MARKETING OF BANKING SERVICES IN A DISTRESSED ECONOMY LIKE NIGERIA

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DEDICATION

This work is dedicated to my Dad Mr. E.K. Etuh, (Late) for taking his time everyday after his work to teach one A,B,C,D ..... 1,2,3,4 .....

Thank you DAD.

CERTIFICATION

This Research work entitled Marketing of Banking Services in a Distressed Economy By **Etuh, Clement.** Meet the Requirement governing the award of the Degree of Master of Business Administration of Ahmadu Bello University, Zaria, and is approved for it's contribution to knowledge and literary presentation.

A. B. AKPAN — 30/10/2000

Name and Signature of Supervisor — **Date**

30/10/00

Head of Department — **Date**

25/03/02

Dean Post Graduate School — **Date**

DECLARATION

This project is an overview work of Marketing of Banking Services in a Distressed Economy in General. Therefore, it did not hold out any single bank in the course of examining and considering the data used in drawing the conclusion and recommendations.

ETUH CLEMENT

SIGNATURE DATE

ACKNOWLEDGEMENT

A great many people contributed, directly or indirectly to the successful completion of this work. To all of them I am very thankful.

My profound thanks and appreciation goes to my project Supervisor Mr. A. B. Akpan for his useful advise, guidance and constructive criticism of this work. To my colleague and friend Alhaji A.B. Wakili I say a very big thanks for his singular support during the programme.

I will also like to mention the understanding of my wife (Celestina), members of the Etuh family for their support. Last, but certainly not least, I owe a special debt to God Almighty, for giving me life.

"While the merits, this project may deserve are shared with all the persons whose contributions have been acknowledged, may I state categorically that I singularly accept whatever deficiencies that it may contain."

Etuh C.

ABSTRACT

Nigerian Banking is undergoing an unprecedented change and new challenges, this is however, occasioned primarily by structural changes and related developments in the national economy. There is a new dimension to competition and a number of regulatory frameworks both from the Central Bank of Nigeria (CBN and the Federal Ministry of Finance. The banking sector more than ever before is characterised by uncertainty, volatility of interest rates and ever changing foreign exchange policies all of which seem to generate fierce and unorthodox competition among banks.

With the present trend of increasing and cut-throat competition in the banking sector, marketing becomes as imperative as provision of services itself. The situation calls for nothing short of aggressive and persuasive marketing of banking services not only to retain existing customers but also to acquire a large chunk of the new market.

Unfortunately, marketing of banking services in a distressed economy like Nigeria is fraught with diverse impediments inherent in the environment which include weak data base and poor communication system, lack of well developed money and capital market of well structure approached to the business of marketing.

Apart from conventional lending tools such as loans and advances, overdrafts, other services such as insurance and insurance broken, pensions scheme, personal and business advisory services, trusteeship and executor-ship, equity finance, leasing and hire purchase, computer bureau services and international financial services remain largely untapped. Even in cases where some banks provides these services, the scope is shallow and availability is still limited to a few outlets or branches; usually in the major cities.

This study has dwelt on the issues involved in the marketing of commercial banking services in Nigeria as a distressed economy. The efforts of the some selected bank have been sufficiently discussed and suggestions also preferred on ways to improve their services and marketing generally.

It is therefore hoped that scholars in the field of marketing in general, and marketing banking services in particular will find this material interesting, thought provoking and a contribution to this interesting and ever changing field of study.

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CHAPTER ONE

INTRODUCTION

1.1 PREAMBLE

Banking Business is changing using marketing in Nigeria. Marketing actually changes any business. Before marketing was embraced by the banks, bank building cut the image of Greek temples calculated to impress the public with the bank's importance and solidity. Banks also enjoyed an advantageous and privileged position as financial intermediaries and regulators of the economy.

The traditional concept of a Banking Institution as basically the financial intermediary between depositors and users of investment funds is now being replaced by a picture of institutions that must compete in the market place and adopt marketing strategies to ensure their continuous survival and relevance in the ever competitive environment. The competition is even made stiffer because banks will compete not just with each other alone but with all shades of non-bank financial institutions.

The operating environment for Banks in Nigeria, since the introduction of the structural Adjustment programme (SAP) and the Sudden death of some major banks coupled with the classification of others as distressed has further encourage increased

competition among the surviving banks. Liberal bank licensing policy by government ever changing regulatory policies , changing foreign exchange and interest rate policies of the government, all encourage stiffer competition previously unknown to the banking industry in Nigeria. It is against this competitive background that the marketing of bank services becomes more relevant. With greater competition and with more sophisticated and quality conscious customers, success in the banking business requires the adoption of marketing orientation, that is, the closely look at the market in which it operates with a view to developing and producing services which will fulfil the needs of consumers in those markets.

This marketing orientation is of crucial importance in all sectors of the economy, including the financial services sector. The financial services sector in general, and banks in particular have been slow to adopt the marketing philosophy. Thanks therefore to the changing environment that has occasioned the reproach. As the contents of this write-up unfold, an attempt shall be made to look at the application of the marketing function in commercial Banking Business in a distressed economy like Nigeria.

1.2 STATEMENT OF THE PROBLEM

The banking profession in Nigeria had until recently been characterised by what experts refer to as "arm-chair". This approach to banking business is deficient because the banks have not fully embraced marketing strategies. Nigeria commercial banks are

yet to appreciate the marketing concept and functions. Their perception of marketing is narrowly centered around equally narrowly defined end-results of cheap and/or cost-free deposit mobilization for investment into the highest yielding ventures.

Marketing of bank services actually transcends these myopic ends. Nigerian commercial banks need to design and adopt certain marketing strategies and selling techniques for a purposeful and customer-oriented approach to the business of banking, if they must remain in business in an economy where some banks have failed. Unlike the sellers of tangible goods whose task is to formulate strategies for pushing their goods to the final consumers, sellers of banking service have two ends to achieve in their marketing approach. The primary task is to mobilize deposits through various accounts like savings, time or fixed, current or demand deposit account as is the practice of commercial banks. These deposits so mobilized need be invested in one from or the other with a view to making profit.

The prevailing conditions in the Nigeria Banking industry calls for the adoption of the marketing orientation and application of the tools of marketing in commercial banking business. In this write-up the following specific problems will be investigated:

(i) Inadequacy of Banking services

(ii) Unsatisfactory manner of offering the existing or available banking services and

(iii) Lack of innovativeness on the part of the banks in product packaging and delivery

1.3 OBJECTIVE OF THE STUDY

In banking as in other industries, the ability to realize a profitable volume of sales in the fight against competitors for the share of the same market depends substantially on the firms capability to make optimal and timely responses to the changes in the market place. However, a firm that performs the essential ingredients of the marketing management process over time will ultimately determine its capability to perpetuate itself in the long run through continuous flow of innovative marketing program out-puts that match the needs of the market today and in the future.

The purpose of this study, therefore is to examine the role of marketing in the commercial banks sub-sector and the strategies adopted by the selected banks in marketing their services. To this end, we shall examine:

i. The extent to which commercial banks in Nigeria market their services through the employment of marketing functions.

ii. The similarities between the marketing of bank services and that of tangible goods

iii. Ways of performing marketing functions in delivering commercial bank services

iv. Recommendation on the effective ways of marketing commercial banks' services in Nigeria given the present competitive environment

v. Suggested marketing strategies for the marketing of banking services.

1.4 JUSTIFICATION OF THE STUDY

The key word in any consideration in the banking environment today - and looking into the future is competition. Changing operating environment for the banks in particular and the economy in general has brought about an era of stiff competition. The Nigerian economy has witnessed a number of changes since the introduction of the Structural Adjustment Programme in September, 1986 and the sudden death of some major Banks. These changes in the economy continue to have spill-over effects on the banking industry which has continued to play an important role in the economy.

The implementation of the structural adjustment programme (SAP) and the liquidation of the failed banks has brought about a number of developments/changes that had direct bearing on the banking industry.

These structural Adjustment Pragramme (SAP) and liquidation of some major banks has induced developments tend to jolt the banks sending them to the drawing boards to rep-plan and innovate with a view of ensuring their competitiveness and continued survival in the market place.

1.5 RESEARCH METHODOLOGY

The use of secondary data shall be principally employed in this research project. The methodology shall be descriptive and prescriptive. Descriptive to the extent that the

information obtained shall be explained within the content of the study while it will be prescriptive when specific recommendations shall be made on how marketing of banks services can be improved in Nigeria under distress situation.

1.6 SOURCES OF DATA

We will rely mainly on secondary sources of data to research the problems of marketing banking services in a distressed economy. The secondary sources shall consist of sources internal to the banks chosen and those external to them.

Internal secondary sources include annual reports, Newsletters, bulleting, pamphlets etc. While external sources which are further classified into three sub-units include:-

i) Trade publications -Banking Annuals and Almanacs

ii) Government publications and publications of the Nigeria Deposit Insurance Corporation (NDIC)

iii) The media - Billboards, T.V. Commercials, Magazines and Newspapers.

Other source of data relied upon inn this study are primary sources which include interviews and/or discussions held with some of the officers and managers of the selected banks. These staff cannot be mentioned by name as they have been assured of anonymity by the researcher at their own request.

1.7 SCOPE OF THE STUDY

This study shall be concerned with marketing of retail banking services or those activities in which the commercial banks are involve. The research shall also dwell on three selected commercial banks operating in the country and having a network of branches throughout the federation namely Union Bank Nigeria Plc., Diamond Bank Limited, Lion Bank of Nigeria Plc. Comments on the efforts of these banks which form subject of my study shall however be limited to Kaduna, Lagos and Jos which house the branches covered by the study. This is however without prejudice to the fact that Nigeria operates a branch banking system which goes with uniform operating system in all units and/or branches.

The selection of these banks is informed by the facts that they represent different classes or categories of commercial bank's in Nigeria. While Union Bank Nigeria Plc. represents the group of large, old generation, commercial banks otherwise known as the 'big three', Diamond Bank Limited and represent the new generation privately owned Wholly Nigerian Banks. Lion Bank Plc. on the other hand represents another class of new generation state/publicly quoted Nigerian Bank with Management and ownership relationship with international merchant bank (IMB) Limited.

Attention is focused on commercial banking in Nigeria because they operate the retail banking business which largely affects the lives of the average man in society and whose impacts are far-reaching than those of the wholesale or investment banks.

1.8 LIMITATION OF THE STUDY

The study of marketing bank services in Nigeria has one major limitation and that is, the paucity of relevant and up-to-date literature. This scarcity placed a constraint on the research work.

Another limitation or constraint in the course in the course of the study is time, resources to travel far and wide to sample the operating activities of the selected banks across the length and breadth of the federation, due to the scarcity of Petroleum product.

The un-cooperative attitude of most bank personnel approached for discussion in the subject matter was another limitation place on the study. Some of these unwilling officers viewed the researcher's request with contempt and suspicious on the promise that is a fault-finding.

CHAPTER TWO

LITERATURE REVIEW

2.1 WHAT IS MARKETING

If you asked several people what marketing is, they would probably respond with a variety of descriptions. Marketing encompasses many more activities than most people think. Remember, thought, that any definition is merely on abstract description of a broad concept. No definition perfectly describes the concept to which it refers, like most developing disciplines, marketing has been, and continuous to be defined in many ways. Here are some of the definitions.

Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationship in a dynamic environment through the creation, distribution, promotion, and pricing of goods, services and ideas.[1]

Marketing is a total system of business activities designed to plan, price promote and distribute want-satisfying products and services to present and potential customers.[2]

Marketing encompasses all activities involving exchange and the cause and effect phenomena associated with it.[3]

Philip Kotler in his words explained Marketing activity as "The analysis, planning, implementation and control of programs designed to create, build, and maintain mutually beneficial exchange and relationships with target markets for the purpose of achieving organisational objectives. It relies on a disciplined analysis of the needs, wants as the basic for effective product design, pricing, communication and distribution".[4]

The Chartered Institute of bankers, London, has defined Marketing as "a management process which identifies anticipates and supplies customer's requirements efficiently and profitably".[5]

The concept of marketing is one that is widely recognised as being central to the success of any business, irrespective of its size or the sector of the economy in which it operates. In the past manufacturing firms relied simply on production based approach to their business, and the belief that the ability to mass produce and competitively price product would be sufficient to ensure success. The underlying assumption was that consumer would look favourably on products which were widely available and affordable. Resources within the firm would be devoted to ensuring efficiency in production and distribution in order to ensure that goods were produced and distributed at lowest cost. This approach was successful when markets were typified by conditions of excess demand - that is to say when levels of output were generally insufficient to meet levels of demand, indeed, the initial success of firms like Henry Ford was based on just

such an approach to business. Attention is now however focused on "Marketing" which Peter Drucker (1973) explains in the following words "'Marketing is not only much broader than selling, it is not a specialised activity at all. It encompasses the entire business. It is the whole business seen from the point of view of the final result, that is, from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of the enterprise".[6]

Thus, an organisation with a marketing orientation is one that places the consumer at the centre of its business and attempts to develop products and services that meet the requirements of those consumers, both now and in the future. To do this effectively, an organisation must focus its attention on the nature of consumer needs and wants and not just on the range of products which meet those needs. Focusing on the products themselves can lead a business into the 'marketing myopia' trap. One of the often quoted factors behind the decline of the railway companies in America was the belief, on the part of management, that railways were there business; in truth, they were in the transportation business and the recognition that they operated to service these particular needs might have provided them with a sounder base for future development. Hence, in the case of bank's lending products for example, management should not see their function as simply providing loans and advances, over draft facilities these are only the range of products which are currently employed to fulfil consumer needs. By focusing on the consumer needs which the bank is satisfying, the business could perhaps more

appropriately be seen as one of providing consumers with the ability to make purchases at an earlier date than might otherwise have been possible.

The marketing functions therefore encompasses a wide variety of techniques and activities. It is concerned with identifying and analysing markets; understanding how consumers are motivate and how they behave in those markets as well as identifying groups of consumers which are of particular interest to the business. To build the link between the business and its consumers requires the development of an appropriate marketing mix - commonly referred to as the 'four Ps'. The components of this marketing mix are:

Products

price

promotion

place

and these must be managed to ensure that the right type of product is available at the right price, in the right place and that the consumer is aware of this. It is often argued that the marketing mix for services such as banking includes a fifth 'P' - people - emphasize the importance that will be attached by the attitudes and performance of the individuals supplying the service. In current business environments, marketing is arguably far too important to be left solely to marketing departments. It is an approach to business and an attitude to consumers which must permeate the structure of an organisation. The

successful marketing orientate company will be successful only if the philosophy underlines all activities, not just at senior management level but also among employees at all levels. Furthermore, it is becoming increasing evident that marketing is not simply a short term tactical component of business. The four elements of the marketing mix are of undoubted importance, but their simple manipulation will provide little in the way of long term solutions to an organisation's marketing problems. Effective marketing is dependent on the organisation taking a strategic view anc considering marketing as an integrant and driving force in its strategy and planning.

For Nigerian banks, the period beginning 1989 has been the most testy period, a period that witness the formulation, by the monetary authorities, of strict monetary polices, that sent jitters down the spines of industry operators. Within five days in June, 1989; the monetary authorities instituted two panic measures which were aimed at arresting overspending in the inflationary budget of 1989. The budget had pumped some excess 8 billion into the economy. Top mop up that excess, the Central Bank of Nigeria (CBN), withdrew 3 billion from he banks through abolition of off-shore collaterals. Another 4 billion was blotted within the same week when the Federal Accountant General recalled deposit by government agencies from the banking system. The two measure, which wiped out 13 percent of the total liquidity in the banks, almost paralysed the industry. The significant increase in the number of banks declared distressed and subsequent liquidation of more than 36 major banks become a veritable source of worry, further to the death of almost if not all the non-banking financial institutions course the

competition within the industry to be more fierce and keener. The result was increase in competition and a greater recognition of the importance of marketing, reflected int he establishment of formal marketing department and an extension of marketing activities beyond simple product/image advertising and selling.

Although the banks had come to recognise the importance of adopting a marketing orientation at senior management levels, its implementation was often the responsibility of branch managers who were, in many cases, ill - equipped to implement this approach. Furthermore, there remained a tendency to see marketing as a function which would communicate with and convince consumers of the merits of a bank and its products rather than as a key component in the development of the overall strategic approach to the marketplace. Consequently, banks typically lagged behind the consumer goods sector in the application of marketing techniques.

Thus, although the role of marketing has increased in importance in the financial services sector, it has tended to play a primarily tactical, rather than strategic, role in business development. Even recently, it has been observed that many banks and other financial services organisations tend to accord a comparatively low status to marketing and that the most senior levels of management tend to remain the province of executives with a background in finance, in contrast to the manufacturing sector.

However, against the background of an increase in competition during the last five year or so, it appears that banks are moving towards a strategic marketing orientation which requires that marketing takes a more active role in the determination and development of overall corporate strategy. This shift reflects a growing realisation that marketing, almost by definition, is a strategic activity and that in period of rapid environmental change organisational efficiency is not sufficient to ensure business success. Successful organisation need to adopt a pro-active stance and in this context marketing has a key role to play in identifying the most appropriate markets and products.

2.1.1 MARKETING FINANCIAL SERVICES

Services in general and banks services in particular differ from goods in a number of respect and as consequence certain aspects of the marketing approach will also differ. The key areas in which services differ from products are as follows:

i) **Services are intangible**: A service cannot be seen, touched or displayed. A consumer may purchase a particular services but typically has nothing physical to display as a result of that purchase. Money transmission is a service which customers' pay for and is performed by banks, but the customer does not obviously have anything to show as a result. The same can be said of insurance, savings and investment services. In addition to this notion of impalpability is the idea that financial services are characterised by a degree of mental intangibility. The service is often difficult for the consumer to understand and the mechanisms

which underline the production of the services may not always be obvious to the consumer. For example, most consumers are aware of the importance of pension plans and realise that money paid now will lead to money in the future, the rather fewer actually understand the mechanisms underlying the operation of a pension plan.

ii) **Services are inseparable:** In general, it is impossible to separate the production and consumption of a service. Most goods are produced and subsequently sold and then produced. As a result, services are perishable - they cannot be stored, they must be produced on demand and often can only be produced in the presence of the customers. Inevitably these will create problems with levels of demand and the issue of how to react in situations when demand is greater than supply or vice versa. For example, when interest rate are low and the economy is prosperous, mortgage demand will be high but institutions may often experience difficulties in raising the funds to finance the demand for mortgages. They cannot simply 'store' mortgage funds from a period when savings where high and mortgage demand low.

iii) **Services are heterogeneous:** The quality of the service product is typically highly dependent on the quality of the personnel conducting the transactions. As a result, the potential variability is high and quality management and control is difficult. The quality of service customer receives from a bank when making a

loan application will be dependent on the performance of the loan assessor; the bank will be judged on that rather than the quality of the resulting loan. Variability of service quality can be reduced by the use of technical to standardise service delivery. Examples of this can be found in the use of ATMS and the development of expert systems to control loan evaluation and account opening.

These features are present to varying degrees in financial services products. A key aspect of marketing within any service organisation is to confront these issues and attempt to resolve them. A common strategy is to develop a tangible representation of a product - for example Cheques and Credit Cards are tangible representations of money transmission and credit facilities.

2.1.2 UNIQUE FEATURES OF FINANCIAL SERVICES

In addition to these characteristics there are additional features which can be considered unique to financial services. The first of these is fiduciary responsibility. Financial services organisations have an implicit responsibility in relation to the management of funds and the financial advice they supply to their customers. Although any business has a responsibility to its consumers in terms of the quality, reliability and safety of the products it supplies, this responsibility is perhaps much greater in the case of the financial services organisation. This may be explained partly by the fact that consumers of such services often find the precise details of the services difficult to comprehend and are therefore placing their trust int the organisation they deal with.

Equally important of course fact that the 'raw materials' used to produce many financial products are consumers' deposits; thus in producing and selling a loan product, the bank has a responsibility to the individuals whose deposits have made that loan possible. It is therefore possible to carry out a formal investigation into whether an organisation is maintaining proper fiduciary standards. In addition to this formal regulation, any organisation involved in the provision of financial services should be aware that its marketing and selling activities can have a very wide-ranging impact on the prosperity of a company or an individual. Mere compliance with the legal requirements might not be sufficient to discharge these broader responsibilities.

A further area in which the banks may be seen to be different from other types of service organisation is their indirect involvement in national economic policy. While interest rates remain an important instrument of government economic policy, the banks will always find their pricing policies constrained to some degree by the requirements of the national economy.

Finally, emphasis must be place on the potentially important role played by individuals in financial services organisation. Consumers will often find the precise details of the product difficult to understand; they often do not see anything tangible for their expenditure and the material benefits from many products will often not be realised for some quite considerable time. As a result, the purchase decision is often heavily influenced by the degree of trust a consumer associates with an organisation and in turn is

often heavily influenced by the individual who actually makes the initial contact with the consumer and carries out the sale. Of course customer service is important to any organisation and is not the exclusive preserve of the services sector. Nevertheless, poor customer service with a normal tangible product can be forgotten if the consumer is satisfied with the product. With any service product, the service is so closely linked to the service provider that poor customer care can lead to dissatisfaction with the supplying organisation. Thus the marketing orientation for a service firm must genuinely permit the entire organisation and must be particularly strong among those staff who have contact with customers on a daily basis - hence the importance of a 'people' component in the marketing mix.

2.2 THE MARKETING CONCEPT

The 'marketing concept' has been defined as a management outlook that accepts that the key task of the organisation is to determine the needs wants and values of a target market and to adapt the organisation as necessary to deliver the desired satisfaction more effectively and efficiently than its competitors.

There are, however, alternative outlooks or 'orientations' towards marketing which includes:

i) **Production:** concentrating on manufacture, cost and volume, which works well when demand outstrips supply (eg. In Japanese car manufacture);

ii) **Products:** concentrating on product design and quality, so that the product 'sells itself'. In conditions of competition and/or over-supply of the product in the market, however, demand will have to be stimulated with a push' to convince customers of the product's desirability;

iii) **Sales:** concentrating on selling product in the face of assumed customer inertia, with heavy investment in sales promotion.

Orientation	Assumption
Product	Customers know (and buy) a 'good thing' when they see it.
Sales	Customers will not know (or buy) a 'good thing' without being told by the sales function
Market	A 'good thing' is by definition one that customers will want to buy.

Banking seem to have done very little in the way of advertising or promoting their services until the late 1960s, when joint advertising campaign emerged, designed rather to promote banking itself than one particular bank. The 1990s saw separate advertising campaigns for banks, and the beginnings of a newly active approach to the marketplace

in the later part of 1990s, however, there are considerable change in the range of products and services offered by banks - and by their competitors, who are growing in number, with the convergence of interest between different financial service provides: For example, finance companies and insurance companies. This created new pressures for banks to consider more carefully who their customers are (and whether groups of customers mighty form particular markets for particular services); what are their customers' needs, wants and values; who their competitors are; and how they could satisfy their customers more efficiently and effectively than their competitors.

Banking activity in branches has, in the past, been commonly associated with lending rather than marketing other services, such as savings and investment schemes. However, banks are beginning to take major lending away from the branches and giving the responsibility to specialised centres. Where this has happened, branches should have more time to devote to marketing, especially since may of the data processing tasks of the branch are now automated. To help with the process of using retail bank branches more as a place for selling a range of financial services, the banks have started to:

i. Develop specialist corporate branches, to deal with large company customers, and to allow the retail branches to concentrate more on the 'mass-market' of individual customers;

ii. Train branch staff to sales people;

iii. Re-design the layout of branches, to put more staff on the 'customer's side of the counter' - ie. Not separating customer from bank employee with screens;

iv. Spend heavily on computer systems, which will allow the banks to analyse customer data for marketing purposes.

2.3 MARKETING PLANNING

The objective of marketing must be seen within the framework of the corporate plan as a whole.

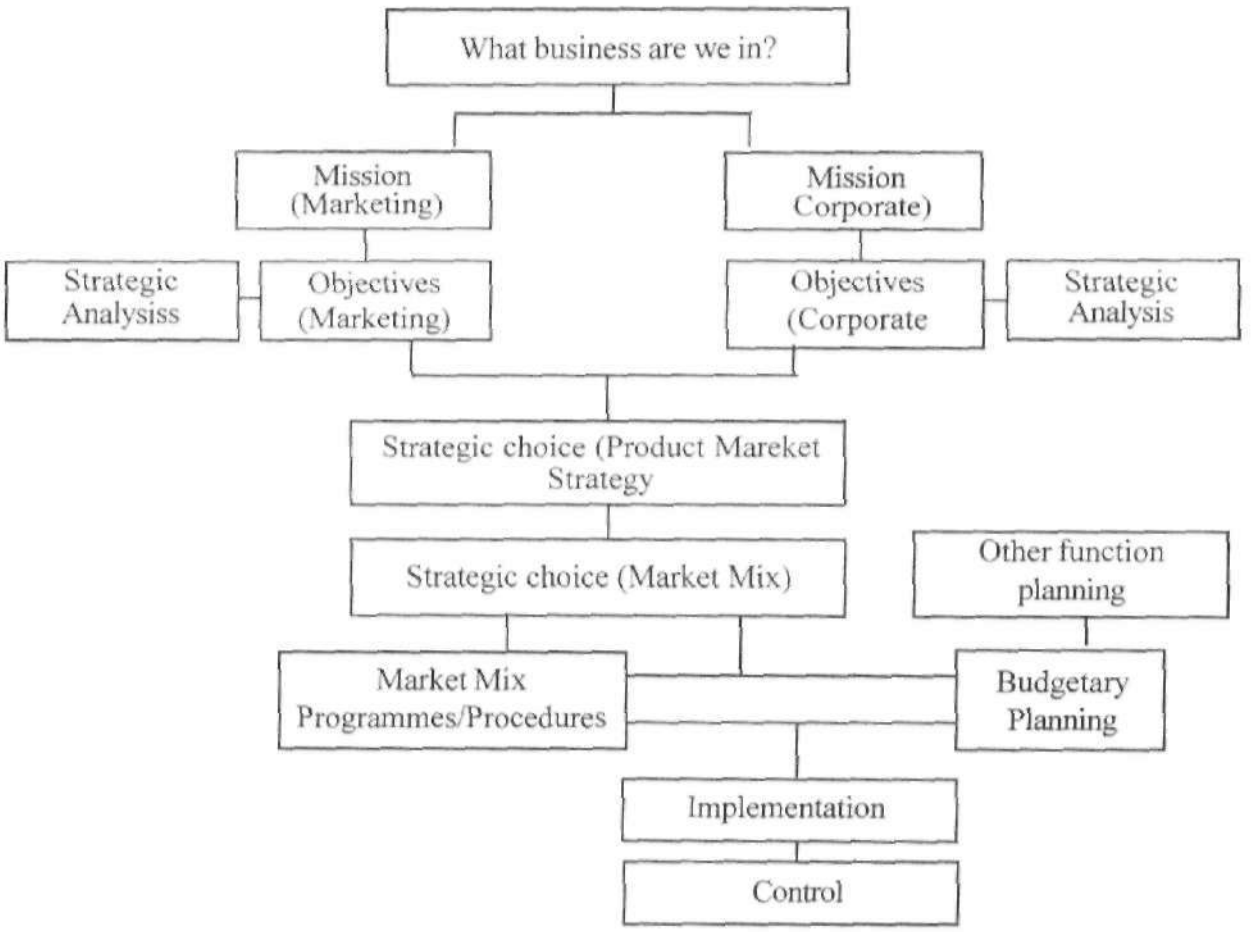


Fig.i - Marketing planning chart.

The marketing planning activity at its most basic consist of:

(i) Identifying present and future markets for services;

(ii) Selecting which markets to serve (on the basis of market potential, taking into account competitor activity, and the capability of the organisation to capitalise on that potential);

(iii) Identifying the needs, wants and 'market environment' of the selected markets;

(iv) Defining marketing objectives for new and existing services;

v. Selecting strategies for manipulating factors in the 'marketing mix' (price, product, promotion and place) so as to achieve objectives;

vi.Monitoring progress and success of strategies.

2.4 MARKETING STRATEGY

The organisation will have to make a number of strategic choices about:

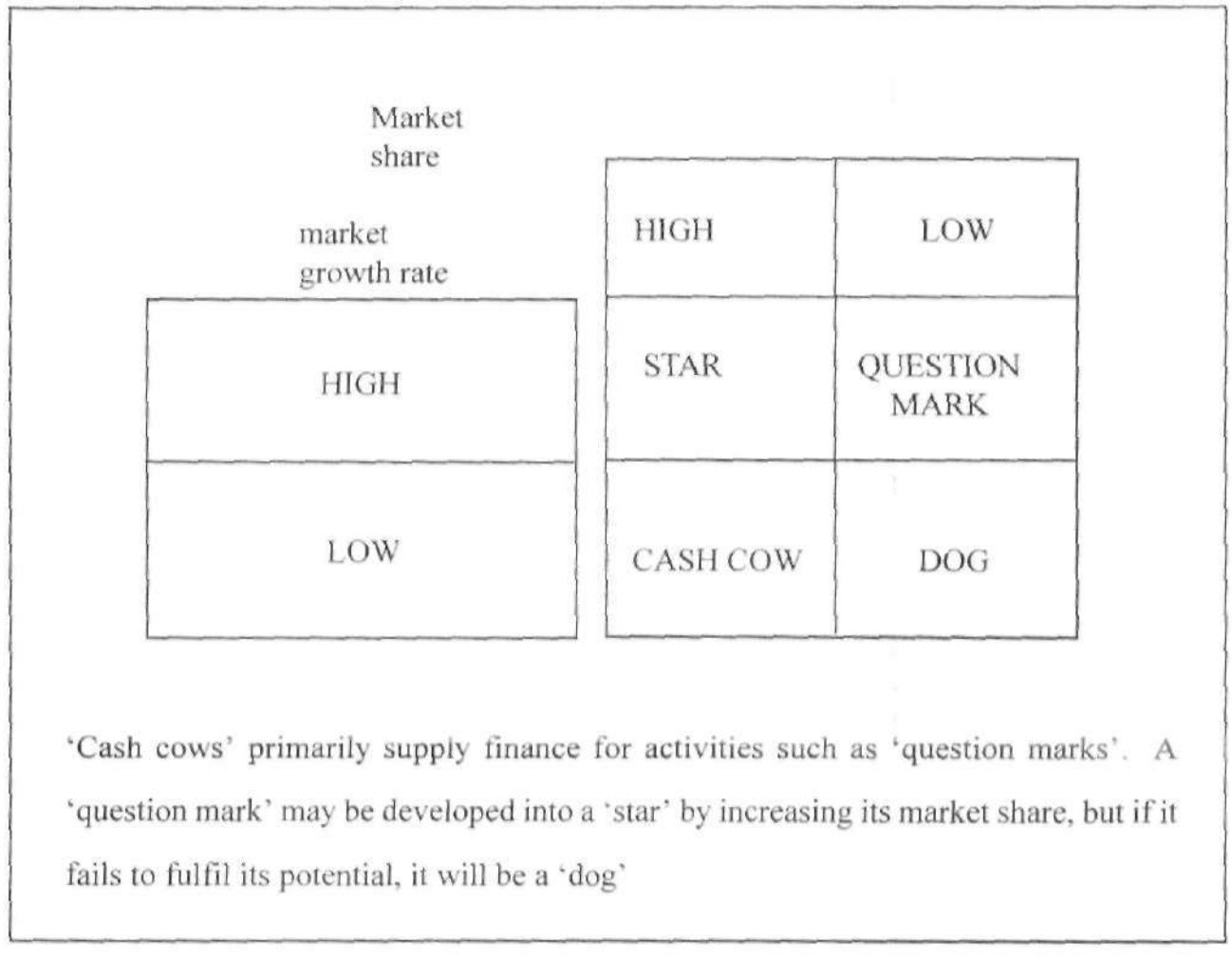
- which markets (or segments of markets) to be in ;
- what the marketing objectives is to be; market share, sales volume?
- which products/services to offer, and how they should be positioned' in the market (eg. As value-for-money)
- the relationship between the quality and price of the product;
- how the products is to be delivered to the customer;
- how the product is to be promoted.

Products portfolio simply means a set of specific and distinct service offer by an organisation, in this case banks. As part of a bank's marketing strategy it must develop such specific and distinct services for its target markets. The Ansoff product/market matrix is a typical example of such product portfolio

	Existing Products		New products
Existing Markets	Consolidation or 'segment protection' (capitalising on existing strengths	Market penetration (increased competition for market share	Product development
New Markets	Market development or extension (eg by more detailed market segmentation new demand through promotion or finding new customers on the strength of product improvements)		Diversification

Fig. ii. The Ansoff matrix (possible product/market strategies).

A market growth rate/market share matrix such as that designed by the Boston Consulting Group can be used to indicate how a product is 'doing' in these terms. If it has a low market share of a fast-growing market, for example, it is clearly falling behind. A high share of s slow-growth market will offer a ready source of revenue, which can be used to finance products with more work to do.



'Cash cows' primarily supply finance for activities such as 'question marks'. A 'question mark' may be developed into a 'star' by increasing its market share, but if it fails to fulfil its potential, it will be a 'dog'

Fig. iii Boston Consulting Group's market growth/share matrix.

The concept of product life cycle is a tool that is widely used in market planning. It can be employed by an organization to determine the range of products in its portfolio and also assist it in developing an appropriate strategy for the marketing of such products. The basic idea of the product on service life cycle is that a product will follow a life cycle from introduction through growth, maturity and finally decline on senility.

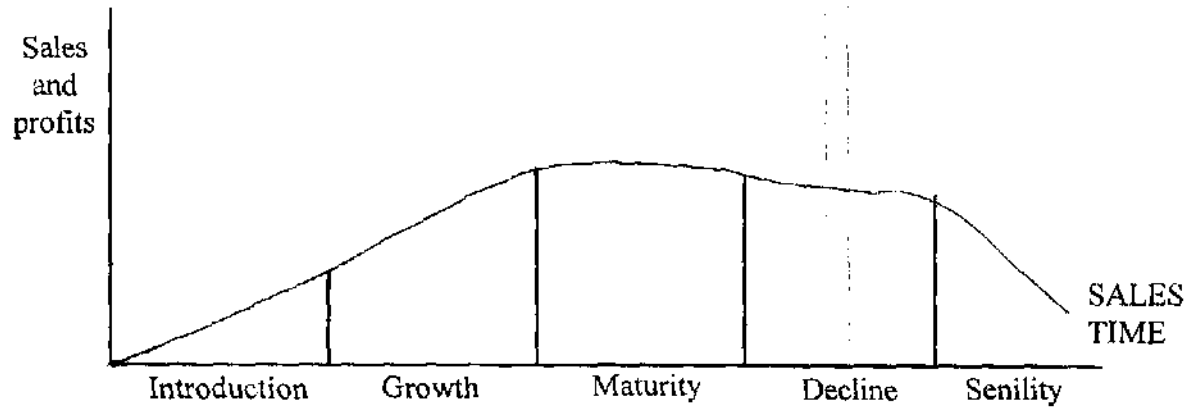


Fig. iv - product life cycle.

The kinds of strategies employed in the market of financial services are substantially similar to those of organisations in other areas, including:

1) Consolidation, or 'segment protection'. This may involve capitalising and building on existing strengths, eg. experience, special expertise, a database of customers for direct mailing, high street retail outlets etc;

ii) Market penetration. This may involve increase competition for market share within existing markets/segments, as indicated by the advertising campaigns of the major banks. It may also involve the expansion of the market itself eg. by encouraging home ownership, full insurance etc;

(iii) Breaking into new markets by further market segmentation, and targeting of specific segments: 'inch' marketing. Insurance companies, for example, may specialise in high-risk forms of insurance which would be less viable for banks who also sell insurance services;

(vi) Introducing new products, complementary to existing products or completely new.

2.5 MARKETING INFORMATION AND RESEARCH

The strategic decisions outlined above clearly required information and analysis about:

i. The size and potential of target of market that is their value and rate of growth;

ii. Environmental factors that might affect the market;

iii. The needs, wants and values of target customers and likely influences on them;

iv. The current and potential share of the market obtainable by the given product/service, based on: - competitor activity

the organisation's ability to develop competitive products

v. The current and likely future performance of the product, and its stage in its life cycle;

vi. The organisation's strength and weakness with regard to developing new products for existing markets and/or new markets for existing products and/or diversification into new territory altogether (perhaps by merger or acquisition);

vii. Opportunities and threats in the market.

'Marketing research' is the term for 'the objective gathering, recording and analysing of all facts about problems relating to the marketing of goods and services' including situational analysis (like SWOT analysis), competitive analysis, market share analysis etc.

It should be distinguished from 'market research', which is the aspect of marketing research concerned with assessing potential sales, i.e. the of the overall market and the size and nature of 'segments' within the market (based on distinguishing characteristics of a group of consumers, and how they perceive and differentiate between products/brands).

Note that 'marketing research' not only looks outwards to existing and potential markets, the customers (or market place), the competitive environment etc but also inwards at the ways in which the organisation responds to the demands of the market place. An analysis of the organisation's marketing system and capabilities will consider:

1. The market environment (particularly customers, competitors, suppliers, technology etc.),
2. Marketing strengths (corporate and marketing objectives, strategies, resources, strengths and weakness);

3. Marketing plans and controls (sales forecasting, market plans, product development, control procedures, marketing research);
4. The marketing mix (evaluation of products, pricing policy, promotion, channels of distribution and the sales force);
5. Profitability and cost-effectiveness (of products and of the marketing function itself);
6. Marketing organisation (management structure, staff training and motivation, efficiency, co-ordination etc).

2.6 MARKETING SEGMENT

"Market segmentation is the subdividing of a market into distinct subsets of customers, where any subset may conceivably be selected as a target market to be reached with a marketing mix".

The concept of market segment is that different groups of potential customers have their own characteristic needs, and so a special variation of a basic product or service, or a new product or service, might need to be sold to each different market segment in a different way (eg. perhaps by emphasising the low cost of service, or the high interest rate for savers, or perhaps by advertising through different media, such as direct mail shots, poster advertising, newspaper advertising etc.).

For example, the market for banking services is clearly divided between personal customers and corporate customers.

Corporate customers can further be segmented, too, perhaps into small businesses, medium-sized business and large business; or into exporters, importers and domestic traders. The same business can belong to several different potential market segments at the same time, and so sub-segment can take place (eg small business in importing, medium-sized export business etc.). Personal customers and potential customers can be segmented too, by age group, income level, social class, marital status. All of these are potential savers and borrowers, but each has characteristic needs in the market for depositing funds, saving and borrowing.

Individuals' needs	**Corporate needs**
- Ready access to money	- deposit facilities for large quantities of short term funds.
- Small personal loans to buy consumer Products or household improvements	- Large loans or other methods of finance for working capital or fixed assets
- Savings for future income, or a 'rainy day' - protection of the value of savings against inflation.	- To find and organisation that will relieve it of burdensome administrative tasks, such as

		invoicing and debt collection
Interest on credit balances in	-	(factors), share registration,
		payroll Their current
		account(?)etc.
To buy a home with a mortgage	-	Assistance on specialist matters
		such as foreign trade (foreign
		exchange, bills of exchange,
		documentary credits, collection
		etc.
Security and personal wealth		
(Insurance, pensions).		
Convenience in paying for	-	Business advice
goods in shops etc (credit cards)		
or in obtaining cash	-	Instalment credit and revolving
		(cash dispensers).credit on a
		larger scale than for personal
		customers.
Planing personal finances		
sensibly (eg. budget accounts)		
Help with wills making financial		
provisions for death and sorting		
out finance after death.		

- Instalment credit (eg. Personal loans, hire purchase)
- Revolving credit (eg credit cards overdrafts).

The bases for segmenting 'personal' or 'customer' markets might be listed briefly as follows:

i) geographic (region/country, state, town or local government area, town size, population density, etc).

ii) Demographic (age, sex, family life cycle - i.e. young and single, young and married with no children, yond and married with children, retired etc);

iii) Social class, occupation or income. Retail banks have generally divided their personal customers into two broad groups: 'mass market' customers, to whom a bank will sell services through the branch network and/or customer mail shots, and 'wealthy individual' customers, who are likely to be in the market for financial advice, tax managements, 'personal banking' etc.

iv) life style and personality - useful mainly for determining the style of advertising to be used:

v) behavioural characteristics of the potential customers such as:

i. Usage rate: how often they would use the product or service (occasional user, regular user, heavy user);

ii. User status - non-user, ex-user, potential user, first-time user, regular user;

iii. Benefits sought from the product or series (economy, convenience, etc.);

iv. Readiness stage - unaware of the product or services, aware, well-informed, interested, very interested etc.

The requirement for an effective segmentation of the market are that:

i. The size and potential value of each market segment be measurable. Share registration services, for example, might appeal to large public companies with a large number os shareholders, and banks can readily assess the existing and potential size of the market;

ii. Customers and potential customers in the market segment must be accessible;

iii. The market segment must be sufficiently substantial in size to make it worth the while of a supplier to develop a product or service, or launch an advertising campaign etc. for that segment. In banking, market segments can be very large, e.g. the unbanked and the clearing banks continue to look for ways of attracting new customers into banking (eg. offering interest-bearing current accounts or persuading companies not to offer payment wages in cash).

2.7 THE MARKETING MIX

"The 'marketing mix' has been defined as ' the balanced blend of marketing ingredients best calculated to achieve a defined marketing objective as economically as possible".[5]

The marketing mix has been traditionally identified with 'the Four Ps" products, place, promotion and price.

- Product (or service) is concerned with the features of bank products and services, and any options available to the customer. Product features in bank lending for example, would include the term of loans, variable or fixed interest rates and the option to switch from variable to fixed rates or vice versa. Product is determined according to the needs, wants and value of the garget market segments, as interpreted by market research, and in accordance with feedback from the market (example if a product become 'stale' or subject to competitive pressure, or is rendered obsolete by events).
- Place is concerned with where the product or service is made available to the customers, or how the customer can obtain the service. In banking, the existence of a wide branch network is an aspect of place, and so also are:
  - the widespread acceptance of credit cards by shops, hotels, restaurants etc.
  - the ability of customers to obtain personal loans by written application to their bank, without the need for a personal interview;
  - visiting of business customers by bank representatives.

- Promotion is concerned with advertising, direct selling and other forms of sales promotion. Bank advertising has a particularly high profile in recent years, and is generally aimed at image creation for the bank as a whole, as well as creating and improving customer awareness of new existing services, stimulating demand etc. Forms of sales promotion other than advertising include direct selling by bank staff, 'direct mail' (i.e. sending promotional material to potential customers using databases), exhibitions and conferences, public relations, sponsorship of sporting and cultural event etc.
- Price, in banking, refers to interest rates offered to depositors and borrowers and bank charges and commissioners for individual services. Price have to be fixed at levels which take into account cost of provision, competitors charges, perceived 'added value' for the customers, the strategic importance of the service regardless of profitability for example, public relations and so on.

In addition to the Four Ps, factors in the overall marketing mix are now recognised to include:

i) a fifth P: personal. Nowadays, in the stiff competitive environment, banks expect their staff to take on a pro-active selling or customer service role. This requires training or retraining, and in many cases a profound cultural change in the bank as a whole, as people adjust to new roles:

ii) 'the marketing environment'. The Four Ps assume that the needs and wants of target customers are to be met, but there are also broader considerations: culture, social values and ethics and so on which make up the 'climate' in which buying decisions are made. The human rights and environmental movements of the last decade have, for example, profoundly affected buying patterns: organisations with South African connections have felt the effects.

2.8 THE BRANCH MARKETING PLAN

Branches of each bank will develop a marketing plan or programme with the framework of a head office plan and in consultation with Regional/Area Office. The ultimate responsibility for a branch marketing plan, however rest with the branch management.

The development of a branch marketing plan must begin with an assessment of the branch's operating area, its customers and potential customers, the services the bank can provide and the strengths and weaknesses of the individual branch..

i. There might be some value in giving branch staff supplementary marketing education and training at branch level. There is likely to be inexperience in selling, and perhaps even inadequate knowledge of the increasing range of services on offer.

ii. A customer 'data base' should be created by the branch, which contains whatever information about customers can be gathered together (eg. from interview notes, newspaper cuttings, account history as described in bank statements, credit enquiries received about the customer etc).

iii. The date base information can be used to match services to customer groups. For example, high-earning customers might be suitable for the marketing of investment advice, life assurance, an executor ship service or taxation advice. Young professionals might be suitable 'targets' for marketing mortgage loans etc.

iv. Information should be gathered (from local chambers of commerce or Trade Associations) about local business, especially new business moving into the area, that do not bank with branch. A direct marketing approach to these businesses might be planned, to win their customer.

v. Managers should analyse the strengths and weaknesses of their branch for example the convenience of the branch site to customers. They should consider ways of exploiting the strengths and minimizing the weaknesses. (SWOT analysis).

vi. Realistic targets for achievement should be drawn up for the branch marketing plan, taking these items into consideration. The branch plan should be formulated in consultation with district control.

vii. The rewards of marketing success should be real, built into the reward system of the branch and communicated to staff.

viii. The plan should not be rigid, and the branch staff should retain a flexible approach to exploit any marketing opportunities that may unexpectedly arise.

ix. Marketing efforts should be timed in order to realise the desired effect. There is little point, for example, in marketing travelers' cheques after the holiday season has ended. The timing of national promotional campaigns should also be taken into account.

x. Attention should be given to the method reaching target customers; Leaflets detailing bank services should be made available to customers on the branch premises, but the branch should also use mail-shots, example sending out leaflets with bank statements. Mail shots could be supplemented by local advertising.

xi. A branch should keep a constant eye on the local competition, et.

- Other banks
- Finance houses
- Proposed mortgage institutions etc.

The marketing plan may have to include defensive, 'follow the leader' initiatives to match competitor action.

xii. Performance should be monitored and compared with the marketing plan: if there is deviation from plan, either the practice or the plan itself may need to be adjusted.

2.9 BANK MARKETING: THE FUTURE CHALLENGES

In a new kind of banking environment, there are several challenges in particular that need to be examined:

- Customer information
- Disclosure
- Social responsibility
- The payments system
- Depersonalization

2.9.1 CUSTOMER INFORMATION

The phrase customer education is sometimes used in the present context, but in a marketing sense such a phrase is incorrect. That is, it is the customers who educates the bank, not the other way around. Nevertheless, it is incumbent upon the bank (or any business) to provide meaningful information so that customers can make meaningful decision.

In short, there is a compelling need for banks to explain banking services more effectively. Although many services have been created in response to either stated or perceived needs by the public, the innovative process is unnecessarily slowed because of incomplete or poor information to the customer.

2.9.2 DISCLOSURE

The challenge of adequate disclosure includes but goes beyond providing sufficient information to the customer so that he/she can decide whether or not a given bank service or set of services is right. Disclosure also relates to making publicly available certain information that the public has the right to have in ascertaining whether or not the bank is operating in the public interest.

2.9.3 SOCIAL RESPONSIBILITY

Business has begun to recognise that the profit concept can no longer be thought of in strictly economic terms. Society is demanding and some businesses are responding to the additional concept of social profit. In short, as profit is pursued, society's broader and long-term welfare must always be served, not harmed, in the process.

Movement relating to consumerism and ecology are just two of may examples of the heightened awareness and demands of increasingly large segments in society. A new era is upon us. In the old era, it was enough for the marketer to ask: Can wee sell it? In

the 1990s and as we move into the next millennium, the marketer must ask additional question; should we sell it?

2.9.4 THE PAYMENTS SYSTEM

The amount of paper that needs to be handled to serve customers increases yearly, and banks may find their paper-based, labor-intensive system incapable of coping with the load at some future point. Customers are not particularly happy with the present system, they will therefore be a lot happier as well as the general public if the payments system can be improve. However, as marketing studies repeatedly show, there is a compelling need to address the customer and public in a more meaningful way than to cry wolf.

A bank that is motivated to make improvements that serve the bank first and the customer second will achieve poor result in both operational and marketing terms. Customer and public needs must be considered first as a priority right at the beginning of deliberations.

Careful reading of the banking literature will show examples of failures in electronic payment design ("marketing's job is to sell it, not help design it")[6] or marketing people forgot basic lessons ("marketing does not start with the icebox; it start with the Eskimo".[6] In the future, we will have to do better job of incorporating the market (customer) perspective, not just the marketer (banker) perspective.

2.9.5 DEPERSONALIZATION

People do not want to become numbers. They protest when they lose their individuality as a person, when they become a blip on a computer tape. But this is not the only way customers get the feeling of being unimportant as individuals. Indifferent treatment from loan officers, cashiers, and other contact personnel can easily project the felling of "we do not need your business" or "you are not important".

Banks are vulnerable in this regard because customers tend to regard their financial affairs and status as matters particularly important to their identity and well-being and worthy to be personalized and given confidential attention.

As more banking procedures are computerised, there is increase danger that the customer will perceive his bank and banking as becoming depersonalised. On the other hand, transferring onerous operational tasks to the computer can be an opportunity to release qualified personnel for financial counseling and achieve a positive feeling or personalised, service. As we move into the next millennium, this is a big challenge for bank marketing.

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CHAPTER THREE

COMMERCIAL BANKING SERVICES IN NIGERIA

3.1 DEFINITIONS: What is Bank And What Does Banking Means?

Defining a Bank or Banking is not an easy task. Over the years, however, this task has become increasingly difficult due to the widening of the horizon of the Banking business itself. From the retail and consumer based activities of commercial banks to the sophisticated and rather complex activities of the Merchant or Investment Banks.

One of the earliest definitions of a Banker is that of J.W. Gilbert as given by Adekanye (1986) as "a dealer in capital, or more properly, a dealer in money. He is an intermediate party between the borrower and the lender. He borrows from one party and lends to another".[1] The importance of this definition lies in the emphasis it places on the time honored functions of a bank namely, deposit mobilization from the surplus sectors and granting of loans and advances to the deficit sectors. This is graphically expressed in fig. v. The short-coming of this definition also lies it its strength. The business of a banker today far transcends just the mobilization and disbursement of funds. There is a lot more to it.

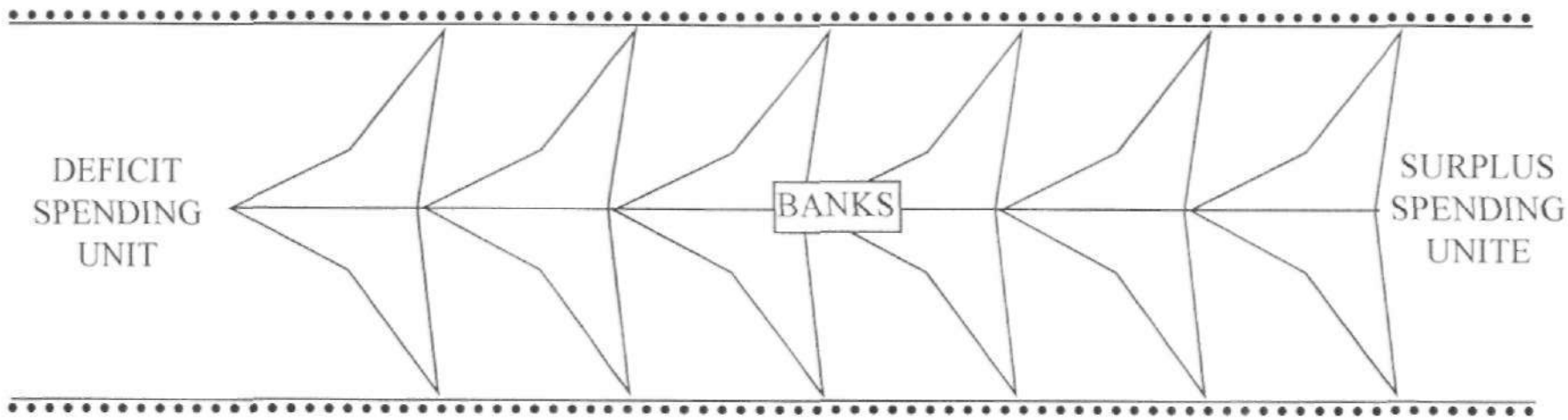


Fig. v The role of the Bank

The English bills of exchange act of 1882 defines a "bank" or a "banker" as including a body of persons whether incorporated or not, who carry on the business of banking. The major limitation of this definition is that it only stated what business a bank is in without explaining what that business really is.

Another definition commonly used in Banking texts that of Dr. Hart which says "A bank or a banker is a person or company carrying on the business of receiving monies, and collecting drafts, for customers subject to the obligation of honouring cheques drawn upon them from time to time by the customers to the extent of the amount available on their current accounts".[2] From the foreign definition of a "bank" or a "banker" it is clear that the business is substantially that of receiving money for credit of an account which the depositor may withdraw on demand or at an agreed future date. To this extent all these definitions are deficient.

In Nigeria, the first banking legislation came into being in 1952 (1952 ordinance) which restricted the establishment of banks and banking to companies holding valid licences. Before this enactment banking business was treated as any other form of business. Then Paton commission of 1948 led to the enactment of the 1952 Banking Ordinance. The Paton commission defined banking 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." With modifications in 1958 and 1962 this substantially remained the statutory definition of banking in Nigeria till the 1968 Banking act which defined banking as "the business of receiving monies from outside sources as deposit acceptance of credits or the purchase of bills and cheques or the purchase or sale of securities for the account of others or the incurring of the obligation to acquire claims in respect of loans prior to their maturity or the assumption of guarantees and other warranties for others or the effecting of transfers and clearing, and such other transactions as the commissioner may on the recommendation of the Central Bank, by order publish in the federal gazatte designate as banking business." By this definition of banking and in the Nigerian context, any person or entity carrying out banking business in line with the act is known s a bank. The use of the words "bank", "banker" and "banking" shall be in the context of the 1969 banking Act.

3.2 EVOLUTION OF COMMERCIAL BANKING IN NIGERIA

In 1882, the African Banking Corporation - the first commercial bank in Nigeria opened a branch in Lagos. The bank was owned by the Elder Dempster & Co., a shipping firm based in Liverpool, which later wound up the affairs of the Bank, following various difficulties. Another bank, the British Bank of West Africa (BBWA), was formed in 1893. This bank was registered in London as a limited liability company in 1894 and the first Lagos branch was opened in the same year. This was followed by the second surviving bank, Barclays Bank DCO (Dominion Colonial and Overseas) now called Union Bank of Nigeria Plc, which opened its first branch in Lagos 1917.

In 1933, National Bank of Nigeria Limited, the first indigenous bank to survive, was launched by some Nigerians. This was followed by the establishment of another private indigenous bank, Agbonmagbe Bank Limited, now called Wema Bank Limited. Several other indigenous bank were established during this period, but most of them collapsed due to mismanagement. The other surviving banks were the African Continental Bank (indigenous, 1947) and the British and French Bank, now called United for Africa Plc. (Foreign, 1949).

The need for legislation for the control of banking in Nigeria became very apparent, in view of the usually high bank mortality rate during this period. It cannot be emphasised too strongly that the 'free-for-all' nature of early banking activity in Nigeria, led to innumerable bank failures and losses to depositors. The colonial government, therefore, set up a commission of inquiry - the Paton commission to investigate the matter and make recommendations. Consequent upon the report of the Commission, the first bank legislation in Nigeria was enacted in 1952. The Banking Ordinance, 1952 was amended in 1958 and also in 1962, but was repealed in 1969 by the Banking Act of that year which with some minor amendments in 1070, 1972 and 1979, remains the current principal banking law and regulation in Nigeria save for the recently promulgated decree No. 25 (Banks and other financial institutions decree) of 1991.

Commercial banking in Nigeria is fashioned after that of the United Kingdom. This can be described as the branch banking system which is characterised by banks

having a wide network of branches extending throughout the country. For instance the United Kingdom has only 8 major clearing banks (commercial banks) with well over 12,000 branches. In comparison, the United States of America has a unique banking structure called the unit baking system (i.e numerous individual local banks) with a limited number of branches, in most cases, one branch only. As result, the United States has about 15,000 individual banks, operating approximately 25,000 branch offices. In Nigeria, however we tried the unit banking through the formation of Community Banks, all of which, with minor exceptions, are at least confined to the state boundaries of the parent company and often restricted at an even greater degree depending on the governing State legislation.

There are 115 licensed banks operating in Nigeria as at December 31, 1996 (64 commercial and 51 merchant) with a total 2227 and 145 branches of commercial and merchant banks respectively. Banking institutions in Nigeria can be classified into two: the purely indigenous banks, owned 100% by Nigerians (governments and individuals) and the mixed banks, with a majority indigenous shareholding (at least 60% equity) and minority foreign interest. (Nigerian law does not allow the establishment of foreign banks owned 100% by foreigners or with a foreign interest exceeding 40% of the equity of a bank).

The Federal Government interest in banking dates back to the early 1950s. This was evident in the passing of the first banking ordinance in 1952 and in the adoption of a

private member's motion in the House of Representatives which led eventually to the establishment of the Central Bank of Nigeria in 1959. However, actual Federal participation was negotiated in 1975, when the then Federal Military Government took 40% shares in the "Big Three" banks - i.e Standard Bank of Nigeria Limited (now First Bank), Barclays Bank of Nigeria Limited (Union Bank), and the United Bank for Africa Limited. The Federal Government interest was extended to 60% in 1976 with the signing of the participatory agreement with all foreign banks operating in the country including merchant banks. The main provisions of the agreement can be summarised as follows:-

(i) The appointment of a number of Nigerian citizens and some officials to represent the Federal Government on the Board of Directors of Banks.

(ii) The Nigerian Directors were mandated to ensure that the management of the bank operated within the board policy guideline of the Government which include:-

- the development of a well integrated and competent Nigerian staff;
- the development of export orientated industries, particularly those in the non-oil sector, and
- the establishment of units in the banks to assist in the development of agriculture and small and medium scale industries.

(iii) Ensuring that the banks, to some extent consistent with banking prudence:- increasingly undertake more medium - and long-term lending;

conform to approved national objectives and identify full with Nigerian aspirations by taking a more active part in the financing of the economic programmes of priority;

be brought under Nigerian control in ownership and management (i.e decision making in the commercial banking sector must be localised); and

devoting a significant part of their profits to the improvement of the quality of services offered.

The rationale for government participation in banking, indeed of indigenous banking in Nigeria, could be summed up by the desire to:

i) Break the monopoly power and discriminatory practices of the foreign banks in the granting of loans and advances to Nigerians;

ii) Give financial assistance to well-established indigenous banks so that they are able to provide credit facilities to Nigerian enterpreneures and

iii) Provide an avenue for indigenous banking by lending weight to the required cushion against the shock of confidence arising from the collapse of banks in the late 1940s.

3.2.1 THE INFLUENCE OF GOVERNMENT

As earlier state Government has had a bearing influence in the growth of commercial banking in Nigeria. The Companies Act of 1968 strengthened government control over the activities of banks and made it mandatory for all companies operating in

Nigeria to incorporate locally under Nigerian Company Law. All foreign-controlled banks were thus obliged to register as Nigerian Companies. Through the Bank Act, 1969, and subsequent amendments, government further tightened its control of the banks, as the act required them to tender certain periodic reports to the Central Bank. That same year, the Central Bank of Nigeria issued the first of what has since become its annual Monetary Policy circulars.

The Monetary policy are regulatory and penalties are prescribed for infringement. The circulars involve the imposition of quantitative ceilings on the overall growth or sectoral distribution of banking system credits, prescription of viable reserve requirements and direct regulation of interest rates on deposits and lending. Monetary management in the more developed economies employ less direct techniques such as open market operations, variable re-discount rates of interest and moral suasion, which though effective might not have such automatic impact in the economy as the direct intervention approach.

By 1968, Central Bank of Nigeria had successfully introduced 3 financial instruments to mobilise the financial resources of the country for the government. These include Development stock (1959), Treasury Bills (1960) and Treasury Certificate (1968). Other instruments introduced over the year include stabilisation securities issued to banks, with a coupon slightly above savings Deposit rates, in order to encourage them to mobilise savings, and Bankers Unit Fund, which was designed to control money

supply and thus inflation and to channel surplus funds of banks into eligible Government Stocks.

Another instrument introduced in 1977 to strengthen the deposit base of the banks is the Negotiable Certificate of Deposit (NCD). This instrument is issued by the individual bank, with the permission of Central Bank, which acts as the Negotiator of last resort.

The period from 1977 saw a more determined efforts by the authorities to ensure strict observance of the credit guidelines by the banks. In a id to boost credit to the agricultural sector and the buildings sub-sector, for example, banks have been mandated to devote specific percentage of their advances to each of the two sectors. As penalty for contravening this regulation, any shortfall, beginning from 1978/79 was required to be deposit with the Central Bank. Such deposits would not count as part of the specified liquid assets of the banks and would bear no interest.

During 1977/78, the government also made it obligatory for banks to devote a minimum of 50% of their advances to indigenous borrowers. This level was increased in April, 1979 to 70% of which 10% was expected to be channeled to the small scale enterprises, whose annual turnover does not exceed 500,000.00.

As a result of government's strong desire to monetise the economy, commercial banks were obliged to open some 200 branches in the rural areas within the first phase of the rural banking scheme.

3.3 OBJECTIVES OF THE COMMERCIAL BANKING SYSTEM

The Pius Okigbo Financial System Review Committee (1976), proposed, and the Government accepted, a set of objectives for the commercial banking system as follows:

i) The banks should actively facilitate the transformation of the rural environment by promoting the rapid expansion of banking facilities and services and banking habit in the rural and near rural communities. They will thus serve as paying and receiving stations for hand-to-hand currency and provide facilities for remittances to and from the rural areas. They will provide savings deposit facilities for their customers and they help to mobilize rural savings. Most important of all, they will serve as vehicles for the creation of credit in the rural areas; this credit will take the form of equity and loans for small scale farmers and entrepreneur;

ii) While the banks had in the pat concentrated on short-term lending (although some of these loans frequently acquired the character of long term capital) they should, in consistence with banking prudence, increasingly undertake more medium and long term lending designated as such. The designation is important because it enables the borrower to undertake long term investment planning for the application of the proceeds of the loan;

iii) They should conform to avowed national objectives and identify fully with Nigerian aspirations by taking a more active part in the financing of the economic programmes of national priority. As a corollary to this, their critical and sensitive position in the financial system necessitates that they be brought under Nigerian control in ownership and management;

iv) Decision making in the main commercial banking sector must be localised. This would remove the possibility of our major banking institutions being manipulated to the disadvantage of the Nigerian economy;

v) The bank should a significant part of their profits to improve the quality of their services offered.

3.3.1 SERVICE OFFERED BY COMMERCIAL BANKS

The services offered by Commercial Banks are numerous some of the most important ones are as follows:

- Mobilization of savings and other deposits;
- Extension of credit facilities to customers;
- Transfer of fund/money transmission'
- Creating money;
- International trade services;

- Safe keeping of valuables;
- Brokerage services;
- Services to travellers;
- Night safes;
- Status inquiries and
- Business advisory services.

(i) **Mobilization of savings and other deposits:**

One of the primary functions of Commercial Banks is the mobilization of savings and other forms of deposits. Financial intermediation is a time honoured function of banks generally and commercial banks in particular. Commercial banks carry out this intermediation by mobilizing deposits and making these funds available for investment purposes by a process of granting credit facilities to desirous and deserving customers.

(ii) **Extension of credit facilities:**

Extension of credit to desirous and deserving customers is another aspect of the financial intermediation performed by the banks. Through this primary function of commercial banks, production is increased, capital investments are expended and a higher standard of living is achieved.

Credit can be extended in various forms by commercial banks. Some of these includes: Loans/overdrafts, Performance Bond, Guarantees and Indemnities etc.

(iii) **Providing facilities for transfer of funds:**

Commercial Banks perform an important service to its customers by facilitating transfer of funds and making payments on behalf of its customers. Banks carryout these functions in various ways. Through the clearing system for instance, banks collect cheque proceeds for and on behalf of their customers. Banks also make regular payments for their customers by standing orders or the Direct Debit system. Other methods include use of Demands Drafts, Mails/Telegraphic transfers etc.

(iv) **Creating money:**

Money creation is another time honoured function of the banking system in general. When customers deposit money in banks and turn round to make claims through the clearing system enable banks to collectively 'play around' with more money than was actually deposited by their customers. The banks also create money by granting credit facilities that far exceed the actual cash available.

(v) **International trade services:**

Commercial Banks play a crucial role in financing international trade which has increasingly become a very important factor in our economy. International trade financing has become complex resulting in increased involvement by banks as intermediaries or go-between for exporters and importers alike. There are several ways through which international trade is financed; some of these are: Open

account, Collections and Documentary credits. There are various shades and variations of these means of financing. Those which rely heavily on the banking system are the documentary credits.

(vi) **Safe keeping of valuables:**

Bank strongrooms are one of the safest places to keep valuable articles, customers usually keep their stocks, share certificates, like assurance polices, certificates of occupancies, academic certificates, and jewelry in them for safety. Articles can either be deposited in sealed packages/boxes with contents unknown to the bank officials, or can be made open when the deposited articles are listed and signed for by the bank officials.

(vii) **Brokerage services:**

Commercial Banks normally carryout brokerage services as part of their activities. With the advent of the Structural Adjustment Programme (SAP) and the activities of the Technical Committee for privatisation and commercialisation (TCPC), commercial banks buy stocks and shares for their customers. What this entails is that, they pass on the instructions of their customers to stock brokers and merchant banks for execution since the law does not permit commercial banks to underwrite.

(Viii) **Services to travellers:**

Commercial Banks as authorised dealers can buy and sell travellers cheques and foreign currencies to and from various customers. Travellers cheques are particularly convenient as they are readily acceptable in most entry points and hotels. They are also safer to carry than currency notes.

(ix) **Night safes:**

A few banks provide this service in Nigeria. It enables customers to make deposits after the official banking hours. The customer is provided with a Night safe wallet which can be securely locked. The customer puts in his paying-in-slip and the cash in the wallet, locks it and 'posts' it in the safe through the exterior walls of the bank.

(x) **Status inquiries:**

This is a reciprocal service among banks. When a customer gives his bank's name to a supplier as another bank for reference purposes, a request is sent to the customer's bank for brief assessment of the customers financial standing.

(xi) **Business Advisory Services:**

A few banks in Nigeria have started offering these services among which is Union Bank of Nigeria PLC. The aim is to assist small business customers to develop their business in such a way that they can attract bank finance. Small scale traders are taught how to introduce simple record book keeping and accounting into their operations.

3.4 COMMERCIAL BANKING OPERATIONS

The operations of Nigerian Commercial Banks can be illustrated in their resource profile. There are two aspects of this profile. One is the source of funds while the other is the use to which these funds have been put. In other words, an analysis of their balance-sheet structure.

3.4.1 SOURCES OF FUNDS (BANK LIABILITIES)

There are two major sources of commercial bank liabilities, these are capital and reserves on one hand and deposits on the other. Capital and reserves otherwise known as shareholders funds for commercial banks in Nigeria like anywhere else is a confidence booster. The bigger the capital of a bank, the greater the public confidence in the stability of the bank and its ability to discharge its obligations. Bank capital and reserves also provide cushion against risks and invariably "determines the size of loans that can statutorily and prudently be made to a single client without risking all the eggs being in one basket"[3]. Bank capital also provides for fixed assets for bank operations and contingencies and future expansion plans. It is therefore evident that the size of bank capital has been a function both of statutory requirements and the tempo of economic activity.

As at the beginning of 1996, the minimum share capital stipulated for commercial bank was 50 million. However, some banks had increased their paid-up share capital to

as much 500 million of December, 1996. The aggregate share capital paid-up by commercial bank as at end of 1996 stood at 8.8 billion compared with 6.5 billion at the end of 1995. This represented an increase of 36.9 percent. However, Federal Government shareholding in commercial banks decreased from 12 percent in 1995 to 9.33 percent in 1996. The decrease reflected increased proportion of foreign share capital in the banks which stood at 8.89 percent in 1996 as compared to 6 percent in 1995.

Deposit liabilities are synonymous to working capital for banks. Customers deposit provide the stock-in-trade for banks. In the same way that no business can flourish without adequate working capital, no commercial bank can really operate without adequate deposits. Deposits are therefore the Backbone of commercial banks. Deposits taking by banks is also of historical importance as it is in fact the origin of modern banking. The early bankers started by taking deposits from the public which they under took to repay on demand or as agreed. This has continued to this day with some innovations one of such innovations is the realization from those early days, that only a small proportion of the deposit made by customers where demanded or claimed from the bank at any one point in time. So long as there was a small proportion of the deposits kept by customers to satisfy withdrawals and provided the banker continues to enjoy the depositors confidence in his ability to honour his obligations, the banker feels free to lend the balance, "Realising how important and profitable this innovation proved the early banker rose from his 'arm chair' and went all out to attract deposits because the more deposits he attracted, the more business lending he did and the more profits he made"[4].

Table 3.1 Analysis of Commercial Banks' Deposit Liabilities by Size

	1995		1996	
Deposits Size	No. Of Banks	Percentage of Total Bank(%)	No. of Banks	Percentage of Total Bank(%)
Less than 100 million	2	3.1	3	4.7
100 million or more but less than 500 million	12	18.7	12	18.7
500 million or more but less than 1 billion	16	25.0	12	18.7
1 billion or more but less than 5 billion	28	43.8	28	43.8
1 billion or more	6	9.4	9	14.1
TOTAL	**64**	**100.0**	**64**	**100.0**

Source: NDIC 1996 Annual Report.

Table 3.2 Analysis of Commercial Banks' Deposit Liabilities by Type

	1995		1996	
Deposits Size	Amount (ξ)	Percentage of Total Deposit (%)	Amount (ξ)	Percentage of Total Deposit(%)
Demand Deposit	87,500.1	47.2	105,878.7	47.1
Saving Deposits	62,645.5	33.8	69,273.6	30.8
Time Deposit of within 3 months	22,774.0	12.3	34,324.1	15.3
Time Deposits of between 3 and 6 months	4,797.5	2.6	7,492.1	3.2
Time Deposits of between 6 and 12 months	5,423.1	2.8	6,470.2	2.9
Time Deposits of above 12 months	2,415.0	1.3	1,517.9	0.7
TOTAL	**185,555.2**	**100.0**	**224,956.6**	**100.0**

Source: NDIC 1996 Annual Report.

Deposit mobilization has therefore become very keen among the commercial banks. With the decreased number of licensed banks there is a continues increase in aggregate deposit taken by the banks as a result of these decrease. With the federal governments directive to commercial banks to pay interest on current accounts in January, 1991, it became an added incentive for those with idle funds to find their way to the banks. It therefore serves to encourage savings and further inculcate banking habits among the public.

Table 3.3 Commercial Banks' Structure of Liabilities

Liabilities	Proportion (Percent) as at The end of December	
	1995	**1996**
Share capital	1.6	1.79
Reserve Fund (including Retained Profit and Loss)	0.2	0.26
Current Year Profit and Loss	0.4	0.03
Preference Shares	0.0	0.03
Revaluation Reserves	0.8	0.56
Debentures	0.1	0.14
Overdrawn Account with CBN	-	2.59
Balance Held for other Banks in Nigeria	0.3	0.0
Balance Held for other Banks outside Nigeria	0.1	0.02
Money at call in Nigeria	0.3	0.15
Demand Deposit	22.1	20.21
Saving Deposit	15.6	13.98
Time/Term Deposit	8.9	10.74
Negotiable Certificate of Deposits	0.0	0.79
Non-Negotiable Certificate of Deposits	0.0	0.0

Loans and Advances from FGN, State Governments, CBN, NDIC other Banks	0.8	1.05
Other Liabilities (Less Current Year Profits and Loss If included)	33.5	32.03
Liabilities Per Contra	16.0	15.66
TOTAL	**100.00**	**100.00**
	406.06bn	**492.7bn**

Source: NDIC 1996 Annual Report.

3.4.2 USES OF FUNDS (BANK ASSETS)

Funds generated by commercial banks must be put to profitable use. Banks therefore must invest the funds generated into quality assets in order to continue to service and meet the aspirations of its shareholders. Banks asset management therefore involves planning on how to use assets or funs properly and effectively to:

- Indicate the use of funds;
- Determine the liquidity and profitability of the bank;
- Show how the bank is able to strike a balance between liquidity and profitability levels and
- Give an insight into availability of investment avenues and in what form.

Banks consider a number of factors while planning their asset management strategies; these factors include:

i) The obligation owed simultaneously to shareholders on the one hand and to depositor on the other;

ii) The market environment;

iii) Operating monetary policy guidelines and

iv) The goals and objectives as well as the operating philosophies of the bank in question.

Broadly speaking commercial banks assets can be classified into tow major categories. The basis of classification is liquidity. The first category is liquid assets made up to case, call money and bills discounted while the second category comprises of investments, loans and advances which are the less liquid or hard assets of commercial banks.

Table 3.3 Commercial Banks' Structure of Liabilities

Assets	Proportion (Percent) as at The end of December	
	1995	**996**
Vault Cash	1.7	1.97
Balance Held with Central Bank of Nigeria	1.3	5.09
Balance Held with other Banks in Nigeria	5.0	3.47
Balance Held with Offices and Branches Outside Nigeria	14.1	9.59
Money At Call in Nigeria	0.2	0.36
Interbank Placement	1.2	0.59
Discount Houses	0.7	2.02
Treasury Bills	4.2	9.46
Treasury Certificate	0.1	0.0
Investment in Stabilisation Securities	7.2	5.27
Bills Discounted Payable in Nigeria	0.2	0.17
Bills Discounted Payable Outside Nigeria	0.0	0.0
Negotiable Certificate of Deposits	0.0	0.0
Non-Negotiable Certificate of Deposits	0.0	0.0
Bankers Acceptances and Commercial Papers	3.6	3.54
Investments in FGN Development Stock	0.6	0.0

Industrial (other) Investments	0.5	0.49
Gross Loans and Advance and Leases	31.6	31.62
Provision for Loans and Loan Losses	-5.2	-5.48
Investment in Unconsolidated Subs and Association	0.0	0.02
Other Investments	4.8	4.92
Customer Liabilities (Per Contra)	16.0	15.66
TOTAL ASSETS	**100**	**100**
	406.0bn	**492.7bn**

Source: NDIC 1996 Annual Report.

Cash includes cash at hand, that is in the tills of the commercial banks, and balances at the central bank. The cash serves two purposes: one is to meet depositors cash withdrawals and the other is to offset daily clearing debits at the central bank of Nigeria (CBN).

The less liquid assets of commercial banks are usually made up of investments, loans and advances investments serve as cushion between liquid assets and loans and advances, as such they can be made liquid to augment liquidity and thereby increase loans and advances. Similarly, in periods of excess liquidity and low demand for loans, investments help absorb the excess liquidity. In other words, the volume of investment is

a function of three factors; their availability, the state of demand for loans and the state of liquidity.

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1. Adekanye, F (1986) Elements of Banking in Nigeria P.226
2. Hart, H.L., (1931) The Law of Banking P.1
3. Nwamkwo, G.O., (1980) Nigerian Financial System P.56
4. Ibid P.56

CHAPTER FOUR

EMPIRICAL ANALYSIS

4.1 INTRODUCTION

Based on the focus made on marketing concept in chapter two and the further focusing on marketing of banking services I will be presenting in this chapter the efforts of some selected banks studied namely; Union Bank Nigeria Plc., Diamond Bank Nigeria Ltd. And Lion Bank Nigeria Plc. In marketing their services in what has now become a competitive banking environment in Nigeria.

In accordance with the methodology adopted in my introduction chapter, below, is the data collected from each of the selected banks on how they market their services to their customers, with an attempt to made an appraise of the efforts against the conceptional framework in order to determine the extent to which such efforts have or is meeting expectations of their customers, the society and the industry in general.

4.2 UNION BANK NIGERIA PLC.

The Union Bank Nigeria Plc. is one of Nigeria's top three Commercial banks has since its establishment 1918 (Eighty) years ago blazed the trail in the development of innovative products with a view to satisfying its numerous customers and improving its competitiveness. The Union Bank Nigeria Plc has the following bank products in the market today:

(i) **HOUSE SAVINGS AND LOANS SCHEME:**

This is a savings scheme aimed at encouraging account holders procure mortgage loans, it goes with the following terms and benefits.

- You can save regularly for a minimum period of 24 months or longer.

- withdrawal from the account maybe made once in a quarter of a year subject to a maximum of 3% of the outstanding balance, otherwise you become ineligible for the loan.

- Save 25% of the cost of the desired housing loan you become entitled to apply for a loan up to four times the amount saved.

(ii) **SAVINGS SCHEME**

Under this scheme, the account holder is issued personalised deposit and withdrawal booklets for regular transactions. Other conditions and benefits include:

- Speeding up of counter transaction
- With coded identity card and a personalised booklet only the legitimate account holders can make banking transactions on them. This ensures security and help reduce frauds.

(iii) **PERSONAL ACCIDENT PROTECTION PLAN**

Conditions and benefits:

- Compensation in event of death or injury

- The plan pays account holders an amount between 50 and 200 for every week of hospital confinement resulting from accidents.

(iv) **CHEQUE GUARANTEE SCHEME**

Conditions and benefits:

- Offer quick and convenient cheque cashing facility
- Cheque is cashable at any Union Bank branch throughout Nigeria
- It helps to settle bills for purchase of goods and services anywhere the risks associated with cash transactions by allowing you carry less cash around.

4.3 DIAMOND BANK NIGERIA LTD.

This Bank is in the third generation Banks who are offering services at jet age speed with a view of giving the older banks a run for their clients

Since it's establishment in 1991 the bank has been trying to come up with new range products apart from the usual current, saving, fixed and funds management they have gone further introduce the Diamond Bank, Integrated Banking System (DIBS).

The DIBS is the most sophisticated technology in banking today because it gives the customers benefits that can not be gotten from any of the other convention services.

The Bank is highly concerned with corporate banking than individual banking thereby leaving the individual customers mallet for other banks.

(i) **WEEKEND BANKING**

As the name indicate, this is a special service offered by the bank to its customers by making its doors open on Saturdays between 11.00 am in the morning and 4.00 pm in the evening

4.4 LION BANK OF NIGERIA PLC.

This strategy is further supported by the bank's belief in market segmentation. The bank's target market are usually well segmented into distinct groups such as:

- Government/Public Sector accounts
- International and Multinational corporations
- Embassies and diplomatic missions
- High Network individual (Wealthy persons)

- Affluent professionals
- Institutional depositors (banks, Insurance and other financial Institutions)

4.5 APPRAISAL OF THE MARKETING EFFORTS

From the foregone analysis, it is evident that the banks studied do appreciate the relevance of marketing in the successful operations of their business. They however have a rather narrow view of what marketing really entails. As the study has shown, they see marketing as denoting a particular activity - (product packaging) aimed at sourcing deposit (liabilities) rather than a whole range of activities which marketing entails. The selected banks are all involved in advertisement, public relations, customer services (customer comforts, convenience and speedy service delivery) and so on. Marketing as we have seen from the literature review involves much more that the above.

The banks are however quick to point to a myriad of problems militating against a full fledged marketing approach to the banking business, some of the major problems presented by the banks include:

i) Weak data base and poor communication system

ii) Liquidity problems on the part of corporate and private investors

iii) Low level of awareness among the banking public and potential investors.

iv) Fear of excess liquidity by banks which may lead to compulsory subscription to central bank of Nigeria (CBN) stabilization securities.

v) Fluctuation in interest rates arising from market forces and government policy.

vi) Infrastructural and resource constraints as well as constraints imposed by regulatory frame-work.

Having presented the products of the selected banks resulting from their marketing efforts as well as the nature and characteristics of these products, it is clear that these banks actually adopt the marketing concept as a strategy particularly in providing services to the Nigerian society.

In chapter two, the marketing function and marketing orientation in banking business were discussed. The marketing concept focuses on determining the needs and wants of target markets and delivering the desired satisfactions effectively and efficiently.

The selected banks have all focused attention on packaging products to source their deposit liabilities while neglecting the asset part of their business. And in line with our discussion in chapter 3, profitable banking business derives from a well balanced portfolio of assets and liabilities. Virtually all the products put up by the banks with the exception of Lion Ban's export finance product are all aimed at mobilizing deposit for these banks. What abut credits and advances? Does it means Nigeria individuals and corporate entities are not desirous of banks facilities? It does therefore appear that the banks are only pre-occupied with deposit mobilization while ignoring the asset portion of their balance sheets. It is however common knowledge that Nigeria businesses and individuals actually require financing than any other service from the banks.

This approach to marketing and product packaging by the selected banks therefore leaves much to the desired. The survival of the banks will be to a large extent dependent on how much they incorporate the proper marketing approach namely, how accurately and competently they satisfy their customers needs. Just like it is with manufactured products or goods, banking services must also be 'manufactured' to meet the specific requirements of those to whom the products are directed (target market).

Banks actually have a dual marketing task which are the satisfaction of their customers and adequate return to investors (shareholders).

To do this, banks must develop a marketing mix that will satisfy their customers; these are; products, place, promotion, place and people. There should be a clear identification of the target customers and their needs.

Banks must effectively plan for their 'source' and 'use' markets. To do this, they must embark on marketing research which will focus on areas like customers behaviour, attitudes and perceptions, markets measurement and forecasting branch location, price margins/interest rates, new products/service introduction, product/service range, packaging or display, advertising, publicity communications, personal selling and other promotional tools.

Another point to note on the approach of the banks to marketing their services pertains to the strategies adopted. The major focus has been on price competition as every bank

pushed up its deposit rates. Expectedly, the response of the depositors was negligible as all the existing banks did this about the same time. The proper thing to do under this circumstance is to shift from price competition to product differentiation. Another thing that would bring innovation in their efforts is to emphasize on quality of service delivery. Apart from higher yield, products must emphasize efficiency, quality, safety and speed.

Another point worthy of note in the course of analysing the products of these banks is the fact that source of the banks namely Union Bank Plc. Is heading for a clash with insurance companies for encroaching into their primary business. Union Bank Nigeria Plc personal accident protection plan insurance scheme are the offending products. Basically, the schemes offer incentives to depositors to save more with the banks.

4.5 SUMMARY

In the course of the study of some of the selected banks, the analysis shows that all of them render a wide range of traditional bank services one expects to find in any commercial bank, like acceptance of deposit in current, savings and depository account. Whether or not these services fully satisfy the needs and want of the customers or whether or not these services were even evolved on the basis of market orientation or marketing concept is entirely another matter.

While the banks have all professed their support for marketing and appreciate its importance in the banking business particularly in the wave of present competition, they all seem to emphasize on technical.

TABLE 4.1 TABULATION OF THE SELECTED BANKS' PRODUCTS

NAME OF BANK		RANGE OF PRODUCT
1.Union Bank Nigeria	-	House savings and loans scheme
- Statements savings scheme		
- Personal accidents protection		
- Fixed Deposit Account		
- Current Account		
- Saving Account		
2.Lion Bank Plc.	-	Zaki Investment Bond
- Funds Managements		
- Export Financing		
- Current Account		
3.Diamond Bank Nigeria Ltd.	-	Current Account
- Savings		
- Diamond Bank Pay-card		
- Diamond Gold Card		
- Diamond Contect		
- DIBS		

expertise of the banker to the detriment of marketing skill. Marketing skills are however required to convert technical bank skills and competence into competitive advantage.

In the area of product packaging where we have seen some innovations on the part of the banks, they seemed to have overemphasized on deposit or liability sourcing at the detriment of asset or investment sourcing.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

In concluding this study on Marketing Bank services in a distressed economy like Nigeria, it is important to make an attempt to answer some fundamental questions such as to what extent have some of the selected Banks embraced the Marketing Management Concept function in the delivery of services in Nigeria?. From the preceding chapters of this study particularly of concern the fourth, one have seen details of the Marketing Programs outlined by the selected Banks which were biased to products aimed at sourcing of deposits only. Most banks, no doubt must be responding to the present liquidity - squeeze occasioned by intense competition among operators and the need for Banks to disabuse the minds of customers, to gain confidence that their Bank and they service the render are not those that will lead to distressing of the Bank in question. This confidence drive further deepen the competition amongst Banks.

In the course of this study, it is evident that the Banks are making efforts to get customer deposit through the packaging of specially designed products. It is therefore obvious that the Banks have appreciated the Marketing Management Function, even as it has been explained in the literature review under chapter three that marketing tools and

techniques are applicable to the Banking business like any other business that deals with tangible products.

As this research indicated, all the selected Banks are adopting marketing principles, infact it has become fashionable among Banks operating in Nigeria to describe their financial services as 'products'. They therefore strive to put in one form of product or the other going by a distinct name (usually) bearing resemblance to the Banks name as a way of selling their services to target markets. Marketing Principles are therefore largely applicable in banking business and the Nigeria Banks have since been applying them despite the imperfections, there is therefore a lot of room for improvement as we move into the next millennium and as Banks customers become more sophisticated.

On a critical note, some of the Bank products are noting more than different deposits with varying terms. In effect, these were cases of branding conventional Bank products with enhanced interest payment (pricing). Another related point of criticism is that while the banks are showing innovations in product delivery, the desired improved Banking services to customers have continued to elude the nation.

In the next section of this write-up and in line with the adopted methodology earlier indicated, the following suggestions by way of recommendations on how Commercial Banks can improve their efforts to fully integrate marketing principles and techniques into the banking business more effectively and efficiently.

5.2 RECOMMENDATIONS

i. Bank should always strive to improve customer services. Areas of special attention include Counter Services, Customer Handling, Correspondences (customer statements of account etc.). Infact, quality of services rendered should receive priority - over quantum of new products offered.

ii. Bank should also pay more attention to acts of Personal Selling. Banking is largely a personal selling of services and efforts must be made by the Banks to fully embraced selling in product delivery.

iii. Banks should design new products that will suit the needs of their customers.

iv. Banks should intensify their research efforts to provide timely information in product development and other areas of their operations.

v. Adequate facilities for customer comfort should be provided in Bank premises. This will make customers relax while waiting to be attended to.

vi. Banks should strive to monitor the degree of customer satisfaction with their services on a continuous basis. By doing so the Banks will be able to see areas that require improvement, thereby facilitating the much desired satisfactory delivery of banking services.

vii. Finally, Banks must try to embrace in it's totality the marketing management concept by setting up well runned marketing Departments manned by well trained and experienced hands to carry out the all important function of marketing. Also in ensuring that the marketing functions are carried out, human relations functions should also be embodied in the art of personal selling as an aspect which is very vital in banking operation, but is missing in the Nigerian environment. For any one bank to succeed under the present harsh economic condition and uncertainty surrounding the use of Bank Services, a greater efforts must be made in making the customers feel at home, secured and above all protected with their resources.

More also need to be done on customer information and education so that customers can better use to the maximum banking services to their benefits at as well as the benefit of the Bank in the later future.

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