campus.

TO WHOM IT MAY CONCERN

Dear Sir/ Madam

LETTER OF INTRODUCTION

As part of the course requirements for the award of the degree of Masters of Business Administration, this student, MR AUGUSTINE OGHENOVO OTOHWARHUERE, is required to write a project, using your Organisation as a case study, on: AN ASSESSMENT OF THE MARKETING OF FINANCIAL SERVICES IN BANKS IN NIGERIA - A CASE STUDY OF UNION BANK OF NIGERIA PLC.

In recognition of its achievements, your bank has been selecte for the study. I am, therefore , requesting that you kindly give the student the necessary assistance in the area of data collection.

Please be informed that any information supplied will be treated in the strictest of confidence and used purely for academic purpose.

Thank you.

Yours Sincerely,

Mrs M .S Akanet
Project Supervisor.

QUESTIONNAIRE

Kindly tick the appropriate answer to the following questions on the space provided:

1. Which of the following areas of the bank are you working in?
   Branch ( ) Area Office ( ) Head office Department ( )
2. What is your present position?
   Clerical ( ) Officer ( ) Management ( )
3. What is your nationality? Nigerian ( ) Non-Nigerian ( )
4. Sex : Male ( ) Female( )
5. Age: 18-25 years ( ) 26-30 years ( )
   31-35 years ( ) Above 35 years ( )
6. Marital status: Married ( ) Single ( )
   Divorced ( ) Widowed ( )
7. Highest qualification obtained: WASC/GCE ( )
   ND/NCE/ADPA/ACIB PART I ( )
   HND/B.Sc ( ) M.Sc/MBA ( )
   ACIB/ACA/ACCA ( ) Others ( )
8. Job Experience/Length of service: 1-5 years ( ) 6-10 years ( )
   11.15 years ( ) 16-20 years ( )
   21-25 years ( ) Above 25 years ( )
9. In your own opinion, does the average customer know about your bank's products?
   Yes ( ) No ( ) Undecided ( )
10. Does the bank enlighten its customers about its products through notice board in and outside the banking hall? Yes ( ) No ( )
11. Are there Public Relations Officers on the Bank counters?
    Yes ( ) No ( )
12. Are regular bulletins made available for the customers?
    Yes ( ) No ( ) Not to my knowledge( )
13. Does the bank practise operational excellence ?
    Yes ( ) No ( ) Not my knowledge ( )
14. Does the bank practise product leadership?
    Yes ( ) No ( ) Not my knowledge ( )
15. Does the bank practise customer intimacy?
    Yes ( ) No ( ) Not to my knowledge ( )
16. How are charges for the bank's products determined?

In comparison with other bank's charges ( )
By applying the provisions of the Bankers Tariffs ( )
Based on other factors ( )

17. In which area does your bank enjoy competitive advantages?
Trained/qualitative staff ( ) Goodwill ( )
Aggressive advertising ( ) Local and international connection ( )

18. Are there traces of non-challant attitude of staff towards their job?
Yes ( ) No ( ) Undecided ( )

19. What effect, if any, does non-challant attitude of staff have on the bank's marketing effort?
It scares the customers away ( ) It decreases the bank's market share ( ) It results in decline of the bank's profit ( )

20. To what extent are the bank's customers satisfied with your services?
Little extent ( ) Reasonable extent ( ) Great extent ( )

21. In these days of stiff competition amongst the banks, what should the bank do tobemore efficient in its marketing effort?
Go into aggressive advertising ( )
Staff re-orientation ( )
Delighting the customers by providing them with extras from time to time (22.
Computerisation of all of its operations ( )
Thank you very much and God bless.

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