APPLICATION OFMARKETING STRATEGIES IN COMMERCIAL BANKING SERVICES: A Case *Study* of Habib Nigeria Bank PLC

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JUNE, 2000

DECLARATION

I hereby declare that this thesis is the result of my effort and has to the best of my knowledge never been previously presented in any submission for the award of any degree. All works and articles consulted have been duly acknowledged in the bibliography.



JOHN M. UBADA ABAH

CERTIFICATION

This thesis entitled APPLICATION OF MARKETING STRATEGIES IN COMMERCIAL BANKING SERVICES by John M. Ubada Abah meets the regulations governing the award of the degree of Master of Business Administration (MBA) of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This project is dedicated to my dear lovely wife MRS. ELIZABETH A. ABAH for our patient and endurance during my constant absence during the weekends for the entire period of the course.

JOHN M. UBADA ABAH

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To God be the glory for his mercies endureth forever. He has made me to be "above ~~alone~~ only" right from the days of my primary school to the university level and now a masters Degree has been successfully completed. Thank you Jesus.

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ABSTRACT

This study, **"The Application of Marketing Strategies on Commercial Banking** Services: **A** Case Study of Habib Nigeria Bank PLC," was undertaken to explore and have insight into the way Commercial Banks offer their services. The study derived its significance from the recent experience of large scale distress in the Nigerian banking industry. Habib Nigeria Bank PLC. was chosen as a case study.

The study used both personal interview and the questionnaire methods of collecting data.

The study made several recommendations. Prominent among these recommendations is that the banks should endeavour to monitor the degree of customer satisfaction with its services on a continuous basis.

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CHAPTER ONE

1.1 INTRODUCTION

The banking industry has witnessed a dramatical drift from the traditional role of passively waiting for customers and their deposits to customer oriented approaches. Today, many banks have adopted a hard core approach in the marketing of banking services. It is now an aggressive search for deposits from prospective customers rather than merely sitting down and waiting for customers.

There is no doubt, however, that the competitive situation in banking industry has led to a complete adoption of the marketing concept. Peter Drucker, the world's leading writer on the whole field of Management has said: "It is the customer who determines what a business is. It is the customer alone whose willingness to pay for a good or service that converts economic resources into wealth ..... customers have the economic vote and they choose to give to those organizations that deserve them (those that are ready at all times to place customer's services as first priority)."

The growing sophistication in the Nigeria economy, especially in the financial institution brings about fierce competition. Derek (1986), observed that " as majority of the banks operate within a competitive environment, there is need therefore to look beyond the analysis of banking marketing services to customers but also a comprehensive analysis of major competitors."

The introduction of Structural Adjustment Programme (SAP) in 1986 by the regime of President Ibrahim Babangida (Rtd General) led to great

awareness in the monetary economy and policy of the government. As a result of some policy instrument of (SAP), such as deregulated interest rate, flexible exchange rate and trade liberalisation, keen competition among banks and other financial institution became obvious.

The result of this cut-throat competition in the banking industry led many banks to adopt- aggressive marketing strategy.

1.2 STATEMENT OF THE PROBLEM

The commercial banks had in the past seen themselves as overlords who had no competitors and as such customers were neglected; and the banks were declaring huge profits after tax without serving properly those customers that bring about the profit.

Some commercial banks still harbor unqualified so called executives that are saturated in their marketing abilities. The result being that, it becomes almost impossible for them to practise the marketing concept.

The connivance of banks official with some 'king pins' and influential individuals in the society led to large scale frauds in the banking sector, bad debts, and slow loan recovery.

1.3 OBJECTIVES OF THE STUDY

The study is designed to:

1. Explore and have an insight about the way and manner commercial banks offer their services

2. Recommend guidelines for policy implementation and identify effective marketing stategies of commercial banking services.
3. Sample customers opinion about the efficiency or otherwise of Commercial Banking in Nigeria.
4. Reconcile the divergent views of the banks and the customers and to come out with proposals necessary for improvement of commercial banking services.

1.4 SIGNIFICANCE OF THE STUDY

This research study is quite significant especially after the incidence of large scale distress in the banking industry.

The study will reveal improvement if any resulting from the stringent measures of the monetary authority (central bank of Nigeria and the ministry of finance).

The study is significant because it will asses the readiness of the commercial banks as the engine room for economic progress in the realisation of the government economic and monetary policies, particularly trade liberalization, globalisation of economic activities.

1.5 RESEARCH HYPOTHESIS

The following hypothesis will be subjected to text in the course of this research study:

a. That marketing is very relevant in the banking services as in any other business organisations.

b. That the marketing concept as strategy adopted by most commercial banks is not yielding much positive response from both customers and prospective customers.

c. That the ineffective and inefficient communication system in Nigeria has set serious limits to commercial banking marketing activities .

1.6 SCOPE OF THE RESEARCH

The study has been set out to cover the marketing efforts of the commercial banks in Nigeria and in particular the two selected banks - Habib Nigerian Bank Limited and United Bank for Africa PLC.

The study is intended to cover the period of five (5) years. i.e between 1996 to 1999.

The research study is meant to cover areas like the nature of accounts maintained by the two banks, methods of attracting customers, facilities offered and the degree of their compliance with the monetary policies of the Central Bank of Nigeria (CBN) and the monetary authorities.

1.7 RESEARCH METHODOLOGY

According to O. Hudson (1998) "applied Research" attempts to use existing knowledge as an aid to the solution of some given problems or set of problems

The questionnaire and the personal interview methods were adopted in specific and relevant cases, and the methods of data collection included both the primary and secondary data.

Two sets of questionnaires were administered, questionnaire 'A' was directed to the cooperate managers and top management of the two banks; while questionnaire 'B' was directed to the various customers of the banks.

The secondary sources included information extracted from libraries (both public and the bank libraries; CBN Journals and other relevant publications.

1.8 LIMITATIONS OF THE STUDY

Marketing of banking services as a vital function or activities still lack reasonable publication, on which researcher could lay hand. Hanson (1979), confirmed this sad situation. "No major work on the subject of bank services marketing in the United kingdom (UK) and United states of America has been published. Therefore such comparative shortage of relevant literature on the subject matter has set a great limitation to this research study.

Furthermore, the unwillingness of the top management of the two selected banks to allow researchers' access to some vital information was in itself a limitation for the researcher. They classified some information as "top secret."

The sample size of two commercial banks, Habib Bank Nigeria Limited and United Bank for Africa PLC. are, to say the least inadequate to be representative of the entire banking sector. The financial constraints on the parts of the researcher do not allow for choice of more than two banks.

Inspite of the identified constraints and limitations, the researcher has not in any way compromised objectivity and quality in the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The success or failure of any organisation depends largely on the marketing strategy adopted by it. The basic goal therefore is the development of suitable marketing system that caters for the needs of both the present and prospective customers.

Marketing has been defined as "a Management process which identifies, anticipates, and satisfies consumer requirement profitably" (Nwankwo 1987).

However, Seebogn (1973), defined marketing as applied to banking services as:

> "Identifying present and future markets for services;
> Selecting which market to serve and identifying customers needs;
> Setting long and short-term goals for the existing and new services;
> Managing the services as to personal customers to use them at a profit, and controlling of success in so doing."

There is no doubt that the application of marketing in banking industry is similar to that of marketing other services. However, marketing in the banking sector is predominantly centered around the provision of diverse financial services to customers. Effective marketing and the application of marketing concepts and techniques is required to discourage the indifferent attitude of most bankers towards customers services.

2.2 HISTORICAL DEVELOPMENT OF COMMERCIAL BANKING IN NIGERIA

The origin of commercial banking in Nigeria can be traced back to the end of 19th century; when coins came to be used as a medium of exchange in the country, before this period, trade by barter was the only system of exchange. However, the main coins is use after the demise of the commodity currencies include Spanish doubling, American half eagle and double eagle, French Napoleon, portuguese Manillas and the Cowrie shell (Okigbo)

In 1894, the Bank of British West Africa (BBWA was registered in London with a nominal capital of £100,000 and took over the Lagos banking business of the African Banking corporation (ABC). However, the activities of the transnational corporations; the financial transactions of the colonial government, the decline of the barter system and the increasing acceptance of British currency predicted the need for more financial institutions in the form of Commercial Banks.

Five years after the establishment of BBW, pages trading formed in Eastern Nigeria under the leadership of Royal Niger company (Now UAC) established the Bank of Nigeria. This bank competed with BBWA but was finally absorbed in 1912. Anglo-African Bank was the next commercial bank to be established in 1901 in the Old Calabar, but after a few years of banking operations, it went into liquidation. (Eye 1979)

The complete banking monopoly of BBWA (later known as standard Bank and First Bank) came to an end in 1917, when the colonial Bank established bank in Nigeria. the colonial Bank was later called Baclays Bank: These are known as International Bank for West Africa (IBWA) now called

SALIM IBRAHIM

Afribank Nigeria PLC., Bank of India (Allied Bank) Bank of America (Savannah Bank), chase Bank etc. Before the indigenisation programme, each of these banks was a subsidiary of a multi-national banking firm with lead quarters in New York, London and Paris.

The commercial banking industry in Nigeria has passed through various stages since 1891 and include the following:

a. The free banking era (1891-1952)

b. The pre-central banking era (1953-1958)

c. The banking legislation era (1959-1970)

d. The indigenisation era (1971-1976)

e. The post Okigbo era (1977-1985) and

f. The structural Adjustment programme era (1986-1992)

It was however, noticed that the foreign banks that were first to emerge in Nigeria discriminated against Nigerians especially in the areas of credit facilities to business and tradesmen. Their lending was concentrated to the large European traders and companies around. This bias circumstances motivated Nigerians to desire to establish indigenous banks.

The period between (1928 and 1959) witnessed the first banking ordinance in Nigeria; and a lot of indigenous banks were established, numbering about 18 banks. Out of these banks, only the National Bank of Nigeria (1933), Agbomagbe (Now Wema Bank 1945) and African Continental Bank PLC (1947) survived. The rest went into liquidation, resulting in loss of funds by the depositors and the crisis of confidence set into the banking system.

Because of this eminent failures of many banks in the forties, the then colonial administration invited G.D. Paton, an official of the Bank of England to enquire into banking system in Nigeria and determine the causes of Banking failures in the country. Paton studied the problems and recommended the introduction of the bank legislation to generally protect bank and the depositors. This led to the first banking legislation in Nigeria known as the 1952 Bank ordinance. The requirement and controls proposed by the report included recommendation for a grace period of 3 years to allow the banks sufficient time to meet the regulatory requirements (Paul Ogwuma).

The Government on it's own made concerted efforts to harmer the activities of the bank for national development through the issue and regulation of currency, credit and foreign exchange control and the supervisor of the financial system. These fountains were the prerogative of the central Bank of Nigeria which was established in 1959, following the promulgation in 1959 of a new banking ordinance. Indeed, 1959 can be regarded as a watershed in the annals of Nigerian with the aim of boosting the rural banking system in the country.

The peoples' Bank of Nigeria which was introduced in 1989 by the Babangida Military Regime stands out clearly as one of the banks with the largest branch network of more than 200. According to the National Broad for community Banks records, the total number of community banks in the country are more them 200 as at time 1993.

In addition is the galloping growth of merchant banks and finance houses in the country of few year 1987 to 1993. As at June 1993, the

number of Merchant Banks were 55 of which all their head offices were located in Lagos. Also about 6 development Banks emerged in the country as at June 1993. banking industry. Not only was the Central Bank of Nigeria established that year, but also the foundation of the Nigeria money and capital markets were laid, for example in 1959, Treasury Bill ordinance was promulgated.

However, the Nigerian financial system has grown phenomenal in size since 1960 and so is the number and variety of institutions therein. From a total of 15 banks with 192 branches in 1960, the banking industry has grown to 129 banks as at June 1993 with about 2,107 branches nation wide (Offoaro 1993).

2.3 OBJECTIVES OF COMMERCIAL BANKING

The objectives of commercial Banking in Nigeria was contained in the proposals of the financial system review committee of 1976 and accepted by the Government as follows:

(a) That the banks should actively facilitate the transformation in the rural environment by promoting the rapid expansion of banking habit in the rural and near rural communities. They would, thus serve as paying and receiving stations for hand to hand currency and provide facilities for remittance to and from rural areas. They would provide savings deposition facilities for their customers and thereby help to mobilise rural savings. Most important of all, they would serve as vehicle for the granting of credit facilities in the areas where they operates. These

credits were expected to take the form of equity and loans for small scale farmers and entrepreneus.

(b) That they should undertake more medium and long-term capital lending designed to promote the industrial economy.

(c) They should conform clearly with the National Objectives and identify fully with Nigeria aspiration by taking a more active part in the financing of economic programmes of National priority.

(d) That decision making in the main Commercial Banking sector must be localised, in order to avoid the possibility of our banking institution being manipulated at the expense of the Nigerian economy.

(e) The commercial banks should use a significant part of their profits to improve the quality of the services they offer.

However, the Federal Government regulations and supervision of the commercial Banks system have been geared towards meeting these objectives. The rural banking system and the indigenisation of commercial banks are examples of positive steps which the government has taken towards attaining these objectives of which profitability is a crucial target.

2.4 COMMERCIAL BANKING SERVICES AND OPERATIONS

By the nature of Banks, and their operations; they are the engine room and vehicle for actualizing most of the Government economic policies. Nigerian banks are no exceptions in this directions, as they hare been occupying top positions in terms of assets and profitability.

Inspite of this position occupied by the banks, they are still under attacks and often criticized by the various publics they serve. Therefore, the issue of improvement in the customers service in our commercial banks has become imperative and in fact a crucial national concern.

In an effort to revamp the ailing economy and revolutionize the banking system, the former military regime under President Ibrahim Babangida introduced a number of measures through the structural Adjustment programme (SAP). The core aspect of these measures has been the deregulation of the economy to allow for more competitiveness in the market place.

The operations of our commercial banks are seriously affected by a number of constraints which also affect the amount of profit made by these banks. Among some of these bottlenecks, according to Osubor (1984) are:

(a) Minimum Capital and reserve regiment established by law.
to accommodate withdrawal and pay time deposit on maturity.

(b) There is legal and statutory restrictions on types of loans to a single individual customer which must not exceed certain limit.

(c) There is legal upper limit paid and changed on deposits and loans.

(d) There are huge operational banking services

(e) There are legal restrictions on the entry into the banking industry and establishment of branches or other types of offices.

(f) The regulated interest rate of both lending and saving deposits under the context of high inflationary rate which discourage prospective savers poses serious challenges to commercial banks.

The various banking services offered by commercial banks in Nigeria are discussed below:

Adekanye (1984), aptly categorises services provided by commercial banks in Nigeria into two:-

services provided to individual customers and the ones offered to organisational customers. However, Commercial banks are in business to render services both to individual and entities, as a profit. According to Afolabi and Akpaso, (1988), these services offered are diverse by their quality and dependent on the degree of development of the country financial system and economy. According to them the bank service could be categorised into the followings:

1. "Deposit collection
2. Financial system
3. provision of credit facilities
4. Foreign services
5. Money transmission services
6. services of place or time".

2.4.1 DEPOSIT COLLECTION

Among the numerous services offered by commercial banks in Nigeria is deposit collections. Deposits are collected in the following manners:

(a) Current Account.

Current accounts are opened so that cheques and or cash are paid into them. Cheques are subsequently drawn on them. Usually there is no notice

required before money can be withdrawn. Deposits on current account are said to be repayable on demand at all times; A current Account is also called demand account!

A prospective customer of current account is expected to provide at least three references, all must already be established customers of the same bank. Debit and credit entries are effected any time there is a transaction with the net balance shown at the close of the days business. Interests are not paid on any current account by the bank; rather the bank charges interest on current account.

When a bank grants a customer an over draft facilities, a limit is usually set up to which he can draw. At times security may be required to support the over draft, and the customer is changed an interest for such overdraft. Beside the bank usually change fees for service rendered to current account holders.

(b) Depósit Account

This type of account is usually operated by customer who want to earn interest on their money. The account holder has deposit and can always make withdrawal on short notices through a standard withdrawal form supplied by the bank.

However, in practice banks usually wave off the issue of notices before withdrawal. It is relatively easy to open a deposit account; References and check books are not required to operate deposit account. A fixed deposit account is often opened for a period as may be required by the customer. The bank pays interest on such deposit account. The interest rate changed by the

two banks studied are the same interest between the ranges of 15 to 18 percent. Deposit account are also called "Time deposit" Unlike current account, no overdraft are allowed on time deposits period of time say from one month to one year and the interest is always fixed.

(c) Savings Accounts

This account is operated by means of pass book in which credit and debit entries are made each time of transaction (Deposit and withdrawal). Like deposit account, no cheque book is required to operate it. Finds can be deposits and withdrawn by using withdrawal forms, savings account attract interest at a fixed rate.

2.4.2 FINANCIAL SERVICES TO CUSTOMERS

Commercial banks ink Nigeria usually render numerous services to customers. Among them are: safe custody of treasures other than money; status inquiries and business financial advise.

SAFE CUSTODY

They provide custodian services to customers on their valuables such as government stocks, shame certificate, life assurance policies, certificate of occupancy (which is an official tittles to landed properties) Examination question papers, will and Jewellary, such property may either be deposited in sealed boxes or envelopes; with the contents unknown to the bank officials or made opened when the articles are listed and signed for.

However, the relationship arising from safe custody is different from that of banker and customer. The transfer of goods to some one for a

2.4.3 PROVISION OF CREDIT FACILITIES

This is one of the most important functional services rendered to customers by banks. By so doing, commercial Banks are seen rendering a great deal of services that leads to increased production, capital investment are expanded and a higher standard of living is assured.

The types of credit facilities offered are:

LOANS AND OVERDRAFT

The loan facilities provided by commercial bank in Nigeria is mainly exclusive to sole traders, individual such as salary earners to help them during period of difficulties eg. supplement payment of children's school fees, medical bills and some granted is usually small and repayable at shorter possible time.

2.4.4 FOREIGN SERVICES

Commercial banks also provides some foreign services to her customers. Among these are:- Foreign currency, travellers cheques, bills for negotiations, documentary credit and bills of collection.

2.4.5 MONEY TRANSMISSION SERVICES

The money transmission services provided by commercial banks includes collection of cheques, direct debiting, standing orders, mail and telegraphic transfer and bank drafts.

(a) Collection of Cheques

When a customer receives a cheque in which his/her name appears as payee, there are three major things the customers can choose from depending on his choice and on whether there is restrictions. If there is no restriction, the customer can collect cash at the drawee bank (the bank n whom the cheque is drawn); can transfer (endorse) the cheque to another person by acknowledging the transfer in writing at the reverse side of the cheque; followed by his/her usual signature or thirdly by completing a creditship and paying it into his/her account in any branch of his choice.

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

- The words of the company or any abbreviation thereof between two parallel transverse line, either with or without the words 'Not Negotiable'.
- Two parallel transverse lines simply, either with or without the phrase 'Not Negotiable'. This addition constitute a crossing and in fact that cheque is crossed generally.

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

(b) Direct Debiting

By the authority of the customers, financial houses, insurance companies and building society can make a direct claim on the customers' account. This safes time and extra money that would otherwise be required

if the customer was to order fro the transfer each time it falls due.

(c) Standing Order

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

(d) Bank Draft

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

(e) Open or Cashing Credit

A customer travelling to another town to stay for sometimes to conduct business, work or study can ask his bank to establish an open credit for him. The customers' bank can then arrange with the branch concerned to honour the customers' cheque upto a certain limit. The specimen signature of the customer is sent to the branch concerned. This arrangement can also be made with a branch of another bank where it is not represented.

(f) Mail and Telegraphic Transfer

This is a form of money transfer rendered by commercial banks. Mail transfer is particularly useful in the settlement of foreign account between

banks, business and institutions. The telegraphic transfer is more or less a pure call information, confirmation and necessary action. Both parties can be notified by means of telephone, radio message, cable- graph or telegraph where appropriate.

2.4.6 SERVICES TO PLACE OR TIME

(a) Night Safe

This arrangement provided by a few branches of a few banks in Nigeria enables selected customers to deposit money after usual banking hours. Here customers are provided with wallet with locks. When the needs arises, the customer put the cash and paying slip on the wallet. It is then locked and posted through the exterior wall of the bank which leads into safe. The wallets are cleared the following morning and the customers' account credited. Shopkeepers wishing to bank their daily takings rather than leave them in the shop over night or carrying large some of money home, find this particular service helpful.

However, these services are more practicable in developed countries. The use of computer system in cashing and saving at any hour of the day are obtainable in these countries where these are available in Nigeria it is grossly underdeveloped; thus creating appreciable divergence between standards of services available to banks customers in Nigeria and the developed nations.

The "Cash-Point" service which was introduced by First Bank PLC, though, only in Lagos has been generally critized by customers by its inadequacies and inefficiencies in its operations.

(b) Mobile Banks

This function of commercial banking is found at the initial stages of rural banking. Some banks use to ravel into villages, providing door-to-door services. A typical example is the People's Bank of Nigeria (Mobile Banking Scheme) which is targeted at Market traders, illiterates in villages, road-side mechanics and market women who may not have branches of bank on his or her area or even lack awareness concerning saving his/her money in the bank.

With the galloping growth of finance houses, many of them are said to have graduated from local money savers locally called "Osusu" who call on their largely illiterate clients at home or workshops to pick their daily contribution.

Forms of mobile banks can also be seen at organised exhibitions and trade fairs where banks erect temporary stands.

2.5 APPLICATION OF THE MARKETING CONCEPT IN SERVICE INDUSTRY

The growth in services over the years in Nigeria cannot be generally attributed to the maturation of our economy and or rise in our standard of living; and not necessarily the marketing development in our service industries. Traditionally, executives in service industries have not been marketing oriented as Stanton(1980) pointed out, "The repair industry has left a trail of dissatisfied and even irate customers for years." Service organisations have generally been slow in adopting promotional methods, products strategies and other marketing techniques.

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

(a) "The demand for many services has outstripped supply.

(b) The providers of services have typically been small or unsophisticated about marketing activities.

(c) Many service firms have legal or ethical barriers to marketing practice e.g., legal, accounting, and health care profession limits marketing philosophy and its application.

(d) Lack of competition in service industry e.g. public utilities are highly protected by legislation.

(e) Finally, services are relatively difficult to market, particularly because of their intangibility."

Until the early 1960s, marketing in the service industries and in the banking sector in particular, generally meant advertising and public relations. Preston (1978) observed that "although marketing was broadly recognised and considered important in most of the large banks, however, a large number of these banks merely look at marketing as public relation exercise that just create awareness.

However, recent changes in the overall economic environment in which banks operate - in the bank regulations, in the technological innovation - have caused bank customers to alter the pattern of services they want and desire. In addition, these changes have prompted banks to revise their thinking about

the type or services they should offer if at all they want to remain in business. The commercial banks in particular have now come to embrace the marketing concept and have long been adjusting to the techniques it embodies.

The application of marketing techniques and practices in the service industry seems to have improved marketing over the year. As Russ(1982) stated "the adoption of marketing concept in service industry is proceeding rather slow but quickening pace". He went ahead to give reasons for the growth and the growing popularity of marketing techniques in service industries which includes:

(a) The entry of firms and people with experience in product marketing into service marketing.

(b) The imbalance between demand and supply is shifting in favour of the buyer, forcing service suppliers to work harder to market the services they claim to provide and

(c) Ethical and legal barriers and restrictions to marketing practices.

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

2.6 MAJOR CHARACTERISTICS OF BANKING SERVICES

The following characteristics are applicable to most of the commercial banking services in Nigeria.

(a) Wide Range of Services

The commercial banks offer wide range of services to meet variety of financial and related needs from different customers, in different areas. On once hand, it provides a special one-off management services for an industrial customer and on the other hand a retail services covering may receipts, shortages, supply and transmission.

(b) Intangibility

Banking services, except in particular instance, meet a general rather than specific need. Particular benefits are not readily apparent and therefore banks are dependent on getting their messages across to public effectively and ensuring that their image and services are attractive.

(c) Lack of Special Identity.

Another feature of bank services is lack of special identity, that is, bank services are very much alike to the public. For example if the reason for choosing a bank or branch is convinience, each bank must therefore find a way of distinguishing it's identity and implementing this in the minds of the public. As the competing products are similar the emphasis is in the packages rather than the product. The package consists of branch location, staff, services, reputation, advertising and constant innovative services. As major competitors offer similar services, the emphasis should be on the promotional tools, rather than inherent uniqueness of a particular bank services. This is one of the areas where bank' should adopt customer-orientation, rather than just selling services as a traditional approach.

arranged his office so that a prospective borrower would sit across from his massive desk on a lower chair than his owner. The office window was located behind the officer's back and the sun poured in on the hopeless customer as he or she tried to explain why he or she needed a loan. This was what the bank posture looked like before the age of marketing (Kotler, 1978).

However, marketing came into banks in late 1950s, not in form of the marketing concept, but in the form of advertising and promotion concepts. Bank and other financial institutions were experiencing increased competition for saving. A few financial institutions decided to adopt the marketing tools of the soap companies. They established budgets for advertising and sales promotions and managed to attract many customers. Their competitors were forced into adopting the same measure and carried out or hired agencies for advertising and promoting their products and services.

The bank that first introduced modern advertising and promotion soon found out that their advantages were cancelled by the rush of imitators. They also learnt another lesson that attracting people to a bank is not as easy as converting them into loyal customers. These banks began to formulate a larger concept of marketing - that of trying to please the customers first. Bankers had to smile and the interior of banks had to be re-designed to produce a warm, friendly atmosphere. Even the outside Greek temple architecture had to be changed completely.

The first bank to implement the changes began to out-perform their competitors in attracting and holding customers. Soon all banks became so friendly that it was impossible for a customer to find an unfriendly bank.

Friendliness became common to all banks such that it lost it's potency as a determinant factor in bank choice.

There is still a higher concept of bank marketing that represent the ultimate essence of modern marketing. The issue is whether the bank has installed effective systems for market analysis, planning and control. The marketing concept is a more recent, idea in the history of exchange regulations.

James, (1972) defines marketing as "that aspect of business which in any way affects the attitude of customers towards the present or future output of that business" It is that part of entrepreneurial activity which makes production viable and without it, an entrepreneur has no value.

Elvy (1980) sees marketing as "the getting of the right goods, or services in the right quantity, to the right place at the right time and making a profit by so doing." By this definition it implies therefore that marketing is a comprehensive function that concerns every aspect of a product or service.

While Stanton (1981), argues that "marketing is the creation and delivery of a standard of living". Some other times, banks had to search for a new basis for differential advantage. Bankers who read professor Levitt's article "marketing Myopia" (1965) began to realize that marketing transcends advertising and friendliness, though they are expected important ingredients. Banks are not only in the saving business but also in the business of meeting the varied and changing financial needs of customers.

These banks began to think in terms of continuous innovations of new and valued customer services such as credit cards, Christmas savings plans

and automatic bank loans. The bank of America for example, today offers 350 financial services to its customers (Kotler 1978).

What happens when all banks offer similar services, is that they are forced to find a new basis for distinctions. They begin to understand that no bank can offer all services to customers. A bank must choose and examine its opportunity and strengths and take a position in the market place. Marketing according to him involves:

a. Finding out what customers want;

b. Planning and developing products and services that will satisfy those wants and

c. Determining the best way to price, promote and distribute those services.

In view of the historical review of marketing to banking and some definitions discussed above, it is essential to state that functions of marketing as observed by Banker (1979). He summarised the functions of marketing as follows:

(a) Analysing and forecasting of customer's wants and needs through market research.

(b) Development and designing products and services that satisfy the identified needs.

(c) Influence demand through design, advertising, promotion; transportation, financing etc.

2.6.2 THE MARKETING CONCEPT

As earlier observed in the preceeding discussions, there is a modern marketing approach which is relatively new in the exchange relations called the "Marketing concept."

Kotler (1978) defines Marketing Concept as "a Management orientation that holder, the key tasks of the organisation and that determine the need and wants of target markets and that adopt the organisation to deliver the desired satisfaction, more effectively and efficiently than it's competitors."

The marketing concept become popular first in the United States of America as a result of certain environmental forces or factors that promoted evolutionary changes in business philosophy. Three district stages can be identifies in the evolution of American business, namely production era, sales era, and marketing era.

The production era was characterised by an acute shortage in what to produce or products to supply; but the question was how to produce enough to sell. Business adopted the production philosophy which stressed product engineering, research and development. Once the problem of scarcity was solved, surplus emerged consequently, emphasis was shifted from how and what to produce to how to sell the surplus products. This ushered in the sales era, an era of shortages customers of stimulating and generating demand, and sales efforts were intensified. At the same time, there was an increase in customers income, market information and in the means of physical distributions. Customers became better informed which led to intense competition among the business firms resulting to business failures. There

was a need therefore to provide what people can afford or buy. The third stage is the marketing era, during which the marketing concept came to light. This era ushered in such activities as market research, product identification of specific market segmentation. A philosophy based on marketing concept provides customers satisfaction which creates business necessary for a firms long-term survival. It also leads to favourable word-of-mouth promotion of the firm by satisfying customers and more patronage for the firm, all of which contribute to the company's long-run profit motive or objectives.

In the recent times, a societal dimension has been added to the marketing concept. Kotler (1980), views marketing concept as a management orientation that holds that the key task of organisations is to determine the needs and wants of target markets and to adopt a stand to satisfy customers more effectively and efficiently than the competitors. This is done in a way that preserves or enhances the customers and the societal well being. The numerous advocates of this view-societal marketing argue that the marketing concept is not an end in itself, but a means to an end. That marketing must serve business as well as the societal goals. However, marketing generally consists of a group of activities which every organization as ready to produce what is called the "Marketing mix."

2.6.3 APPLICATION OF MARKETING MIX IN BANKING

Kotler (1980) defines marketing mix as a set of controllable variables and the level that the firm uses to influence the target market. Any variable under the control of the firm that can influence the level of the customers

response to purchase a product is marketing mix variable. McCarthy (1978) popularizes a four factor classification of all the 4Ps - products, place, promotion and price. However, there are seven variables which marketing mix is made up in the banking services methods. These are:

(a) Product design and packaging

A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personality, places, organisations and ideas. There are great similarities about the services offered by commercial banks in Nigeria. Thus the task of product design and packaging calls for putting together a package of banking services and presenting it in such a way that it catches the attention and interest of the customers.

(b) Branch design

Banks are usually retailers as well as producers of their services. It is however, difficult to display a range of bank services or to display the readiness to help and explain to people who need them in a way that encourages customers to come inside. Nevertheless, bankers should endeavour to make offices or branches distinctive and attractive to customers who want to do business face-to face with bank executives.

(c) Principal Interest

The price of the banking services is the interest that the bank pays and receives on deposits and advances. However, the price of interest rate is centrally regulated by the central Bank of Nigeria. Presently the interest rate on banker-depositors is between 12-15 percent and lending at a rate of 21

percent. This means that the banking industry is essentially monopolistic in competition. But since the interest rate is regulated in commercial banks, the question becomes that of how much the bank should lend to efficiently and effectively attract deposits from public.

(d) Selling

For the marketing manager of manufactured products, the cost of the sales force, or that part of the total cost which can be attributed to the product he manages is defined as expenditure to be included in his total marketing mix.

In marketing of banking services the face-to-face selling resources is at the same time more important but rather less easily defined and, it is harder to allocate the total cost of multi-purpose staff fairly between selling and administrative activities. It is important because the banker is a major part of the services he has to offer. He has a product in the form of either specialised access to financial resources or investment opportunities to march customers own resources, but the customer's acceptance of the product value will greatly be affected by his confidence in the reliability of salesman's advise and his personal probity.

(e) Promotion

Instincts in marketing strategies are promotional strategies and to persuade customers to buy the product.

According to Stanley (1988) consumer must be made aware of products and their satisfying qualities before any purchase can take place. He went on further by expatiating on the concept of advertising and said

"Advertising can expand the general market for a product and bring about mass consumption, mass marketing and mass production."

Additionally Levite (1973) examines the chains of unawareness that "Products of a known company are likely to get favorable first class leaving and adoption. Normally, one will envisage that if product of a company are not brought to the knowledge, there is bound to be a vast unawareness of production would be consumers and this in turn creates unfavourable market for the products.

Sales promotion can be used to achieve a number of marketing objective which were summarised in a recent article in the "Harvard Business Review."

(i) To get customers and convert them to regular users particularly for new or improved products.

(ii) To widen distribution of a product

(iii) To influence stock levels which may be too high or too low.

(iv) To reduce sales peaks and maintain economic productions,

(v) To create new interest in an efforts to improve results from stores displaced.

In a lecture, Yemi Okumúyide "The strategy for effective advertising of consumer products' Yemi Okunmuyide Enumerate the basis of strategy for an effective advertising on the target consumer which are:

(i) Those who have not use any brand in our product class

(ii) Those who have used brand in our product class

(iii) Those who realise our brand with a competitive product

(iv) Those who replace our brand with competitors.

According to patrick M.C Namee (1968), the primary goal of any promotional strategy should be to help the organization achieve its marketing goals, more specifically it will often be the case that the promotion goal will be to use that which blend promotion at devices, which will achieve the maximum degree of influence in the targeted market segment at a minimum costs.

According to M.K Dhall (1978), "Media cash should be considered or capital investment. Each piece of advertising influences sale today and at the same time adds another break to the structure of good will increase business tomorrow. As a strategy, the key element in the consumer hold ever effects

The interest of the consumers summary is gotten through the help of personal selling, advertisement and sales promotion strategies.

2.7 GOVERNMENT INFLUENCE ON COMMERCIAL BANKS

Government has had a pervasive influence in the growth of commercial banking in Nigeria. The companies Act of 1960 strengthened Governmental power over the activities of the bank and made it mandatory for all companies operating in Nigeria to incorporate locally under the Nigerian company law. All foreign controlled banks were by this obliged to register and Nigerian company; government further tightened its controls over banks as the Act requires them to render certain periodic reports to the Central Bank. That

same year, the Central Bank of Nigeria issued the first of what has since became annual Monetary policies circulars.

The monetary policies circulars are regulatory and penalties are prescribed for infringement. The circulars involves the impositions of quantitative ceilings of the overall growth of sectoral distribution of banking system credits, prescription of viable reserves requirement and direct regulation of interest rate on deposit and Government stocks.

Another instrument introduced in 1977 to strengthen the deposit based of the bank is the negotiable certificate of deposits (NCD). This instrument is issued by the individual banks, with the permission of the (NBN) which act as the negotiator of the last resort.

The period from 1977 saw a more determined efforts by the monetary authorities (CBN and ministry of finance) to ensure stint observance of the credit guidelines by banks. In a bid to boost credit to the agricultural sectors and building of other sub-sectors, for example, banks have been mandated to devote specific percentages of advances to each of the two sectors. As a penalty for contravening this regulation, any short falls beginning from 1978/1979 was required to be deposited to the central banks. Such deposit will not count as part of the specified liquid assets of the bank and will be interest free. During 1977/78, the government also made its obligatory for bank to devote a minimum of 50 percents of the advances to indigenous borrowers. This level was increased in 1977 to 70 percent in 1979 of which 10 percent was expected to be channelled to the small scale enterprises whose annual turnover does not exist ₦50,000.00.

As a result of government strong desire to monetise the economy, the commercial bank were obliged to open some 200 branches in some rural areas within the first phase of the rural banking (Uzoaga 1981).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter is centered on the procedures adopted in this research study particularly the methods and techniques used for data collections and the sources of the data. The approach used in conduction the research are both descriptive and analytical.

In using these techniques therefore, the researcher has taken time to examine the marketing of commercial banking services in Nigeria; and Habits Bank Nigeria PLC in particular.

However, the two methods mentioned above include both primary and secondary data. Questionnaires were administered and supplemented with secondary data (The bank library, Journals, Government official documents and newspaper publications.

The administration of questionnaire techniques is also discussed and finally the method of data analysis selected for this research is examined.

3.2 THE RESEARCH DESIGN

A research work of this nature would have been carried out using a survey or documentary investigation. The researcher close the care study for a number of reason. The care study method tends to reveal the truth about a particular group of people and group of time in an industry (commercial Bank).

It is however, believed that any generation made will be applicable to all commercial banks in Nigeria.

The entire research work is set out in five (5) chapters one is the opening chapter and its explains the background information about marketing commercial banking services. Vis-a Vis the entire industry.

The chapter highlights the problems encountered in the course of carrying out the banking services in general and Habit bank in particular. The chapter states the purpose, significance of the study.

Chapter two (2) is the review of relevant related literature. The chapter identifies and highlight the historical background and development of commercial banking in Nigeria. Government's influence on commercial banking system is also discussed and its effects on workings of commercial banks in Nigeria Economy.

Chapter four is on the presentation and analysis of the data collected. It discussed the findings and tested the hypothesis as used in the research study.

Chapter five has drawn up the summary on the entire work. It gives conclusion and recommendation as appropriate. The chapter carry references and appendix as used in the research work.

3.3 METHOD OF DATA COLLECTION

(a) QUESTIONNAIRE

A well structured questionnaire was designed containing a reasonable number of question to obtain the needed information on the marketing of

banking services in Nigeria. Both open and ended questionnaire are administered. The questions merely require the respondent to tick the consumers that they consider appropriate in their options and such options were given to them.

The researcher decided to use the optioning methods so that respondent will lose interest in answering the question.

The questionnaire were given directly to the staff of the bank among two branches and head offices located in Kaduna; this was particularly designed for them and is attached to the appendix under the appendix one. The second category of questionnaire was administered to customers of the bank in two(2). The reason for administering two types of questionnaires was to charity issues and to give room for wide spread and representatives samples.

(b) Personal Interview

Interview can be described as a conversation with a purpose. The method brings the researcher and the respondent into a face-to-face contact, which makes it possible for questions receiving instant responses; i.e them was immediate feed back of the respondents.

This method has an advantage of timeliness and the techniques saved the researcher the cost of stationeries. Most of the verbal responses are used in the data analysis and interpretation as well as recommendation in this research work.

3.4 METHOD OF DATA ANALYSIS FOR THE RESEARCH

The data collected by the researcher though questionnaire, personal interview and documentary methods have been properly analysed, interpreted and conclusions drawn from them.

The researcher uses tabular format system for the presentation of information collected and has used percentages to review the information which allow for reasonable companies. Chapter four is devoted to Data analysis and presentation.

However, a total number of twenty (20) copies of Questionnaire one was administered on the staff of the bank; and thirty (30) copies of questionnaire two (2) were administered on a randomly selected customers of the bank.

3.5 BRIEF HISTORICAL BACKGROUND OF HABIB NIGERIA BANK PLC

Habib Bank limited was incorporated as a private limited liability company in November 1982. It was granted banking license on the 7th of March, 1983 and commenced operations on the 16th May of the same year.

The share holding ratio is 40 percent to Habib bank, Pakistan, 60% to Nigerian investors. However, in 1985, 10% of the Nigeria partners share was released to the Nigerian employees for acquisition under the staff equity participatibn scheme. This was in compliance with the Nigeria enterprises promotion Act. of 1977.

The objective of the bank have been to:

(a) Introduce and maintain a banking style with a difference in Nigeria with a branch network across the country.

(b) Provide financial and technical assistance to the public and private sector organisation.

(c) Mobilize deposits though the introduction of effective banking services.

With these background, Habib Nigeria Bank Limited went into full range of retail banking services tailored towards meeting the needs of all categories of customers, emphasizing services and professionalism with a difference.

Some of the products/services of the bank include; Term loans, over draft facilities, equipment leading preferential sector financing, warehousing loan, export financing, loan syndication, foreign exchange Dealings, correspondence banking, Treasury Operation, Agaric and Rural Development financing Guarantees, Bonds and May others.

To be able to achieve this, the bank has five (5) principal units international financial services, corporate services, Banking services, credit and audit divisions. It also has 5 area offices, while the Board is composed of 6 Nigerians and a Pakistanis.

Presently, the bank has 46 branches across the federation with a total staff strength of 933 and a total assets of Nine hundred million naria.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This chapter deals with the presentation and analysis of data collected from field work. The data collected are presented in tabular forms and analysed using smaple percentages. The chapter is divided into three main sections, namely:

a. Presentation and Data Analysis

b. Discussion of Findings

c. Test of hypothesis.

4.2 DATA PRESENTATION

The data presented here are based on returned questionnaires. Two sets of questionnaires were administered. The first set (questionnaire one) was administered to 20 staff of Habib Bank and all of them were returned.

The second set of questionnaires (two) were administered, personally by the researcher on a cross-section of account holders at the bank. 30 copies were administered However, only 26 were returned The responses are presented below in tabular form:-

Table 1: Does your bank have a formal marketing department?

RESPONSES	NO OF RESPONDENTS	PERCENTAGE
YES	8	40
NO	12	60
TOTAL	20	100

Source: Fieldwork

The above table (1) gives information regarding the availability of a formal marketing department in the Habib Bank. Out of the total number of twenty staff of the bank served with questionnaire, 8 of them representing 40 percent agree that the bank has a marketing department. . However, 12 responded that the bank does not operate any formal marketing department. This number (12) represent 60% of the total responses.

1. Further inquiries revealed that the marketing functions are carried out by other departments - MD's secretariat and credit department as well as in branches.

Table 2

RELEVANCE OF MARKETING TO BANKING OPERATION

RESPONSES	NO OF RESPONDENTS	PERCENTAGE
YES	20	100
NO	--	--
TOTAL	20	100

Source: Fieldwork

Table 2 above shows that from the response by the bank staff, the whole of the 20 respondent agree that marketing is relevant to the operation, representing 100%.

Table 3

MEANING OF MARICETING TO THE BANK

RESPONSES	NO OF RESPONDENTS	PERCENTAGE
SELLING OF SERVICES	-	-
ADVERTISING AND SALES PROMOTION	2	10
MARKET RESEARCH	-	-
PUBLIC RELATION	2	10
ALL OF THE ABOVE	16	80
TOTAL	20	100

Source: Fieldwork

From table 3 above, 16 respondents representing 80 percent of the population interviewed are of the opinion that marketing involves all the promotional tools (advert sales promotion market research). The remaining 20% is shared equally by 4 other respondent who view marketing as either sales promotion or public relations.

Table 4

DOES YOUR BANK CONDUCT RESEARCH INTO CUSTOMERS NEEDS?

RESPONSES	NO OF RESPONDENT	PERCENTAGE
YES	5	25
NO	15	75
TOTAL	20	100

Source: Field

The relevance of research is not known or not yet popular with commercial banks. Table 4 clearly shows that 75 percent of respondents, ie 15 staff members are sure that the bank does not conduct research into the needs of customers. However, 5 respondents are of the opinion that research

takes care of customers needs. The 5 respondents represents 25%.

TABLE 5

IMPORTANCE OF CUSTOMER OF RESEARCH TO THE BANK

RESPONSES	NO. OF RESPONDENTS	PERCENTAGE
Very important	18	90
Important	2	10
Less important	-	-
Not important	-	-
Indifferent	-	-
TOTAL	20	100

Source: fieldwork

Though the table above shows a high percentage (75%) that believe that research is not tailored towards customers need, all the same, research towards customer's need is not completely absent. 18 respondents representing 90% of the total population sampling see research as very important to banks when customer's sourcing come to mind.

It is simply that customers need variety of services; which only can be satisfied through research study.

TABLE 6: SOURCES OF CUSTOMER RELATED INFORMATION

RESPONSES	NO. OF RESPONDENTS	PERCENTAGE
Sales fores	-	-
Mmere observation	18	90
Market survey	-	-
Customers enquiry	2	10
Others	-	-
TOTAL	20	100

Source: Fieldwork

The information in table 6 above indicates that the commercial bank gets information through the process of mere observation. This can be attributed to the failure of the bank to maintain formal research Unit. 90 percent of the total respondents confirmed that the bank relies merely on observation.

TABLE 7: CUSTOMER RESPONSES

RESPONSES	NO OF RESPONDENTS	PERCENTAGE
Favourable	15	75
Unfavourable	5	25
TOTAL	20	100

Source: Fieldwork

From table 7, 75 percent of the respondents agrees that the bank receives a favourable responses after serving their customers. This opinion is formed by 15 people. 25% see customers responses as Unfavourable.

TABLE 8

PROMOTIONAL METHODS

RESPONSES	NO. OF RESPONDENTS	PERCENTAGE
Through Advertisement	2	10
Through personal selling	-	-
Sales promotion	-	-
All of the above	-	-
Others (specify)	18	90
TOTAL	20	100

Source: Fieldwork

Table 8 shows clearly that the bank uses all the promotional tools to enhance or promote its services. 90%(18 out of 20) holds to this opinion.

TABLE 9

How do you determine the mode of promotion to use?

RESPONSES	NO OF RESPONDENTS	PERCENTAGE
Government	-	-
Competition	-	-
Customers	-	-
Bank management	20	100
	20	100

Source: Fieldwork

The determination of the type of promotion to use is the entire responsibility of Bank Management. 20 staff (representing the entire population) agreed on this point. However, it is subject to getting CBN approval.

TABLE 10

WHO DETERMINES BRANCH LOCATION?

RESPONSES	RESPONDENTS	PERCENTAGE
Government	-	-
Bank management	20	100
Competitors	-	-
Customers	-	-
TOTAL	20	100

Source: Fieldwork

Table 10 above shows that branch location is solely the responsibility of bank Management. The whole of the 20 respondent agrees to this same opinion this represent 100 percent responses. This position does not recognise the marketing concept, where the customer is the focal point.

Further questionnaire however reveals that factors such as Government influence sometimes plays a significant role; At the same time customers and competitors have a little share of the consideration.

QUESTIONNAIRE TWO (FOR CUSTOMERS)

TABLE 11

WHY CHOOSE THIS BANK (HABIB)

RESPONSE	RESPONDENT	PERCENTAGE
Bank Advertisement	-	-
Recommendation by friend	6	23.07
Personal solicitation by Bank staff	5	19.23
Other reason	15	57.70
TOTAL	20	100

Source: Field work

From table 11 above, the majority of people who are customers of the bank (Account holders) choose Habib bank either as a result of Proximity or other reasons, other than efforts made by the Bank staff, 15 customers representing 57.70 percent choose the bank through this way.

Another 23.07 percent choose the bank through recommendations by friends; this response represent 6 customers. However, another 19.23%, that is 5 respondents patronise Habib bank as a result of solicitation by Bank staff.

TABLE 12

WHICH OF THESE BANK SERVICES DO YOU PATRONISE?

RESPONSES	RESPONDENTS	PERCENTAGE
Current Account	13	15
Saving Account	8	30.74
Fixed Deposit	5	14.23
TOTAL	26	100

Source: Fieldwork

From table 12 above, the number of current Account holders is higher than both saving account and fixed deposit. 13 respondents that is 50% operate current account, while 30.77 percent and 19.23% are holders of saving and fixed deposit.

TABLE 13

WHICH OF THESE SERVICES BY THE BANK ARE YOU AWARE OF?

RESPONSES	RESPONDENTS	PERCENTAGE
Travellers cheque	3	11.53
Bill of Negotiation	-	-
Business Advisory services	3	11.53
Guarantee and indemnities	6	23.07
Safe custody	2	7.70
Foreign Exchange Transaction	10	28.46
Others (specific)	2	7.70
TOTAL	26	100

Source: Fieldwork

There is a diverse opinion as regards the nature of services that customers of the bank are aware of which the bank offers. However, 38 percent representing 10 respondents are aware of foreign exchange transaction service offered by the bank. Travellers cheques, guarantee and indemnities share equally between them, 23.07 percent from 6 respondents each respectively, safe custody and other forms of services share 7.70% from 2 respondents amongst them and 3 respondents representing 11.53 percent agree they receive or the bank offers advisory services.

From the analysis of the services offered, it is clear that most of these services are elitist and complex to other customers who are not literate.

TABLE 14

DO YOU HAVE DIFFICULTIES IN GETTING SERVICES?

Responses	No. of Respondents	Percentage
Yes	18	69.23
No	8	30.77
TOTAL	26	100

Source: Fieldwork

Table 14 above looks at the case with which customers get services from the bank, 18 respondent representing 69.23 percent agree that they have difficulty in getting services. While a respondents, that is 30.77 percent have no difficulty in getting bank services.

TABLE 15

WHAT IS THE COURSE FOR YOUR BEING UNABLE TO SECURE LOAN FROM YOUR BANK?

RESPONSE	NO. OF RESPONDENTS	PERCENTAGE
Red Tapism	5	19.23
Lack of Collateral	5	19.23
Bribery and corruption	-	-
Unfavourably referee reports	-	-
Nepotism	16	16.53
TOTAL	26	100

Source: Fieldwork

Table 15 above gives information relating to the causes for the inability of some customers to secure loans from the bank. Majority of customers 16 of them representing 61.53 percent believe that nepotism and tribalism are responsible for their inability to secure loans. Red tapism and lack of collateral

share 19.23 percent between them from 5 respondents each for being responsible for the inability of customers to obtain loan from the bank.

TABLE 16

WHICH OF THE FOLLOWING GIFTS HAVE YOU EVER RECEIVED FROM THE BANK

RESPONSES	RESPONDENT	PERCENTAGE
Key Holder	-	-
Calendar	6	23.07
Diary	6	23.07
Ball-Point Pen	-	-
Others (None)	14	53.84
TOTAL	26	100

Source: Fieldwork

From the information above the bank does not give majority of it's clients any gifts. 53.84 percent response from 14 customers attest to this failure. However, 23.07 percent of their customers; ie 6 respondents receive calendars and diaries from the bank. Those who do not get these gifts are not even aware that they are supposed to benefit from such gift items.

TABLE 17

HOW WOULD YOU RATE THE FACILITIES PROVIDED BY THIS BANK FOR CUSTOMERS?

RESPONSES	RESPONDENTS	PERCENTAGE
Satisfied	10	3.84
Not satisfied	16	61.53
TOTAL	26	100

Source: Fieldwork

From the above, majority of customers are not satisfied with facilities provided for their comfort during service hour; 16 customers representing 61.53 percent are of this opinion. Only 38.46%, that is 10 respondent are satisfied.

TABLE 18

DO YOU JOIN QUEUES BEFORE GETTING BANK SERVICES?

RESPONSES	RESPONDENTS	PERCENTAGE
Yes	4	15.38
No	22	84.61
TOTAL	26	100

Source: Fieldwork

Information above shows that customers do not join queues before being served. 22 out of the 26 respondents are of this opinion; which represent 84.61 percent.

TABLE 19

HOW DO YOU RATE THE ATTITUDE OF BANKS STAFF

RESPONSES	RESPONDENTS	PERCENTAGE
Very friendly	10	38.46
Unfriendly	-	-
Courteous	6	23.07
Indifferent	8	30.77
Very courteous	2	7.69
TOTAL	26	100

Source: Fieldwork

In the table 19 above, staff attitude is very friendly as can be seen from 38.46 percent of respondents. 30.77% view the attitude as being indifferent; still 23.07 percent (6 respondents) perceived the attitude as courteous. Yet, still 7.69% representing 2 people see their attitude as being very courteous.

TABLE 20

ARE YOU COMPLAINTS ATTENDED TO

RESPONSES	RESPONDENT	PERCENTAGE
Yes	24	92.30
No	2	7.69
TOTAL	26	

Source: Fieldwork

The bank at least attends to customers complaints. There is an encouraging 92.30 percent responses, that is 24 out of the 26 people interviewed.

TABLE 22

SHOULD BANK EXTEND THEIR WORKING HOURS BEYOND 2.00PM?

RESPONSES	RESPONDENTS	PERCENTAGE
Yes	26	100
No	-	-
TOTAL	26	100

Source: Fieldwork

The table (22) above has a unanimous agreement of 100 percent from all 24 respondents that banks should operate beyond 2.00pm daily.

4.3 DISCUSSION OF FINDINGS: APPLICATION OF MARKETING TECHNIQUES IN COMMERCIAL BANK SERVICES

The research findings relating to the application of marketing techniques in banking services shows that the principles of marketing are well understood by bankers and it's importance to the banking industry can not be over emphasized.

The responses in table 2 as presented in respect to question 2 shows that though marketing is important and relevant to commercial banking, Habib Bank has no formal marketing department as illustrated in table 1. Further investigation shows that the functions of marketing are being performed by managing Director's secretariat, credit departments and occasionally carried out be the branches as desired by bank management.

The majority of bank staff see marketing as selling of services, advertisement and public relations. The respondents see marketing as embracing all these activities. There are 80 percent responses to this question (2) as shown in table 3 of the data analysis.

Table 5 and 8 relates to researching and promoting services offered to customers Question 4 indicates that the bank understudy does not know or is yet to put to practice the research input into her services. 15 out of 20 respondents are of this opinion. Question 5 as analysed in table 5 shows that researching into customers needs is important to the bank. There is 90 percent agreement in this respect.

Information from customers is gotten through mere observation and customers enquiry. The response of customers to the service offered by the bank however, is favourable since question 7 as presented in table 7 indicate. 15 out of the total of 20 people interviewed agree to this and it represent 75 percent while 25 percent, that is 5 staff see is as unfavourable.

The mode of promotion and branch location are entirely the responsibility of bank management and answers to questions 9 and 10 as analysed in tables 9 and 10 of the staff questionnaire shows a 100 percent

responses from the 20 members interviewed. They also agree that management takes decisions relating to this issues by assessing the viability of all branches and nature of competition. Branch locations are principally based on market potential, infrastructural facilities, social services and accessibility. These are the reasons why commercial banks, merchants banks and finance houses are concentrated in Lagos. Today almost 70 percent of financial institutions are located in Lagos only.

In respect to customers, the research findings reveal that customers choice of a bank depends on 23 percent on recommendations from friends; almost 20 percent on staff solicitation, while 57.70 percent is though other unidentified reasons. However, other reasons like gifts development project can also influence ones choice of a bank. Table 11 reveals this information which is given in respect to question 2 of the customers questionnaire.

Question 4 as shown in table 13 of the findings indicates that 11.53 percent of customers are aware of services such as travellers cheques and guarantee and indemnities while 7.70 percent know about the safe custody and other unspecified services. 11.53 percent know about business advisory services, while 38.46 percent know about foreign exchange transactions.

Question 5 and 6 of questionnaire two (2) (for customers) relate to the issues of obtaining services from the bank. Question 5 as revealed in table 14 shows that 69.23 percent of customers have difficulties in getting services from the bank in regards to questions 6 as shown in table 15, the reason why it is difficult to get some of these (for example loans) is red tapism, lack of collateral both having 19.23%, while nepotism and tribalism accounts for 61.53 percent from 16 out of the 26 respondents interviewed.

Question 9 as illustrated in table 19 shows that 16 customers out of the 26 respondents (61.53%) are not satisfied with the services offered by the bank; however, 38.40 are satisfied (out of the 26 respondents interviewed.

The attitude of bank staff is viewed in different perspectives by different customers and ranges from very friendly with 38.40% (10 respondents) to courteous (23.07 percent), indifferent 30.77% from 8 customers to very courteous from 2 respondents.

Attendance to customers complaints in question 13 of questionnaire two (for customers) as revealed in table 20 of the data analysis shows that there is a goal attention paid to customers complaints. 24 people out of the 26 interviewed representing 92.30 percent are of this perception.

Findings relating to weekend banking and increase in working hours indicate overwhelmingly that majority of customers want the bank to be operating on Saturdays and their working hours should be extended beyond 2.00pm on other working days. The reasons advanced for this include - to ease the Friday and Monday congestions and facilitating petty traders and businessmen transactions. To ease congestion occassionally noticed on month ending, and are of public holidays.

From the above discussions concerning Friday, it could be deduced that commercial banks in Nigeria particularly Habib Bank understand and apply marketing techniques in their operation. However, it is only the degree of understanding and application that can be regarded as inadequate in sustaining customers satisfactions.

As earlier pointed out in chapter 2 of this research, where marketing principles are practised, there is expected customer satisfaction from the finding, it has been established that the needs of customers are not adequately met in terms of services rendered by the banks and the exclusion of the customers in the decision making process as it affects them.

4.4 TEST OF HYPOTHESES

HYPOTHESIS ONE (1)

H_o: Marketing tools and techniques are quite applicable to banking business as they are to the operation of other business enterprises.

H_1 Marketing Tools and techniques are not applicable to banking business as they are to the operation of other business enterprises.

For the proof of the above hypothesis, questions 8 and 9 will be used in questionnaire (1). The responses are tabulated in tables 8 and 9.

In proving the above hypothesis, it has been established from the findings that bank services are promoted through conventional promotions (advertising, personal selling and sales promotions) business. Table 8 indicates 90 percent use of this instruments.

In response to question 9, a careful analysis shows that decisions relating to promotion of banking services is taken by bank management which represent 100 percent.

From the above, the Null hypothesis (Ho) is therefore accepted while the alternative hypothesis H_1 is rejected.

HYPOTHESIS TWO (2)

H_o Most customers are satisfied with the present banking operations in Nigeria.

H_1 Most customers are not satisfied with the present banking operation in Nigeria.

The response to question 5 in questionnaire two (2) in table 14 will be used in testing this hypothesis. In response to question 5, 18 respondents representing 30.77% are satisfied with the current banking operations in the country.

Based on the above findings the Null hypothesis (Ho) is rejected while the alternative hypothesis Hi is accepted.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

Marketing has becomes an essential element in the management of a modern bank. For every Nigerian bank, competition from other banks and financial services organisation grows more intense and steadily more professional. The age of specialisation in financial services by particular institutions has changed to where most organization offer a wide range of services in competition with each other. Consequently, it has become essential to use all the resources and techniques that marketing can provide.

From the data collected during the cause of this study it has been found that the bank under study has no formal marketing department. The marketing functions are performed by other departments such as various branches, corporate affairs, MD'S secretariat and so on.

More so, from the findings available, it is found that some management staff of the bank do not understand what is meant by marketing and most of them perceived the term differently.

Further more, the researcher found that despite the fact that marketing has not been fully understood by commercial bank staff, the bank (Habib) understudy nonetheless applied marketing in the selling of its services. It was also revealed that the bank provides purely commercial banking services, just like others in the industry.

However, key decisions relating to the types of services to offer, promotion, pricing, and branch location are taken without the considerations to it's customers.

This study has examined the effective marketing level of services offered by commercial Banks, to analyse the marketing efforts of one of the longest and tasted growing commercial banks in this country and examine the extent to which marketing can improve the efficiency of banking services in Nigeria.

The findings of the researcher in this study show that marketing tools and techniques are quite applicable to banking business as they are to the operations of non-banking business.

Furthermore, the findings show that the potential consumers of banking services in Nigeria are aware of the range of services provided that effective marketing is required for higher customer satisfaction if well educated on the scope and nature of these services. In addition, the researchers findings shows that though, marketing principles and techniques are been applied in banking operation, yet most of the customers are not satisfied in the present banking operations.

However, there is much more to be done in the area of improvement in the application of marketing mix.

5.2 CONCLUSION

This study has empirically investigated the application of marketing tools and techniques and it was found that they quite applicable to the banking business as they are to the operations of non-banking business. All business enterprises exist to offer products and or services to customers at a profit and these products and services have to be marketed. It has been

established that the principles of marketing manufactured goods are similar to that of marketing banking services, the difference is however in the application of this marketing principles.

However, findings show that customers are not completely satisfied with present banking operations. Such operations as bank staff attitude towards customers, bank interest operating hours and banking hall facilities while waiting, such as seat required, toilet facilities, and good ventilations are in-adequate.

Therefore, it is realistic to say that, in the light of the findings of this study, commercial banks in Nigeria while applying marketing principles and techniques in their banking business, can still improve on their application of this marketing principles, and techniques to enhance the efficiency and effectiveness of their banking operations.

Having analysed the efforts of commercial banks in Nigeria to integrate marketing principles and techniques in banking operations, it is pertinent to make some recommendations. These recommendations are designed to improve the performance of the banking business in Nigeria.

5.3 RECOMMENDATIONS

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

(1) Banking is personal service, as such commercial bank should pay more attention to personal selling than they do currently. It is important to

recognise the usefulness of personal selling as a function of marketing and therefore should not be limited to bank premises only. Bank, should take personal selling out of their premises by approaching prospective customers with the aim of selling their services as in the case with the insurance industries.

(2) A formal marketing department should be established by commercial banks to carry out marketing functions. The department should among others have the following divisions:

(a) Services development sections which will be concerned with improving the existing services, identification of market demand, and in conjunction with other parts of the department (marketing), develop proposal for approval.

(b) Themarketing section should put into practice the principle of market segmentation by concentrating on the implementation through the branch network of business development campaigns directed at clearly defined customer's segmentation. More so the identification of the characteristics of customers both potential and prospective ones, their needs and wants.

(3) Banks should endeavour to monitor the degree of customer's satisfaction with their services on a continuous basis. This can be done by designing questionnaire for customers feel, provision should be made in such questionnaires for customers to suggest ways in which the bank can improve their services.

This computerisation will further ease the long queues noticed in banks, more especially on month endings, eve of public holidays and Fridays.

(9) Contingency arrangements should be made to handle situations like long queues noticed during weekends, month endings etc. This can be done by creating additional facilities to accommodate these customers in anticipation.

It is the researcher's hope that the implementation of these recommendations, will solve some of these problems encountered by customers in getting bank services and further improve their level of satisfaction.

(4) Adequate facilities for customers comfort while waiting, such as seats, toilets and good ventilations/air conditioning should be provided. Daily news papers, magazine and some educative journals should be bought for customers to read which will keep them busy while waiting. It is common in Nigeria to see customers standing in the banks while waiting to be served due to insufficient seats.

(5) Commercial Banks should operate on Saturdays as will so as to ease the finding and Monday conjunction to facilitate heavy cash transactions which are usually associated with Saturdays activities. Further more the banking working hours should be extended beyond 2.00pm to 4.00pm to enable civil servant and busy business executives make withdrawals after closing from their offices.

(6) Training of staff

There should be a marketing training for all level of staff. The bank Management should higher marketing specialist who from time to time lecture banking staff on the application of marketing techniques as situation may so demand.

(7) The marketing department shouldm adopt the customers orientation concept. The integration of the marketing activities must be gradual in order to win extensive acceptance by other department of the organization.

(8) The commercial Banks should fully computerise all their branches especially those in the urban areas where they have more customers to handle the increased transactions in an accurate and timely manner.

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APPENDIX 1

APPLICATION OF MARKETING STRATEGIES IN COMMERCIAL BANKING SERVICES

QUESTIONNAIRE 'A' (for bank staff)

1. Does your bank have a formal marketing/ customers service department? (tick only one)
   (a) Yes [ ]
   (b) No [ ]
   If not, which department is responsible for the marketing function?
2. Is marketing relevant to your banking operation?
   (a) Yes [ ]
   (b) No [ ]
3. To what extent is researcher into customers wants in important to your bank?
   (a) Very important [ ]
   (b) Important [ ]
   (C) Less important [ ]
   (d) Not important [ ]
   (e) Indifferent [ ]
4. How do you get information from customers' reactions on the services rendered to them?
   (a) Sales observation [ ]
   (b) Mere observation [ ]
   (c) Market survey [ ]
   (d) Customers enquiry [ ]
   (e) Others (specify) [ ]
5. What sort of response have you been receiving from your customers after promoting them with the services?
   (a) Favourable [ ]
   (b) Unfavourable [ ]

6. Marketing in your bank means (tick only one please)

(a) Selling of services [ ]

(b) Advertising and sales promotions [ ]

(c) Market research [ ]

(d) Public relation [ ]

(e) All of the above [ ]

7. Does your bank conduct research into customers' needs?

(a) Yes [ ]

(b) No [ ]

If no briefly state why.

8. How does your bank promote services?

(a) Through personal selling [ ]

(b) Through advertisement [ ]

(c) Sales Promotion [ ]

(d) All of the Above [ ]

(e) Others (specify)

_____

9. How do you determine the mode of promotion to use?

(a) Government [ ]

(b) Competitors [ ]

(c) Customers [ ]

(d) Bank Management [ ]

10. Who determine where a branch is located

(a) Government [ ]

(b) Bank Management [ ]

(c) Competitors [ ]

(d) Customers [ ]

11. What factors are taken into consideration when locating a branch?

_____

_____

_____

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

_____

_____

APPENDIX 2

MARKETING OF BANKING SERVICES IN NIGERIA AND CUSTOMER'S SATISFACTION

QUESTIONNAIRE 'B' (FOR CUSTOMERS)

1. What makes you choose the bank (Habib)?
   - (a) Bank advertisement [ ]
   - (b) Recommendation by friends [ ]
   - (c) Personal solicitation by bank staff [ ]
   - (d) Any Other reason (state) _____
2. Which of this bank services do you patronize?
   - (a) Current account [ ]
   - (b) Savings account [ ]
   - (c) Fixed deposit [ ]
3. Which of the following ranges of services being offered by this bank are you aware of?
   - (a) Travellers' cheques [ ]
   - (b) Bills of negotiation [ ]
   - (c) Business advisory services [ ]
   - (d) Guarantee and indemnities [ ]
   - (f) Foreign Exchange Transaction [ ]
   - (g) Others (specify) _____
4. Do you have difficulties in getting bank services such as loan facilities
   - (a) Yes [ ]
   - (b) No [ ]
5. What is the cause of your being unable to secure loan from the ban if it does happen?
   - (a) No access to the Manager [ ]
   - (b) Lack of collateral [ ]
   - (c) Bribery and Corruption [ ]
   - (d) Unfavourable referee reports [ ]
   - (e) Nepotism and Tribalism [ ]

6. Which of the following gifts have you ever received from the banks?

(a) Key holder [ ]

(b) Calendar [ ]

(c) Diary [ ]

(d) Ball-Point Pen [ ]

(e) Others (specify) _____

7. How often do you receive such gift?

(a) Annually [ ]

(b) One in two years [ ]

(c) Only once [ ]

(d) Never [ ]

8. How would you rate the facilities provided by this bank for customers satisfaction (example, seats, ventilations, bank interest, operation hours, attending to customer complaints etc).

(a) Satisfied [ ]

(b) Not satisfied [ ]

9. Do you join queue before getting bank services

(a) Yes [ ]

(b) No [ ]

10. Does this bank offer you any services particularly designed to suit your requirement?

(a) Yes [ ]

(b) No [ ]

11. How do you rate the attitude of the bank staff?

(a) Very friendly [ ]

(b) Unfriendly [ ]

(c) Courteous [ ]

(d) Indifference [ ]

(e) Very Courteous [ ]

12. Are your complaints promptly attended to?

(a) Yes [ ]

(b) No [ ]

13. Does the bank open on Saturdays?

(a) Yes [ ]

(b) No [ ]

14. Does banks extend their working hours beyond 4.00 p.m.?

(a) Yes [ ]

(b) No [ ]

15. What other services do you suggest that this bank should offer?

_____

_____

16. Any other comments on the present banking operations in the country?

_____

_____