EFFECTIVE MARKETING OF BANKING SERVICES AND CUSTOMER SATISFACTION IN NIGERIA: A CASE STUDY OF SELECTED COMMERCIAL BANKS IN ZARIA TOWN

BY

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D E C L A R A T I O N

I hereby declare that this project is my work, and to the best of my knowledge never been published before. All works consulted have been duly acknowledged through Footnotes and Bibliography.

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C E R T I F I C A T I O N

This project entitled "EFFECTIVE MARKETING OF BANKING SERVICES AND CUSTOMER SATISFACTION IN NIGERIA" by SIMON TERSOO KPELAI, meets the regulations governing the award of the degree of Masters of Business Administration (M.B.A.) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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D E D I C A T I O N

This work is dedicated to Almighty God, for His bounties showered upon me, and to my Parents ; Mr. MICHAEL KPELAI SHAZWA and Mrs. ESTHER KUYANGE KPELAI, who endured patiently to see me through during the course of this study.

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A B S T R A C T

Marketing has become essential element in management of a modern bank. However, for long time banking was a seller's market while most customers had the impression that they were previlege to enjoy the services of a bank. Traditionally banking operations were regarded as a business in which marketing had little or no role to play. The traditional approach began to change as bankers realise that marketing has a role to play in any modern organisation, whether such organisation is profit - oriented or not. Thus, the bankers traditional approach of been bank oriented changed to customer - oriented in recent years*

This study was undertaken to examine the application of marketing tools and techniques in banking operations and the extent to which marketing can improve the efficiency of banking services in Nigeria through satisfying customers effectively.

Two sets of Questionnaires were administered for customers and management staff of the two selected commercial banks.

Our findings shows that marketing tools are quite applicable to banking business as they are to other tangible products. The research further revealed that majority of customers are aware of wide range of services provided by commercial banks, but they are not satisfied with the present banking operations in Nigeria.

It is suggested that the banks should establish formal marketing department to be carrying out the functions of marketing. That Commercial banks should fully computerise their branches and its operations to enable quick counter services for their numerous customers.

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CHAPTER ONE

1.1 INTRODUCTION

Traditionally, banking operation was regarded as a business in which marketing had little or no role to play. However, marketing is becoming increasingly necessary in today's competitive banking environment, thus, the traditional role of bankers of just being collectors of deposits is fast changing to that of service - oriented or customer - oriented. The idea that a bank should sit on the corner passively waiting for customers has gradually been replaced by aggressive search for depositors. Thus the introduction of marketing into the banking business is a recent phenomenon.

Marketing is defined as a Management Process which identifies, anticipates and satisfies consumer requirements profitably (Nwankwo, 1987)[1]. However, Drucker (1968)[2] sees marketing as encompassing the entire business. Thus, "the aim of marketing is to understand the customer so well that the product fits him and sells itself; to result in a customer who is ready to buy. It is also aimed at satisfying customer needs and desires more efficiently and effectively". Hence marketing has a universal application and banking is no exception.

Lord Seebohm (1973)[3] defined marketing as applied to banking as:

(i) Identifying present and future markets for services.

(ii) Selecting which market to serve and identifying customers needs within them.

(iii) Setting long and short-term goals for the progress of existing and new services.

(iv) Managing the services so as to persuade customers to use them at a profit, and controlling of success in so doing.

The application of marketing in banking industry is similar to that of marketing in other service industries, but marketing in banking sector is predominantly centred around the provision of diverse financial services to customers.

Today, the present state of Nigeria economy and as it affects the financial sector in particular has led banks to take marketing as a serious activity which has hitherto been neglected. In addition, the present economic scenerio has made most banks to rejuvenate their marketing strategies towards aggressive bank marketing. Thus commenting on the marketing of banking services Derek (1986)[4] has this to say "as majority of banks operate with in a competitive environment, with the increasing recognition that successful business needs not only the careful analysis of a market and its customers but also a detailed analysis of major competitors".

This development can also be attributed to the growing sophistication of the Nigerian economy and introduction of Structural Adjustment Programme in 1986 by President Ibrahim Babangida Military regime. Also, the increasing monetisation and Cash consciousness of the economy as a result of some policy instruments of Structural Adjustment Programme (SAP). Such as deregulated interest rate,

flexible exchange rate and trade liberalisation to mention a few. This created keen competition among banks and other financial institutions for better customerised services. The result of this cut - throat competition in the banking system necessitated the application of intelligent marketing strategies, thus commercial banking's cutting edge for meeting new forms of competition to ensure their share of patronage and searching out new opportunities was through effective marketing.

In the past Manufacturing Organisations have been predominant in putting large advertisements for the marketing of their products. The banking industry today has gone into similar commercial advertisements with a view of enhancing the sales of their services. For example, United Bank for Africa (UBA) Sponsors the Popular television drama serial " MIND BENDING", Savannah Bank sponsors the "Newsline" every Sunday on the television, and the Universal Bank of Nigeria sponsors the "New Masquarade" on the television every Wednesday.

This aggressive marketing by Commercial banks, also became possible due to dictates of the economy which has undergone serious structural reforms. Among these reforms, was the directive by the Ibrahim Babangida Military regime in 1990 to all federal and state Ministries, Departments and Parastatals (including Insurance and non- insurance companies), and the Nigerian National Petroleum Corporation (NNPC) to transfer their deposit accounts with Commercial and Merchant Banks to the Central bank of Nigeria (C.B.N.).

Moreso, the bubble in the finance house business spurred on by the constant complaint by bank customers about poor quality services and inefficiency and so accepted the challenge of competition. According to the Central bank of Nigeria (CBN) records, the number of finance houses was a little over 100 in 1986. Today as at June 1993, the number of Conventional banks stood at 129. Of these 67 were commercial banks, while Merchant banks were 55 and development banks 6. The number of bank branches also increased to 2,107 from 558, of these 2,023 are commercial bank branches. With increase in the number of bank branches, the number of persons to a bank branch is 42,003 (Offoaro, 1983)[5].

According to the National Board for Community banks records, the total number of community banks in the country now stands at 200. Even so, the peoples bank is said to be operating up to 200 branches nation wide, standing clearly as one of the banks with the largest branch net work in the country.

The United Kingdom has one bank branch to 4,000 people, while India with her 600 million people has one branch to about 40,000 people, United State of America 6,000 and Kenya with 27,000 to a branch. (Adekanye, 1990)[6]. With this figures, Nigeria is certainly under banked and some thing much has to be done in the banking industry in order to enhance the satisfaction of customers.

Nevertheless, the situation in Nigeria poses serious challenges to the banking industry, and for the survival of individual commercial bank in Nigeria, effective marketing and application of marketing tools and techniques is required.

Given, the above problems and the passive attitude of most bankers of not being marketing - oriented prior to this era, the researcher intends to examine the application of marketing tools in marketing commercial banks services and the extent to which customers are satisfied.

1.2 Statement of the Problem

Profit making activities in an organisation like a commercial bank is a function of intelligent marketing strategies which like military strategies, concerns overall creative attitude which enable organisation attain its objective of winning the war or optimum profits. Such strategy in business involves the efforts to understand and satisfy the needs of both present and potential customers. In Kotler's view to satisfy customers calls for the application of marketing Mix which contains different decision units. The marketing mix which is a combination of four variables that can be controlled by the firm as it seek to reach given market targets. These variables are product/services, the price, the place or marketing channel and promotional program. Collectively, decisions make in each of these areas are design to provide the most promising means

of meeting the needs of target markets and assuring adequate demands.[7]

However, it has been observed that bank services are not necessarily provided to suit the need of customers but to push the services to customers with the hope of profit. In practice therefore, there is seemingly an absolute neglect of the customer who should be the focal point in the execution of services.

The banking industry which until recently concerns itself more with the range of services it can offer and operational rigidities can no longer be stood-by. To neglect the customer in making decisions pertaining to the type of services to offer, the rate of interest and commission to charge, the location of branches, buildings, computerisation, level of services to be communicated are still very important. The need to understand the customer wants and desires in the banking sector is not only because of the competitive environment, but also because of the need to channel scarce resources into the most productive areas.

The importance of applying the marketing principles in banking industry is that the bank will be customer - oriented by finding out what services their customers need and how to satisfy such services.

The following research problems will be examine in the course of this study:

(1) Have commercial banks integrated marketing concept into the banking industry and how the elements of marketing mix are applied in practice?

(2) Are customers aware of the range and scope of these services provided by the commercial banks?

(3) Do bank staff have friendly/courteous attitude towards their customers?

(4) Do customers have difficulties in getting services such as loans?

1.3 Purpose of the Study

Marketing of banking services goes beyond selling banking services. The marketing of banking services must perform two fundamentally different functions. It must attract deposits on one hand, and borrowers and users of services on the other hand. This double - sided nature of banking business brings marketing problems which are more complex than those faced by other firms be they manufacturing or other services.

The main objective of this study is to examine the role of marketing in the banking sector and to determine the extent to which commercial banks in Nigeria market their services.

To this end, we shall examine;

(a) The ways of performing marketing functions in commercial banks.

(b) The extent to which commercial banks in Nigeria market their services in terms of employing marketing techniques for educating their customers, increasing their patronage and improving efficiency and effectiveness of their operations.

(c) The difference between marketing in banks and marketing in consumer or industrial goods.

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

1.4 Research Hypothesis

To maintain and improve on its market share a bank employs the professional services of marketing. There is hardly any unit in the banking industry in Nigeria today that does not advertise its services through either the electronic or print media. Various advertising slogans are used by banks subject to approval by the central bank of Nigeria. Some commercial banks sponsor television plays, and outdoors sports.

The banking industry has interest in the identification of its strengths, weakness, opportunities and threats. The banks are aware of customers feeling in the area of services. The accusation of long waiting hours, irregular rendition of statements of accounts uncomfortable waiting facilities, intricate and unprogressive lending policies and procedures and the unpleasant attitude of bank staff

in terms of courtesy and efficiency.

With increase in the number of commercial banks, bank customers are now exposed to vast choice of bankers based on who is able to satisfy their needs. In this regards, most commercial banks are gearing their efforts to wards customer - satisfaction to ensure their survival.

Being a profit - oriented enterprise therefore, any commercial bank that wishes to carve out a favourable niche for itself should accept the over-riding need to satisfy the requirements of its market, for it is on its investments that an enterprise exist and survive. Despite, the fact that commercial banks in Nigeria employ some marketing techniques, the extent to which these techniques and tools are being systematically used to eliminate the various complaints by customers is unknown.

A statistical hypothesis is usually a statement about one or more population distributions and specifically about one or more parameters of such population (Hays, 1973).[8]

In the words of Osuala (1987)[9] "A hypothesis is a conjectural Statement of the relationship between two or more variables.

In appraisal of the above definition, we have the null hypothesis which is denoted by Ho and the alternate hypothesis, Hi, this hypothesis negates the null hypothesis (Ho) and can be accepted when Ho is rejected.

In view of the problems mentioned before, the following hypothesis therefore, will be tested in the course of the research.

Hypothesis 1

Ho: Marketing tools and techniques are quite applicable to banking business as they are to the operations of other business enterprise;

H1: Marketing tools and techniques are not applicable to banking business as they are to the operations of other business enterprise;

Hypothesis II

Ho: The potential consumers for majority of banks services in Nigeria are aware of the nature and scope of these services that are rendered by commercial banks.

H1: The potential consumers for majority of banks services in Nigeria are so unaware of the nature and scope of these services that are rendered by commercial banks.

Hypothesis III

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

H1: Most customers are not satisfied with the present banking operations in Nigeria.

1.5 Scope of the Study

This research is mainly concerned with the corporate marketing efforts of commercial banks in Nigeria. It is intended to evaluate how customers are satisfied with banking services in Nigeria with particular references to two commercial banks (namely Union bank of Nigeria PLC and Savannah Bank PLC) in Zaria town.

Two sets of questionnaires are to be administered:- Questionnaire A will be administered on a top management personnel of these banks and Questionnaire B will be strictly directed to the customers of the selected commercial banks in Zaria town.

The study will focuses mainly on how these two commercial banks market their services and the extent of satisfaction of these banking services from the customers point of view.

1.6 Limitations of ths Study

Marketing in banks is a topic on which relevant materials and publications are scarce. Hanson (1979)[10] testifies to this fact thus "no major work on the subject of bank marketing in the United Kingdom has been published". Even in United States, there was such comparative shortage of literature on the subject. The scarcity of relevant materials and publications on the topic of bank marketing especially in Nigeria, has constituted a major limitation to this research.

Furthermore, the sample size of few selected commercial banks is assumed to be representative of the entire banking sector, it is a student research therefore, the researcher is faced with financial difficulty.

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

In addition, customers sampled in this research cannot be of any serious generalization of customers satisfaction of banking services. Any serious study of customers has to be done on state to state basis.

However, within these constraints, quite alot was done and it is hoped that findings of the study would help a great deal, if not in stimulating the commercial banks, and enlightening readers about this obscured topic, then in laying a good foundation for futher work on the topic.

FOOTNOTES

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7. Kotler, P. (1980). Marketing Management, Analysis, Planning and Control. Prentice-Hall, Inc. Engle wood Cliffs, New Jersey, pp. 4.

8. Hays, W.H. (1973). Statistics For Social Sciences. Holt Rine hart and Winston Inc. pp. 335.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Historical Development of Commercial Banking in Nigeria

The origin of Commercial banking in Nigeria dates back to the end of the 19th Century. When coins came to be used as medium of exchange in the country. Before this development trade by barter was the order of the day. Following the era of trade by barter closely was the use of commodity Currencies, such as Cotton, gin, and rum as a medium of exchange (Okigbo, 1981)[1]. The coins in use after the demise of the commodity currencies include spanish doubloon, American half eagle and double eagle, French Napoleon, Portuguese manilas, and the Cowry Shell (Okigbo, 1981)[2].

The first bank to open branch in Nigeria was African Banking Corporation of South Africa in August 1891 with Mr. George William Neville as branch manager. Mr. Neville was before this appointment a local representative of Elder Dempster and Company, a shipping and trading company in Nigeria. The branch was taken over by Elder Dempster and Company in 1893 and was incorporated as a joint stock company in March, 1894 under the name of bank of British West Africa (BBWA). In 1957 the bank dropped the word "British" from it name to become bank of West Africa in solidarity with the changing political scene in the sub-continent.

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. The activities

of the transactional 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 BBWA, Paiges trading form 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. The bank started banking business in 1901 in old Calabar but after a few years of banking operations; it went into liquidation (Eyo, 1979)[3].

The complete banking monopoly of BBWA (late Standard bank and now First BANK) came to an end in 1917 when the colonial Bank established a branch in Nigeria. The colonial bank later became know as the Barclays Bank. Other foreign commercial banks joined the two expatriate banks. These are International Bank for West Africa, Bank of India (Allied Bank), Bank for America (Savannah Bank) Chase manhattan Bank etc. Before Indigenisation programme, each of these banks was a subsidiary of a multi-national banking firm with headquarters in New York, London and Paris (Okigbo, 1981)[4].

The commercial banking sector os the Banking industry in Nigeria has passed through various stages since 1891 and these are:

1. The Free Banking Era (1891 - 1952)
2. The pre-central Banking Era (1953 - 1958)
3. The Banking legislation Era (1959 - 1970)
4. The Indigenisation Era (1971 - 1976)

5. The Post Okigbo Era (1977 - 1985), and

6. The Structural Adjustment Programme Era (1986 - 1992).

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

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

Because of the failures of these and many other banks in the fourties the then colonial administration invited G.D. paton, an official of the Bank of England to enquire into banking in Nigeria and determine the cause(s) of the bank failures. Paton Studied the problem and recommended the introduction of bank legislation to generally regulate banks and protect depositors. This led to the first banking legislation in Nigeria know as the 1952 Bank Ordinance. The requirements and controls proposed by the report included recommendation for a grace period of 3 years to allow the banks sufficient time to meet the regulatory requirements (Ogwuma, 1981).5

The government also made concerted efforts to harness the activities of the banks for national development through the issue and regulation of currency, credit and foreign exchange control, and the supervision of the financial system. These functions were the prerogatives of the Central Bank of Nigeria which was established in 1959, following the promulgation in 1959 of new Banking Ordinance. Indeed, 1959 can be regarded as a watershed in the annals of Nigeria banking industry. Not only was the Central bank of Nigeria established that year, but also, the foundations of the Nigerian Money and Capital Markets were laid, for example, in 1959, Treasury Bill Ordinance was promulgated (Coker).[6]

The Barback Committee submitted its reports which lead to establishment of Lagos Stock exchange, investment Company of Nigeria which was later reconstituted to Nigerian Industrial and Development bank and other four commercial banks including the bank of the North were established (Nwankwo, 1988)[7].

With the banking ordinances of 1952 and 1958 and the amendments there to 1961 and 1964 picking the observed loopholes and deficiencies and eventual banking decree of 1969, Nigerian banking was poised for a structural take - off in the 1970's. The first decisive step was taken in 1972 when the Federal Government in 1976 acquired an additional 20 percent in other biggest foreign banks and 60 percent in other foreign banks to bring indigenous ownership in these banks to 60 percent. It was during this period also that some state government established their own state banks (Nwankwo, 1988)[8].

The Nigerian financial system has grown phenomenally 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 a total network of about 2107 branches nation wide (Offoaro, 1993)[9].

As at June 1993 there were 67 commercial banks with 2,023 branches. Even more impressive has been the growth of rural banking system in Nigeria through the introduction of Peoples bank and Community Banking Scheme with the aim of boosting the rural banking system in the country.

The People's Bank of Nigeria which was introduce in 1989 by the Babangida Military regime stands up clearly as one of the banks with the largest branch net work of more than 200. According to the National board for Community Banks records the total number of Community banks in the country are more than 200 as at June 1993 (Offoaro, 1993).[10]

Moreso, is the galloping growth of Merchant banks and finance houses in the country as from 1987 to 1993. As at June 1993 the number of Merchant banks were 55 of which all their head office are located in Lagos. Also there are about six Development Banks in the country as at June 1993.

2.2 Government Influence

Government has had a pervasive influence in the growth of Commercial banking in Nigeria. The companies Act of 1960 Strengthtened government control over the activities of banks and made it mandatory for all companies operating in Nigeria to corporate locally under Nigerian company law. All foreign controlled banks were by this obliged to register as Nigerian Companies. Through the bank act 1969, and subsequent amendments, government further tightened its control over banks, as the act required 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 become annual monetary policies circulars.

The Monetary policy circulars are regulatory, and penalties are prescribed for infringements. The Circulars involve the imposition of quantitative ceilings on the overall growth of sectoral distribution of banking system credits, prescriptions of viable reserve requirements and direct regulations of interest rates on deposits and lending. Monetary Management in the more developed economies employ less direct techniques such as open Market operatory, variable rediscount rates of interests and suasion, which though effective might not have such automatic impact on the economy as the direct intervention approach (Ogwuma, 1981)[11].

In 1973, the federal Government acquired 40 percent of the equity of each of the three biggest expatriate banks in Nigeria,

thereby, ensuring more involvement in the policy making process of these banks, by the appointment of their Chairman and of their directors.

The banks affected were Bardays bank (now Union Bank), Standard Bank (now First Bank), and United bank for Africa. 1976, the government took further in the indigenisation policy by raising the indigenous equity participation in all former expartriate controlled banks to 60 percent, vesting control in Nigerians.

Following the transfer of ownership of these banks into Nigerian banks is the policy indigenization of management at the policy making level, which started in 1979 and was completed in 1981. By 1968, the Central bank of Nigeria had successfully introduced three financial instruments to mobilised the financial resources of the country for the government. These include Development Stock (1958), Treasury bills (1960) and Treasury Certificates (1968). Other instruments introduced over the years include stabilization Securities Issued to banks, with a coupon slightly above Savings deposits rates, in order to encourage them 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 bank is the negotiable certificate of deposit (NCD). This instrument is issued by the individual bank, with the permission of the Central bank, which acts as the negotiator of last resort.

The period from 1977 saw a more determined effort by the authorities to ensure strict observance of the credit guide lines by banks. In a bid to boost credit to the agricultural sector and buildings of other subsectors, for example, banks have been mandated to devote specific percentages of their advances to each of the two sectors. As a penalty for contravening this regulations, any short-fall, beginning from 1978/1979 was required to be deposited with central bank. Such deposits would not count as part of the specified liquid assets of the banks and would be interest free. During 1977/78, the government also made it obligatory for banks to devote a minimum of 50 percent of their advances to indigenous borrowers. This level was increased in 1977 to 70 percent in 1979 of which 10 percent was expected to be channeled to the small scale enterprise whose annual turnover does not exceed ₦500.00.

As a result of government 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 (Uzoaga 1981)[12].

2.3 Objectives of Commercial Banking

The objectives of the commercial banking system in Nigeria as contained in the proposals of the financial system review committee of 1976[13] and accepted by the government are as follows:

1. 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 will thus serve as paying and receiving stations for hand to hand currency and provide facilities for remittance to and from rural areas. They will provide savings deposits facilities for their customers and thereby help to mobilise rural savings. Most important of all, they will serve as vehicles for the creation of credit facilities in the area, this credit will take the form of equity and loans for small scale farmers and enterpreneurs.

2. While the banks in the past had concentrated on short - term lending although some of this loans frequently acquire the character of long term capital, they should increasingly undertake more medium and long term lending designed as such. The designation is important because it enables the borrower to undertake the longterm investment planning for the application of the proceeds of the loans.

3. They should conform to all national objectives and identify fully with Nigerian aspirations by taking a more active part in financing of the economic programmes of national priority.

4. Decision making in the main commercial banking sector most be localised. This would remove the possibility of our major banking institution being manipulated to the disadvantages of the Nigerian economy.

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

These five objectives constitute the main ends towards which commercial banking operations and activities in Nigeria should meet. It can be seen from the proceeding discussion on government influence in the banking sector that government regulation and supervision of the banking system have been geared towards meeting these objectives. The rural banking scheme and 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 Bank Operations

Banks by nature of their operations occupy a strategic position in any economy. Our country is no exception as Nigerian banks occupy top positions in terms of assets and by implication profitability.

For marketing huge profit at the height of recession which has not been matched by comparatively high level of efficiency, Nigerian banks have often been criticised by the various publics they serve. Therefore, the issue of improvement in customer services in the country's commercial banks has become a matter of crucial national concern. In an effort to revamp the economy and revolutionise the banking system, the former military regime under president Ibrahim Babangida introduced a number of measures through the Structural

The expectation that the new interest rate structure will boost investments and facilitate the much desired growth and development of the economy, may pose unpleasant operational and efficiency of the commercial banks which have already started sending some packing.

However, commercial banks as profit making ventures must strive through their operations and innovativeness to maximised their profits in this era.

2.5 Structure of Nigerian Commercial Banks

The structure of commercial banking in Nigeria is similar to that prevailing in the United Kingdom. That is, the branch banking system which is also practice in most of the Western Countries (Adekanye 1986).[14] Branch banking is characterised by a single banking company conducting operation at two or more places. It has a wide network of branches extending throughout the country, with branches controlled from head offices.

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

Commercial banks in Nigeria can be classified into two:- the purely Indigenous banks, owned whotly by Nigerians (governments and individuals), and the mixed banks with a majority indigeneous shareholding (at least 60 percent equity) and minority foreign interests.

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

2.6 Banking Services

Adekanye (1984)[15] has aptly categorised services provided by Commercial banks in Nigeria into two:- Services Provided to Individual Customers and Services provided to organisational customers.

However, Commercial banks are in business to render services both to individual customers and organisational customers at a profit. According to Afolabi and Akpaso (1988)[16] these services provided are divergent by the quality and depends on the degree of development of a country's financial system. To them the bank services could be grouped into:

1. Deposit collections
2. Financial Services
3. Provision of Credit facilities
4. Foreign Services
5. Money transmission services
6. Services to place or time.

2.6.1 Deposit Collection

One of the numerous services provided by commercial banks in Nigeria is deposits collection. The way deposits are collected are discussed below.

(a) Current Account

Current accounts are opened so that cheques can be paid into them drawn on. No notice is required before money can be withdrawn from a current account, as such deposits in a current account are said to be repayable on demand. Thus a current account is also called a demand account.

Before a customer open a current account he is required to provide proper references. Debit and Credit entries are posted to the account on the day of the transaction, with the net balance shown at the close of business. Banks in Nigeria recently paid no interest on credit balance accounts.

The customer is expected to maintain credit balance in his account except where he has been granted overdraft facilities. When a bank grants a customer an over-draft facility, a limit is usually set up to which he can draw. Security may be required to support the overdraft and the customer is charged interest on such facilities. Besides banks also charge fees for services rendered to current account holders.

(b) Deposit Account

This account is operated for customers who want to earn interest on their money. The account holder can deposit and withdraw funds on short notices by using standard deposit and withdrawal forms supplied by the bank.

In practice bank do not insist on any notice before withdrawal can be made. It is relatively easy to open a deposit account since no references and cheques books are required to operate the account. A fixed deposit account is often opened for a period as may be desired by the customer. The bank pays interest on such deposits. The interest rate fixed for these depositors is between 12 percent - 15 percent as at January 1994. Deposit accounts are also, called time deposits. Un like current account, no overdrafts are allowed on time deposits. However, they are operated for a period of time say 9 months or one year and interest is fixed.

(c) Savings Account

Saving accounts are operated by means of a pass book in which credit and debit entries are entered in accordance with deposits and with drawals respectively. Like deposit account no cheques book is required to operate it. Fund can be deposited and withdrawn using withdrawal forms. Savings accounts attract interest at a fixed rate and funds can be withdrawn at anytime the bank is open without notice.

2.6.2 Financial Services

Commercial banks in Nigeria among it numerous services rendered financial services. Such as Safe Custody, Status inquiries and business advice.

(a) Safe Custody

Commercial banks in Nigeria provided custody services for customers valuables such as government stocks, share certificates, life assurance policies, certificates of occupancy (official tittle to Landed property), examination question papers, wills and jewellery. Such property can either be deposited in sealed boxes or envelopes, with the contents unknown to the bank officials or made open when the articles are listed and signed for.

The relationship arising from safe custody is different from that between a banker and a customer. The transfer of goods to someone for a particular purpose, for example, for safe keeping is a bailment and the bank in question is a bailer. The bank does not, for instance have any lieu or right over the safe custody property in relation to a customers overdrawn account.

A banker enters into a contract of bailment when items are received from customers for safe custody. If the bank charges for the services, he is a paid bailer if not becomes a gratitude bailer. In law the paid bailer is expected to show greater care in the handling of the Safe Custody items.

(b) Business Advice

Business advisory service is primarily aimed at assisting small seale enterpreneurs to develop their businesses in such a way that they can attract financial support from bank. The enterpreneurs are taught how to introduce proper accounting system and good record keeping for all their transactions.

(c) Status Inquiries

A customer can give his banks name(s) to a supplier or another bank for reference purposes. In such a case, a request is sent to the customer's bank for brief assessment of the customer's financial standing.

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

2.6.3 Provision of Credit Facilities

This is one of the most important function which the commercial banks rendered to its customers. By so doing commercial banks are rendering a great social services because production is increased, capital investments are expanded and a higher standard of living is realised. Types of credit facilities available are:-

(a) Loans and Overdraft

The loan facility provided by commercial banks in Nigeria is mainly and not exclusive to sole traders and individuals such as salary earners to help them over a difficult period or supplement the payment of school fees, medical bills and some unforseen expenses. The amount granted is usually small and re-payable at shortest possible time.

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

In this way the debit balance in the loan account will be liquidated after a given period of time. Since interest is charged on the balance of the loan account, irrespective of whether or not there are surpluses in the current account, the loan is more expensive than the overdraft at given rates of interest. Commercial banks in Nigeria base their lending business on the concept of the overdraft, which in itself arose from the development of the current account the issuing of cheques, and the banks money transfer system. Since commercial banks are more interested in short - term lending, funds advanced on overdraft are in theory repayable on the outstanding balance on a daily basis.

To a banker, an overdraft has the advantage of being self-liquidating by the normal turnover of account. However, in practice, an account may not saving into credit for quite some time.

Overdraft facilities are usually granted to large corporate organisations and some medium - small scale enterprises. However, commercial banks in Nigeria by the nature of their operations provides only short - loans and overdrafts to their customers which are usually repayable within one year. Thus they provide short- term facilities for the fear of default by the borrowers and working capital design or plan.

(b) Quarantees and Indemnities

If a shareholder looses his certificate. Before a company consents to such a request, it will want a banker to add his quarantee to the request to reassure the company of its genuiness. Duplicates of money related certificates for example share certificates may only be issued by company affected if a banker guarantees/Indemnities the issuing company.

(c) Performance Bond

This service is provided by commercial banks to customers in the building or construction industry where they are sometimes asked to give performance bond as a guarantee that they have enough financial resources to carry out the contracts successfully. The bank would provide this to its deserving customers, when a banker gives such a guarantee, it usually takes a counter - indemnity which enables him to claim against the customer in the event of default.

2.6.4 Foreign Services

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

(a) Foreign Currency

Foreign currencies especially the U.S. dollars and Pound Sterling are available in limited quantities from all banks in Nigeria. These can be obtained to meet minor expenses like taxi or bus fares prior to cashing travellers cheques, when on a journey abroad. Unused travellers cheques and foreign currencies can be cashed return from foreign travel at the issuing bank. Nigeria's regulated policies by the present Military administration limits the amount of foreign currency and travellers cheques that can be obtained and the exchange rate is fixed at ₦22 to $1. The foreign exchange or currencies can be obtained from the Central Bank of Nigeria and few authorised dealers such as Union Bank PLC, United Bank of Africa PLC and First Bank of Nigeria PLC.

(b) Travellers Cheques

Travellers cheque are a form of travel currency giving the holders the security of a letter of credit and conveniences of a local currency. Travellers cheques are probably the most universally acceptable method of payment for overseas travellers and ended for payment in United Kingdom, the United States of America and their foreign countries.

In Nigeria, travellers cheques are normally issued in dollars and pound sterling. They are payable at the correspondents of the issuing bank abroad. They are usually accepted at hotels, departmental stores etc. The holder of the cheques sign them on their issue. When they are to be cashed the holder counter signs them in the presence of the Cashier who checks the signature before effecting payment.

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

(c) Bills for Negotiation

Cases abound in which the customer who owns a bill may be in dire need of money for more business; he may request his bank to negotiate the bill. This means that he sells the bill to the bank. The bank pays the customer the face value of the bill Minus a discount. However, such negotiation is done with the agreement that if the acceptor fails to pay the bank, the bank will claim from the customer. In such a situation the bank may ask the customer for security. If it is a documentary bill the documents will form part of the security.

(d) Documentary Credit

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

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

Immediately these are done, he/she would proceed to send the goods during which a bill of lading must be obtain from the ship's master. The insurance certificate, the bill of lading and the invoice, form the necessary papers required for such documentary credit. Since the Nigerian importer cannot claim the goods without the bills of lading, the documents are forwarded to him through a collecting bank (correspondent bank), by the quickest possible means.

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

(e) Bills of Collection

In International trade, between persons or corporated bodies, the bank acts as a link. Exporters can request their banks to help them collect bills from their overseas importers. The exporters draws a bill of exchange payable on a specified date

on the importer. The Nigerian exporter then gives the bill to his Nigerian banker to collect the proceeds on his behalf. The bank sends the bill to its correspondents in the overseas country and request that the bill be presented at the end of the term for payment. When the proceeds are received, the customer's account is credited with the naira equivalent.

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

2.6.5 Money Transmission Services

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

(a) Collection of Cheques

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

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

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

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

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

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

(b) Direct Debiting

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

(c) Standing Order

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

(d) Bank Drafts

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

(e) Open or Cashing Credits

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

However, these types of services are more practicable in developed countries, the use of Computer Systems in cashing and Saving at any hour of the day are obtainable in these countries. But in Nigeria where they are available, it is grossly under-developed thus creating appreciable divergence between the standard of services available to bank customer in Nigeria and the developed nations.

The "Cash point" service which was introduce by First Bank of Nigeria PLC though only in Lagos have been severy criticise by customers for it 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 used to travel into Villages providing door to door services. A typical example is the peoples bank of Nigeria "Mobile banking Scheme" which is targeted at market tradeers, illiterates in villages, roadside mechanics and market women who may not have a branch of bank in his/her area or even lack of awareness for benefits of saving his/her money in a bank.

With the galloping growth of finance houses, many of them are said to have graduated from local money savers (locally called esusu) who call on their largely illiterate clients at homes or workshops to pick their daily contributions. Forms of mobile banks can also be seen at organised exhibitions and trade fairs where banks erect temporary stands.

2.7 Major characteristics of Banking Services

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

(a) Wide Range of Services and Products

Banks offer a very wide range of products and services to meet a variety of financial and related needs from different customers in different areas. On one hand it provides a special one-off management service for an Industrial Customer and on the other hand a retail service covering money receipts, shortage, supply and transmission.

(b) Intangibility

Banking services, except in particular instances, meet a general rather than a specific need. Particular benefits are not readily apparent and therefore banks are dependent on getting their message accross 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's service is very much alike to the public. The reason for choosen a bank or branch is often due to convenience. Each bank must therefore find a way of distinguishing its identity and implementing this in the minds of the public. As the competing products are similar, the

emphasis is on the package 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 on the inherent uniqueness of a particular bank's services. This is one of the areas where banks should adopt customer - orientation services rather than just selling of services as a traditional approach.

(d) Geographical Dispersion

There has to be a branch net work in any bank of size and scope, and in order to provide sufficient services to it national and local customers, its services or promotions must have a wide appeal and applications.

Banks largely get business, if they have highly efficient wide range of products, reputation and location.

(e) Inseparability

As a result of the simultaneous production and distribution of banks services, the main concern of the market is usually the creation of time and place utility that is having the services available at the right time at the right price to the right customer in the right place (Nwankwo 1988)[17] .

(f) Highly Individualised Marketing System

In Industrial goods, selected channels of distribution are established containing several middlemen. More often than not the systems are the most efficient. Unfortunately, this is not the case in the banking sector where you have few traditional channels of distribution. In bank transactions the relationship exists between the banker and the customer directly and therefore the bank staffs should show a friendly and courteous attitudes towards his/her client.

2.8 A Conceptional Approach to Marketing of Banking Services

Most textbooks deal with the marketing of consumers and industrial products and not marketing of financial services. For this reason, there is a general misconception even among students of Business Administration, Finance, Bankers and Practising managers that marketing has little or no role to play in the banking sector.

2.8.1 What is Marketing

Marketing is a relatively new discipline in business. It is often confused with one or more of its sub-functions such as sales or advertising. In 1910, Ralph Starr Butler in a course entitled "Marketing methods" explained how he conceived marketing. "In considering the whole field of selling I developed the idea that personal salesmanship and advertising had to do simply with the final expression of the selling idea".[18]

However, marketing goes beyond selling and advertising. The American Association of Marketing defines ma rketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably". [19] It is obvious from this defination that marketing involves sensings servicing and satisfying the needs and wants of consumers at a profit to the organisation.

Marketing grows slowly and tends to pass through five distinctive stages. The stages are discussed below in the context of the banking industry.

Before the mid - 1950s, in United States, banks had no understanding or regard for marketing. Banks were supplying needed services and did not have to make a case for checking accounts, savings, loans or safe deposit boxes. The bank building was created in the image of a Greek temple calculated to impress the public with the banks importance and solidity. The interior was austere and the sellers rarely smiled. One lending officer arranged his office so that a prospective borrower would sit across from his massive desk on a lower chair than his own. The office window was located behind the officers bank and the sun would pour in on hopeless customer as he or she tried to explain why he or she needed a loan. This was bank posture before the age of marketing (Kotler 1978).[20]

Marketing came into banks in late 1950s, not in the form of the "marketing concept" but in the form of advertising and promotion concept. Banks and other financial institutions were experiencing increased competition for savings. A few financial institutions decided to adopt the marketing tools of the soap companies. They established budgets for advertising and sales promotion and managed to attract many customers. They competitors were forced into adopting the same measures and carried out or hire agencies for advertising and promoting their products and services.

The banks that first introduced modern advertising and promotion soon found out their advantage cancelled by the rush of immitators. They also learnt another lesson that attracting people to a bank is easy converting them to loyal customers is hard. These banks began to formulate a larger concept of marketing, that of trying to please the customer. Bankers had to smile and interior of banks had to be redesigned to produce a warm, friendly atmosphere. Even the outside Greek temple architecture had to be changed.

The first bank to implement this change began to out perform their competitors in attracting and holding customers. However, their competitors quickly figured out what was happening and rushed into similar programs. 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 its potency as a determinant factor in bank choice.

Banks had to search for a new basis for differential advantage. Bankers who read professor Levitt's article "Marketing Myopia" (1965) [21] began to realize that marketing trascends advertising and friendliness, although these are important ingredients. Banks are not narrowly in the saving business but in the business of meeting the varied and changing financial needs of customers.

These banks began to think in terms of continous innovation of new and valued customer services, such as credit cards, Christmas savings plans, and automatic bank loans. Bank of America, for example, today offers over 350 financial products to its customers (Kotler 1978)[22].

What happens when all banks offers similar services. They are forced to find a new basis for distinction. They began to realize that no bank can be the best bank for all customers. No bank can offer all products. A bank must choose and examined its opportunities and strengths and take a position in the market.

There is a still higher concept of bank marketing that represents 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 relations. The marketing concept shall therefore be discussed in the subsequent heading.

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".[23] It is that part of entrepreneurial activity which makes production viable and without it an entrepreneur has no value.

Elvy (1980)[24] sees marketing as "the getting of the right goods or services in the right quantity to the right place at the right time and makings a profit out of the operations". This defination clearly distinguished marketing from those other functions which it is often confused. It implies that marketing is a comprehensive funxtion that concerns every aspect of a product or service.

While Stanton (1981)[25] argued that "marketing" is the creation and delivery of a Standard of living".

Marketing according to him involves:

(a) Finding out what consumers want

(b) Planning and developing a product or service that will satisfy those wants; and

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

In view of the historical review of marketing to banking and some definations discussed above, it is essential to state the functions of marketing. According to Baker (1979)[26], the functions of marketing can be summarised as comprising of:

(a) Analysing and forcasting of consumer wants and needs, through market research;

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

(c) Influence demand through design, advertising and promotion; and

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

2.8.2 The Marketing Concept

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

However, Kotler (1978)[27] defined marketing concept as a management orientation that holds that the key task of the organisation is to determine the needs and wants of target markets and to adopt the organisation to delwering the desired satisfactions more effectively and efficiently than its competitors. Kelly and Lazer (1969)[28] sees marketing concept as a "customer oriented philosophy of business which focuses all corporate to profitably meet customer satisfaction". The marketing concept became popular first in the United States of America as a result of certain environmental factors that prompted evolutionary changes in business philosophy. Three distinct stages can be identified in the evolution of American business, namely production era, sales era and marketing era.

In recent times, a societal dimension has been added to the marketing concept. Kotler (1980)[29] views the societal marketing concept as a management orientation that holds that the key task of the organisation is to determine the needs and wants of target markets and to adapt the organisation to delivering the desired satisfactions more effectively and efficiently than its competitors in a way that preserves or enhances the consumers and society's well being. Advocates of this concept argues that marketing is neither an end in itself nor an exclusive preserve of business management, as such ma rketing must serve business as well as the societal goals. Marketing is viewed as a social instruments through which a standing of living is translated to society as a social discipline with commensurate social responsibilities that cannot merely be the exclusive concern of companies and consumers.

Marketing consists of a group of activities which every organisation combines to produce what is called the marketing Mix. The marketing mix however, will be discussed in a later heading as it applies to the marketing of commercial banking services.

2.8.3 Bank Marketing in Nigeria

Olalusi (1986)[30] defines marketing of banking services as "identifying and stimulating demand for the bank's services; meeting that demand by making available the banking services in the most effective manner to present and potential customer, and

However, the concept of bank ma rketing is relatively new in Nigeria. According to Oguntade (1987)[32] until recently "the banks operate in seller's ma rket and this gave rise to the phenomenon of demarketing". He argued that the Nigerian banker is an arm-chair banker who aimed for business and cared little or nothing about his customers.

Arguing in the same direction Usman (1988)[33] states that "the marketing of financial services in Nigeria was characterised by what is commonly known as 'arm-chair banking', where officers simply stay glued to their chairs and waited for the business to come to them".

Nwankwo (1980)[34] in his article title "effective marketing of financial services in Nigeria" observed that Nigeria today is a seller's market. It is place where the problem is not selling but producing because anything and everything sells. Banking is no exception. One would therefore question the rationale for bank marketing in Nigeria since the country is in sellers market.

Nevertheless it is pertinent to know that the banking sector is no longer operating under the sellers market again. The short in arm for the finance house business and more merchant banks with the structural adjustment programme introduce in 1986 made the banking sector competitive and the question for mobilising and soliciting for funds lightens during this period. These finance houses provide in the main, finance and back-up services which conventional banks are not quite disposed to offer. Such services include local

2.8.4 Commercial Banking Services and the Application of Marketing Functions

Marketing is a staff function: "its role is to support bank management by the provision of marketing information and expertise (Saidu 1989)[34]. Marketing, therefore informs management, but management must also inform marketing. Management must determine the bank's goals and objectives and communicate them to ma rketing so that they can assist in achievement of these goals. Marketing can provide a climate in which better decisions can be made.

In order to function properly, marketing must be profit - oriented. Marketing cannot merely pay lip service to cost and expenses; it must be aware of and continually informed about banks goals in terms of profits. To achieve this goal in terms of profits, management should consider marketing as an important function and should be part and parcel of the top management priority.

It is also the respon$ibility of ma rketing to encourage the bank continually to focus on all customers. This is because it is vital for the bank to serve its customers in a better, more economical and more satisfying manner.

Marketing must also be concerned with all the values that exist in banking relationship, and these include economic values, morals values, ethical values and monetary values.

The ma rketing man is in the unique position of helping to provide value both to the bank and to the customer. He also stimulate action between the bank and its customers. From forgoing func tions

of marketing, one can conclude that the role of marketing is essentially that of communicating and selling bank services by motivating and satisfying customers.

2.8.5 Application of Marketing Mix in Banking

Kotler (1980)[35] defines marketing mix as the set of controllable variables and their level that the firm uses to influence the target market". Any variable under the control of the firm that can influence the level of customer response to purchase a product is marketing mix variable. Mccarthy (1978)[36] popularized a four factor classification called the four Ps: Product, Place, Promotion and Price. However, there are seven variables which marketing mix is made of in the banking services market. 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, personalities, 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 service, or to display the readiness to help and explain to the people who needed them in a way that encourages customers to come inside. Nevertheless, bankers should endeavour to make the office or branch distinctive and attractive to customers who want to do business face to face with bank executives.

(c) Pricing/Interest

The price of a banking service is the interest that a 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 savers - depositors is between 12 - 15 percent and a lending rate of 21% (percent). This meant that the banking industry is essentially a monopolistics in competition that is competition if any is non-price. But since the interest rate is regulated in commercial bank, the question became that of how much the banks should lend and efficiently and effectively to attract deposits from it public.

(d) Selling

For the ma rketing manager of a manufactured, product, the cost of the salesforce, or that part of its total cost which can be attributed to the product he manages, is a defined expenditure to include in his total ma rketing mix. In marketing of banking services, the face to face selling resources is at the same time more important and 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 service he has to offer. He has a product in the shape either of specialised access to financial resources or investment opportunities to match the customers own resources; but the customers acceptance of the products value will greatly be affected by his confidence in the reliability of salesman's advice and his personal probity.

(e) Promotion

Promotion is one of the four major elements of the marketing mix and should company wish to increase sales or stimulates sales, a direct per suasive communications to buyers should be used.

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

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

The fact that the bank is ma rketing intangible services makes the need to build a sound reputation which is a critical corporate objective. The instruments of promotion commonly referred to as the promotional mix are: Advertising, personal selling, Sales promotion and publicity. The array of promotional tools used by most Nigerian commercial banks to achieve its objectives of persuasive communication include space advertising, television advertising which is very popular in this country, speeches (lectures), media house,publications (journals), Trade exhibitions, Corporate publicity through the media, and corporate identification programmes e.g. sponsoring conferences, sport contest, television programmes etc.

It is however, obvious that commercial banks need to always have their customers in mind in rendering their services and decisions relating to the 4Ps.

(f) Public Relations

The principal part if public relations function is to be carried out, it should be on target customer groups about the company and to persuade them to try its products, through means other than paid advertisement, direct mail or direct selling. In this regard, it could be regarded as just form of marketing communications. However, it also a wider responsibility for safe guarding and improving the relationship between the organisation and relevant environmental factors such as government and society at large.

2.9 Difference Between the Marketing of Banking Services And the Marketing of other Consumer or Industrial Services

From the forgoing discussion, it can be seen that the principles of marketing manufactured products are the same with that of marketing banking services, however, their application are different. The below discussion focuses on how marketing services differ from consumer or industrial products or services.

2.9.1 Feudiciary Responsibility

According to Mclver and Maycor (1980) [37] marketing has always a vital element in banking practice through out its recorded history. Bankers who persuade their customers to entrust personal or corporate funds investment are in havier responsibilities than the sellers of say ovaltime.

The manufacturer who produces consumer or industrial goods and services has responsibility. Nevertheless, his responsibility is limited to quality and value of or money of the product of service concerned. For example it is inconvenient if the Milk goes bad, the power fails or supplier fails to deliver. But, a banker's failure to discharge his fendiciary responsibility for safeguarding customers funds or to provide reliable advice on financial matters can lead to company's bankruptcy or rauin an individual life.

Consequently, the marketing style of a bank can never be as unhibited as that of, say, the manufacturer of fast - moving package goods like tooth pastes. It is sensible for the later to say that

his is a marketing company run by marketing people and that the production, purchasing and other departments should follow the lead and satisfy the demands of marketing department.

The qualities of a typical salesman aggressive, hard selling are not the same as those of bank employees. Without sales no company can survive, but the banker, selling with transations which may fundamentally affects his customers future, must be more receptive and aware of his possible consequences of a successful sale. This does not imply that the bankers will be a less effective salesman but that his selling style and marketing programme which is built around him will be differen t. They are required to exercise caution in dealing with customers.

2.9.2 Attracting Deposit

Another important difference between the marketing of banking services and marketing in other industries is the employment of marketing functions not only in the provision of services to customers, but also in the procurement of the raw materials on which most of those services are based. The textiles industry, for example, does not have to persuade its suppliers to provide it with cotton or components, through which it may encounter difficulties in obtaining supplies. The bank can buy a proportion of its raw materials (Money) on the money market, but an important proportion of raw materials has to be gained by persuading individuals to or corporate concerns to deposits their funds with them.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will discuss the procedures adopted in this research work in general. Different types of data collection techniques are available in practice, however, for the purpose of this research, the Questionnaire technique is selected. The administration of the questionnaires is also discussed and finally the method of data analysis selected for this research is examined.

3.2 The Research Method or Approach Used

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

The case study method tends to reveal the truth about a particular group of persons or a group of firms in an industry. Also, it is believe that any generalizations made will be applicable to all commercial banks in Nigeria.

Moreso, the cost and time involved is minimal when compare to the time needed for a survey method, the survey method is not only costly but also time consuming.

3.3 Sample Selection

Two Commercial banks are selected namely Union Bank of Nigeria PLC and Savannah Bank PLC, all in Zaria town. The choice of only these two

out of many commercial banks in Zaria is not by accident. However, it is typical of a corporate organisations been secretive in their operations more especially with the present cut - throat competition in the banking industry.

The choice of these banks is also informed by the fact, that a large percentage of the Zaria Community are customers of these two banks. The large proportion of customers enjoyed by these 2 banks makes it easier for the researcher to administered his questionnaires during the banking hours commendable.

Also, these 2 commercial banks provides a complete range of banking services for their customers choice. And the range of banking services in these 2 banks are similar to that obtain in any of the commercial banks in the country.

The choice of these two banks is also based on performance and growth. Both banks are rated among the big four banks in the banking industry.

Justifiable of the choice also owns to the fact that, these banks operate within the same legal and economic framework of the same society as do the other banks.

In addition, customers opinions sampled in this research across these two commercial banks can be of any serious generalization of customers satisfaction of banking services in view of the above mentioned reasons.

3.4 Methods of Data Collection

Gupta (1979)[1] in his statistical methods explained that there are two things which must be carefully considered before starting the work of data collection. The first is the statement of the purpose of inquiry in unambigous terms; and the second is the formulation of a plan of data callection.

Brown (1980)[2] in his marketing research therefore defines data collections as "consisting of presenting a stimula in form of verbal questions, cuberatory complex activities in a numerous mixture or modifications of these situations into respondent or subject and recording the response". To him there are basically two sources of data collection - secondary data and primary data.

Primary data is the information which is being collected for the first time by one of the following methods:

(i) Interviews;

(ii) Questionnaires;

(iii) Observations, and

(iv) Experimentation.

While secondary data refers to information that is obtained from records of all kinds that have been written down. Other methods include descriptive and historical research methods.

The usage of any of these methods is dependent upon a variety of factors such as:

(a) The purpose of the research,

(b) Time required

(c) The availability of funds

(d) The accurancy required

(e) The nature of the person conducting the research or investigation.

For the purpose of this research work, however, the researcher is going to use the Questionnaire method.

3.4.1 Questionnaire Method

This is the most widely used of all methods of data collection. Black and champion (1974)[3] maintain that generally all types of questionnaires perform at least two - functions. Description and Measurement; This method consists of a list of questions relating to the aims of the study and the hypothesis to be verified, which the respondent is required to answer by writing his/her response.

The fundamental difference between the interview and the questionnaire is that in the interview, the questions are presented to the interviewee the questions are presented to the respondent verbally and the respondence is verbal, whereas in questionnaires. Some questions are presented through the medium of printed matter and the response is in a written form.

Questionnaires can be distributed to respondents and collected from them in three ways, namely:-

(i) The researcher may deliver the questionnaires in person to the respondents, stay with him to complete to the respondents, stay with him to complete it and collect it thereafter.

(ii) The researcher may deliver the questionnaires in person to the respondent, to away with it for a while and repeat the visit to pick it up when completed.

(iii) The researcher may post the questionnaire to the respondents and wait in his station for the questionnaires to be return through the post (Mail questionnaires).

Each method has its own merits and demerits, but the last method is scarcly used in Nigeria because of the attitude of Nigerians towards posted materials and our poor communication network system.

Some advantages of the questionnaire method:

(i) Saves time when population under study is very large

(ii) High income groups and senior executives can be reached more easily

(iii)Mobile information are more easily contacted.

(iv) The method is efficient when the questions are simple and straight forward (structured undisguised questionnaires).

(v) Anonymity of the informant can be automatically guaranteed because they don't have to give their names.

However, questionnaire method has some disadvantages as well.

(i) The answers to mail questionnaires have to be accepted as final results, since there is no opportunity to probe the respondent beyond the given answer.

(ii) With mail questionnaires, there is no way to supplement the respondents answers by observational data.

(iii) It cannot be administered to illiterates.

However, the researcher choose the questionnaire method because of the purpose of the study and nature of the problem of study. The researcher strongly feels that the only way to assess effectively the satisfaction of customers in banking services is by directly sampling their opinions. The availability of funds also informed this decision.

3.4.2 Questionnaire Design

Basically there are four types of questionnaire design:-

1. Structured non-disguised: The set of questionnaires here are direct and straight forward, simple and unambiguous. The standardized questions are ∠ this is done because, the respondent should be able to know the purpose of the study and many reseachers recommend this type of questionnaire design because of its quality and quantity of data got from it is better and accurate.

2. Structured Disguised: The questions here are not open to the respondent, the questions are standard and has a similar format to that of structured non-disguised but the content of the questions are not well known to the respondent.

3. Unstructured non-disguised: This involves rephrasing of questionnaires based on respondent perception. Usually done in telephone and personal (i.e. face to face) interviews. The questions are not standardized. It is usually a generalized questionnaires. One of it set back is poor response from the respondent in trying to deviate from the main answer.

4. Unstructured Disguised: The questions are not standard and content of the questions are not disclosed to the respondent. Its major disadvantages are data collected may be inaccurate, poor response from respondents and the questions are generalized.

For the purpose of this research work the questionnaire is used as the major instrument for data collection, though data from documents, journals, and library materials (secondary source) are used.

The structured non-disguised questionnaires is designed for each category that is Questionnaire A for top management of the selected commercial banks and Questionnaire B for customers.

A total number of 20 copies each of Questionnaire A was administered on top management of both banks and 30 copies of Questionnaire B were administered each on a randomly selected - cross section of customers in Union Bank PLC and Savannah Bank PLC all in Zaria town.

3.5 Method of Data Analysis for the Research

There are many techniques of data analysis, the usage of any one technique depends on the purpose of the study, the complexity and the volume of the data collected. Among the techniques are: percentages, measures of central tendency, measures of variability and measures of relationships.

For this study, the percentages is used in analysing the data collected.

3.5.1 Percentages

The data is analysed using percentages for the three hypothesis formulated in chapter one.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter deals with the presentation and analysis of data collected from field work. The data collected is presented in tabular forms and analysed using percentages.

However, the chapter is divided into three main sections namely:

(a) Presentation and Data analysis,

(b) Discussions of findings,

(c) Proof of Hypothesis.

4.1. Presentation and Data Analysis

The data presented here is based on returned questionnaires. Two sets of questionnaires was administered at Union Bank of Nigeria PLC and Savannah Bank of Nigeria PLC. The first set of questionnares (Questionnaire A) was administered to fourty (40) management staff of the two banks, that is, 20 copies to each bank and out of this, 17 copies returned from Union Bank PLC, while 18 copies were returned by Savannah Bank PLC, which gives a total number of 35 completed and returned questionnaires.

The second set of questionnaires (Questionnaire B) was personally administered by the researcher on a cross-section of account holders in the two (2) mentioned commercial banks in Zaria town. 30 copies of questionnaires B were each administered in the two banks totalling 60 copies. However, 26 returned questionnaires from Union Bank PLC,

while Savannah bank PLC returned 28 which gives a total of 54 completed and returned questionnaires. The responses are hereby presented below according to the following tables:

Table 1 Presence of a Formal Marketing and Customer Service department.

Responses	No. of Respondents	Percentage
Yes	9	26
No	26	74
Total	35	100

Source: Field Work

The above table indicates that there is a formal marketing/ customer service department for 9 respondents representing 26 percent. While 26 respondents representing 74 percent believe that there is no formal marketing department in their bank. However they are of the opinion that the functions of marketing are been handle by the public relations department and at times assign to other departments as may be desire by the bank management.

Table 2 Importance of Marketing

Responses	No. of Respondents	Percentage
Yes	35	100
No	-	-
Don't know	-	-
Total	35	100

Source: Field Work.

It is seen that respondents are of opinion that marketing is relevant to banking operations and it is through this that customers can be satisfied with the services provided.

Table 3. Meaning of Marketing

Responses	No. of Respondents	Percentage
Selling of services	6	17
Advert. and sales promotion	3	9
Public Relations	1	3
All of the above	25	71
Others	-	-
Total	35	100

Source: Field Work

Majority of respondents believe that marketing in banks includes not only selling of services and public relations, but advertising and sales promotion.

Table 4. Researching into Customers Needs

Responses	No. of Respondents	Percentage
Yes	32	91
No	3	9
Total	35	100

Source: Field Work

32 respondents representing 91 percent are of the opinion that their bank do conduct research into customers needs. While 3 respondents believe that customers needs is not undertaken by banks.

Table 5. Relevance of Research

Responses	No. of Respondents	Percentage
Very important	29	83
Important	5	14
Less Important	-	-
Not Important	-	-
Indifferent	1	3
Total	35	100

Source: Field Work

This data shows that researching into customers needs is of great importance to commercial banks.

Table 6. Source of Information from Customers Reactions

Responses	No. of Respondents	Percentage
Sales force	4	11
Observation	2	6
Market survey	9	26
Customers enquiry	20	57
Others	-	-
Total	35	100

Source: Field Work

The data above indicate that majority of information about customers reactions are got from customers enquiry which accounts for 57% while market survey and sales force contribute 26% and 11% respectively. Also mere observation account for 6% and no response from other source apart from the aforemention sources.

Table 7. Customers Response for the Services Provided.

Responses	No. of Respondents	Percentage
Favourable	26	80
Unfavourable	7	20
Total	35	100

Source: Field Work

The above responses shows that there is a favourable reactions by customers for the services provided by the two commercial banks. The number of respondents is, 28 representing 80% for favourable reactions while those who express dissatisfaction for the services provided are 7 representing 20%.

Table 8. Promoting Bank Services.

Responses	No. of Respondents	Percentage
Through Advertisement	5	14
Personal Selling	7	20
Sales Promotion	3	9
All of the above	20	57
Others	-	-
Total	35	100

Source: Field Work

The above data shows that most of bank services are promoted either through advertisement, personal selling, sales promotion. Most banks use these three ways in promoting their services simultaneously. This represent about 57% while personal selling is 20% and advertisement 14%.

Table 9. Determing the Mode of Promotion to Use

Responses	No. of Respondents	Percentage
Government	-	-
Competitors	9	26
Customers	5	14
Bank Management	21	60
Total	35	100

Source: Field Work

This data shows that most of the promotions been used by the commercial banks is determined by the Bank management. This represent about 60% for 21 respondents. While some bank staff were of the opinion that competition and customers preferences also determines the mode of promotion to use. This represent 26% and 14% respectively.

Table 10. Locating Bank Branch

Responses	No. of Respondents	Percentage
Bank Management	10	29
Government	7	20
Competitors	-	-
Customers	18	51
Total	35	100

Source: Field Work

About 18 respondents representing 51% were of the opinion that branch location is determined by the number of customers both potential and future ones. While 10 respondents representing 29% indicated that branch location is determined by bank management. Also, government through the Central bank influence the location of bank branch which represent 7 respondents representing 14%, while competition has no role to play in branch location.

Questionnaire B

Marketing of Banking Services in Nigeria and Customers Satisfaction

For presentation of questionnaire B, 54 completed and returned questionnaires were received from the two commercial banks choosen.

Table 11. Choosing a Bank

Responses	No. of Respondents	Percentage
Bank's advertisement	16	30
Recommendation by a friend	8	15
Personal solicitation by bank staff	26	48
Other reasons (Gift, Dev. project ect)	4	7
Total	54	100

Source: Field Work

This table revealed that 26 respondents representing 48% indicated that customers choose a bank through personal solicitation by bank staff. While Bank's advertisement and recommendation by a friend contributes 30% and 15% respectively. Other reasons stated by customers which made them choose a particular bank is through Gifts like Keyholder, Calender, development projects and so forth.

Table 12. Types of Bank Accounts

Responses	No. of respondents	Percentage
Current account	17	31
Saving Account	30	56
Fixed Account	7	13
Total	54	100

Source: Field Work

The above data shows that most of the customers operates savings account. 30 respondents representing 56%. Also, a good number of them operates Current account. 17 respondents revealed this which represents 31% and 7 respondents representing 13% indicated having fixed account with the two banks.

This table revealed that 26 respondents representing 48% indicated that customers choose a bank through personal solicitation by bank staff. While Bank's advertisement and recommendation by a friend contributes 30% and 15% respectively. Other reasons stated by customers which made them choose a particular bank is through Gifts like Keyholder, Calender, development projects and so forth.

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Responses	No. of respondents	Percentage
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Source: Field Work

The above data shows that most of the customers operates savings account. 30 respondents representing 56%. Also, a good number of them operates Current account. 17 respondents revealed this which represents 31% and 7 respondents representing 13% indicated having fixed account with the two banks.

Table 13. Range of Services Offered by Commercial Banks that Customers are aware of.

	Not Aware	Aware	Total	Percentage
Travellers cheques	3	9	12	22
Bills of Negotiation	5	3	8	15
Business advisory Services	7	4	11	20
Guarantee and Indemnities	4	6	10	19
Safe Custody	-	7	7	13
Foreign exchange transaction	1	5	6	11
Total	20	34	54	100

Source: Field Work

The above table illustrate the different types of services rendered by commercial banks. However, most customers are aware of these services available at commercial banks. 34 respondents indicate their awareness of range of services provided as at against 20 respondents who are not aware of these services provided. The percentage is 63% against 37% respectively. Others mentioned such services as LPO financing, import/export financing loan syndication among others.

Table 14. Having difficulties in Getting bank Services such as Loan

Responses	No. of Respondents	Percentage
Yes	36	67
No	18	33
Total	54	100

Source: Field Work

The data shows that 36 respondents representing 67% revealed that they have difficulties in getting bank services. While 18 respondents representing 33% indicated that they don't have difficulties in getting services such as loan.

Table 15. Reason for not Getting Loan

Responses	No. of Respondents	Percentage
No access to the Manager	2	4
Bribery and Corruption	9	17
Red tapism	8	15
Lack of Collaterals	23	42
Unfavourable referees report	-	-
Nepotism and Tribalism	12	22
Total	54	100

Source: Field Work

The above data shows that majority of customers are unable to get bank services such as loan mainly for lack of collaterals. 23 respondents representing 42% indicated this. Nepotism and Tribalism contributes 22%, Red tapism 15%, Bribery and corruption 17%, 4% for no access to the manager and unfavourable referees reports have no influence over loan securement.

Table 16. Bank's Gift

Responses	No. of Respondents	Percentage
Keyholder	-	-
Calendar	18	33
Dairy	25	46
Ball-oint Pen	7	13
Others	4	8
Total	54	100

Source: Field Work

The above table shows that 25 respondents representing 46% receives diary from the two choosen bank. 18 respondents for Calendar, 7 Ball-point pen and Keyholders none. Others indicates file jackets, Wall Clocks and so forth.

Table 17. Showing Degree of Customers Satisfaction

Bank operations	Satisfied	Not Satisfied	Total	Percentage
Bank staff attitude towards Customers.	9	2	11	20
Banking Hall facilities while waiting, example seats, ventilation	6	1	7	13
Attention to Customers Complaints	7	5	12	22
Operating hours	2	8	10	19
Bank Interest	1	13	14	26
Total	25	29	54	100

Source: Field Work

The above data revealed that customers are not satisfied with the present banking operations. 29 respondents representing 54% indicated this while those satisfied with the banking operations are 46% for 25 respondents.

Table 18. Joining Queus Before Services

Responses	No. of Respondent	Percentage
Yes	30	56
No	24	44
Total	54	100

Source: Field Work

30 respondents representing 56% indicated that they join queus before getting services while 24 respondents representing 44% indicated that they don't join queus before getting services.

Table 19. Services Designed to Suit your Taste

Responses	No. of Respondent	Percentage
Yes	13	24
No	41	76
Total	54	100

Source: Field Work

The above table indicates that 41 respondents representing 76% are of the opinion that services provided are not designed to suit their requirements. While 13 respondents representing 24% indicates having services that particularily suit their personality.

Table 20. Attitude of Bank Staff

Responses	No. of Respondents	Percentage
Unfriendly	13	24
Very unfriendly	-	-
Courteous	26	48
Very Courteous	12	22
Indifferent	3	6
Total	54	100

Source: Field Work

The data above indicates that most bank staff attitude towards customers are courteous. 26 respondents representing 48% indicated for this. Unfriendly attitude of bank staff was indicated by 13 respondents representing 24% , very courteous has 12 respondents representing 22%, Indifferent 3 respondents representing 6% and no customer express feelings of very unfriendly.

Table 21. Attending to Customers Complaints

Responses	No. of Respondents	Percentage
Yes	47	87
No	7	13
Total	54	100

Source: Field Work

The above table revealed that 47 respondents representing 87% indicates that their complaints are attended to by the Bank Staff. While 7 respondents representing 13% for not attending to their complaints.

Table 22. Should Bank Open on Saturdays

Responses	No. of Respondents	Percentage
Yes	45	83
No	9	17
Total	54	100

Source: Field Work

45 respondents representing 83% indicated their interests for banks to open on Saturdays while 9 respondents representing 17% believe that banks should not open on Saturdays.

Table 23. Extending Working hours

Responses	No. of Respondents	Percentage
Yes	43	80
No	11	20
Total	54	100

Source: Field Work

The above data shows that 43 respondents representing want the banking working hours to be increased beyond 2.00 p.m. while 11 respondents representing 20% were of the opposing view.

4.2 Discussions of Findings;Application of Marketing Techniques in Banking Services

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

The responses in question 1 as presented in Table 1 shows that though marketing is important and relevant to commercial banking, the 2 banks understudy has no formal marketing/customers service department. Rather the functions of marketing are been performed by Public Relations, Corporate affairs departments and occassionally carried out by any department as desire by bank management.

The majority of bank staff sees marketing as selling of services, advertisement and sales promotion, public relations. The respondents see marketing as embracing all the above mentioned activities. However, 35 respondents from the two banks involved in the study accept the fact that marketing is relevant to their operations as shown in question 2. Many reasons were advanced for this which includes increasing customers needs in terms of services demanded, cut - throat competition in the banking industry today as a result of galloping growth of finance houses and merchant banks in the economy.

Tables 4, 5, 6 and 7 relates to researching into customers needs and gathering inputs from customers on services rendered. Question 4 indicates that researching into customers needs undertaken by the two banks. 32 respondents say 'Yes' with 3 respondents indicating 'no'. However, findings revealed that researching into customers needs and consultations of customers by the two banks are of great importance since it aid decision - making for higher customer satisfaction and profit maximization by commercial banks.

Furthermore, researching into customers needs is very important to the banks as indicated in question 5 and shown in Table 5; the two banks have not implemented some of the suggestions made by customers despite the fact that such suggestions were favourable, example increased working hours by banks, branch locations, weekend banking, quick counter services and so forth.

The research findings also reveal that the banks obtain information from customers on the services provided through customers enquiry, market survey, mere observations and salesforce. This is shown in question 6, Table 6.

Moreso, findings indicates that bank services are promoted through advertisement with the use of both the print and electronic media, personal selling and sales promotion though not popular with banks as can be seen in Table 8. However, banks are found using the three simultaneously.

Department of Business Administration,
Kongo Campus,
Ahmadu Bello University,
Zaria.

10th May, 1994.

Dear Sir/Madam,

I am a postgraduate student of the above bamed Institution. As part of requirements for the award of Masters of Business Administration (MBA) degree. I am doing a research project "titled" "The Marketing of Banking services in Nigeria and Customer satisfaction".

The aim of the research is to examime the extent to which commercial banks in the country market their services in terms of using marketing techniques for educating their customers, with a view to making useful suggestions and recommendations that will improve the operational effeciency of Banks in this country.

Kindly attend to the questionaire attached to this letter. I wish to inform you that all information passed to me will be held in strict confidence and will be used only for academic purpose of this project.

Thanking you for your anticipated co-operation.

Yours sincerely,

Simon Kpelai T.

Furthermore, the mode of promotion to use is determined by bank management with competitors and customers playing a little role, while government has no role at all in determining the mode of promotion in banks.

Branch location is principally base on market potential, infrastructural facilities, social services and accessibility. This is the reason while commercial banks, merchant banks and finance houses are concentrated in Lagos only. Today almost 70 percent of financial institutions are located in Lagos only. The bank management also determines where a bank branch should be located basing on their criterias. As seen in Table 10 government through the Central bank of Nigeria control branches location to ensure adherence to the guidelines on rural - banking scheme. Competition has no yet play a significant role in bank branch location.

Marketing of Banking Services in Nigeria and Customers Satisfaction

The research findings reveal that customers choose a bank through personal solicitation by bank staff. Bank advertisement play a key role in influencing customers in choosing their bank. Others are recommendation by a friend or colleague, others reasons like gifts, development projects can as well entice a customer to choose a particular bank. Table 11 has shown this with personal solicitation by bank staff having 26 respondents.

The findings relating to the type of bank services patronised by customers is presented in Table 12, and question 3 indicated that. 30 respondents from the two banks revealed that they operate a savings account and current account with 17 respondents, while fixed account record the lowest response, since most of bank customers are civil servants and petty traders who will hardly put their money in a fixed deposit, but prefer a situation where withdrawals can be made regularily.

Furthermore, findings reveal that most customers are aware of range of services offered by this commercial banks. Table 13 indicated that 34 respondents are aware of this services provided while 20 respondents are not aware of it. Despite the wide range of services offered by this commercial banks, customers still have difficulties in getting this services, example loan, question 5 presented this and it is indicated in Table 14: 36 respondents expressed this view as against 18. The reasons advanced for their difficulties in getting such services, such as loan was lack of collaterals. Other respondents indicated Nepotism and tribalism, Bribery and Corruption, Red tapism and no access to the manager as reasons for not getting loan with the two banks understudy. Table 15 indicated this. The responses tabulated in Tables 16, 17, 18 and 19 seek to indicate the degree of satisfaction by customers for the services offered by the commercial banks. The responses to question 7 is indicated in Table 16. Bank gifts are mostly diary and Calendar. Occassionally ball-point pen, wall clock and writing pads are given out to customers. Question 8

however, revealed that these gifts by banks are made annually for those who are previledge to have it while some customers have never gotten the gift even once.

The findings relating to the degree of customers satisfaction are presented in Table 17: 29 respondents sees the present banking operations as unsatisfactory while 25 respondents were satisfied with the present bank operations. Those who were unsatisfied with the present banking operations was in areas of bank interest rate which is centrally controlled through the Central bank (CBN) in its monetary policies; operating hours of the commercial banks and attending to customers complaints. Furthermore, Table 18 indicated that customers join queus before getting services hitherto spend more time in bank hall while making withdrawals. Also Table 19 indicated most of these services offered by commercial banks are not tailored to suit the taste and requirements of their customers. 41 respondents hold this view while 13 were not.

Research findings relating to attitude of bank staff towards their customers are expressed in Tables 20 and 21. These tables indicated that the bank staff behaviour towards customers is generally courteous; 26 respondents indicated this in question 12 while 13 respondents believe bank staff are unfriendly and 12 respondents sees bank staff as been very courteous. Moreso, majority of the customers were of the view that their complaints are attended to by bank officials. 47 respondents indicated this as against 7 as can be seen in Table 21.

Findings relating to weekend banking and increase working hours indicated that the overwheming majority of customers want banks to be operating on saturdays and their working hours should be extended beyond 2.00 p.m. on other working days. The reasons advanced for this includes:- to ease the friday and Monday congestions and facilitates Saturdays transactions by petty traders and businessmen. To ease congestions occassionally notice on month endings and eve of public holidays.

From the above discussions of findings, it could be deduced that commercial banks in Nigeria understand and apply marketing techniques in their operations. However, it is only the degree of understanding and application of these techniques that can be regarded as inadequate in sustaining customers satisfaction.

As earlier been pointed out in Chapter two of this research where marketing principles are practised, there is expected customers satisfaction. From the findings it has been established that the needs of customers are not adequately met in terms of services rendered by the banks and the exclusion of the customers in the decision - making process as its affect them.

4.3 Proof of Hypotheses

Hypothesis 1

Ho: Marketing tools and techniques are quite applicable to banking business as they are to the operations of other business enterprise.

H1: Marketing tools and techniques are not applicable to banking business as they are to the operations of other business enterprise.

For the proof of the above hypothesis, questions 8 and 9 will be used in questionnaire A. 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 Promotools (advertising, personal selling, and Sales promotion), business. Table 8 indicates about 57% use of this instruments.

In response to question 9, a careful examination of table 9 shows that decisions relating to Promotion of banking services is taken by bank management which represent about 60%. Customers and competitors play little role in decision making regarding the mode of promotion.

From the above, and in the view of the findings and discussions of same the null hypothesis (Ho) is therefore accepted while the alternative hypothesis (H1) is rejected.

Hypothesis II

Ho: The potential consumers for majority of bank services in Nigeria are aware of the nature and scope of these services that are rendered by commercial banks.

H_I: The potential consumers for majority of bank services in Nigeria are unaware of the nature and scope of these services that are rendered by commercial banks.

The key question used in testing his hypothesis is question No. 4 in questionnaire B.

In proving this stated hypothesis it has been established from the findings that majority of customers (respondents) are aware of the wide range of services provided by commercial banks. This was evidenced in Table 13. Out of 54 respondents, 34 respondents representing 63% are aware of these services while 20 respondents representing 37% are not aware of these services provided.

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

Hypothesis III

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

Hi: Most customers are not satisfied with the present banking operations in Nigeria.

The responses to question 9 in Questionnaire B tabulated in Table 17 will be used in testing this hypothesis. In response to question No. 9 29 respondents representing 54% indicated that they are not satisfied with the current banking operations in the country, while 25 respondents representing 46% 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 RECOMMENDATIONS

5.1 Summary of Findings

Marketing has be come an essential element in the management of a modern bank. For every Nigerian bank, competition from other banks and financial services organisations grows more intense and steadily more professional.

The age of specialization in financial services by particular institution has changed to where most organisations offer a wide range of services incompetition 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 banks understudied had no formal marketing departments. The marketing functions are performed by other departments such as public relations, corporate affairs and so on.

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

Furthermore, the researcher found out that despite the fact that marketing has not been fully understood by bank's staff, banks understudied nonetheless applied marketing in marketing of their services. It was also revealed that banks understudied provided purely commercial banking services just like others in the industry.

However, key decisions relating to the type of services to offer, promotion, pricing and branch location are taken without the considerations to their customers.

This study was undertaken to examine the growth of commercial banking in Nigeria, services rendered by commercial banks, to analysed the marketing efforts of some of the largest commercial banks in this country and examine the extent to which marketing can improve the efficiency of banking services in Nigeria.

Our findings in this study shows that marketing tools and techniques are quite applicable to banking business as they are to the operations of non-banking business. Furthermore, our findings shows that the potential consumers for majority of bank services in Nigeria are aware of the range of services provided that effective marketing is required for higher customers satisfaction if well educated on the scope and nature of these services. In addition our findings shows that though marketing principles and techniques are been applied in banking operations, yet most of the customers are not satisfied with present banking operations. But however, there is much room for 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 consumers at a profit and these products and services have to be marketed. It has established that the principles of marketing manufactured goods are similar to that of marketing banking services. The difference is however in the application of these marketing principles.

However, findings shows that customers are not satisfied with the present banking operations. Such banking operations as bank staff attitude towards customers, bank interests, operating hours and banking hall facilities while waiting, such as seats, toilets, and good ventilation are inadequate.

Therefore, it is realistic to say, in the light of the findings of this study, that though commercial banks in Nigeria are applying marketing principles and techniques in their banking business, they can improve on their application of these marketing principles and techniques to enhance their efficiency and effectiveness of their banking operations Vis-a-Viz - better customer satisfaction.

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 aim at improving the performance of the banking business in Nigeria, thereby giving improvement in profit making and higher customer satisfaction.

5.3 Recommendations

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

1. Banking is a personal service, as such commercial banks 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. Banks should take personal selling out of their premises by approaching prospective customers with the aim of selling their services as is the case with insurance industry.

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) Service Development Section which will be concern with improving the existing services, identification of market demand, and inconjuction with other parts of the department (Marketing), develop proposal for approval.

(b) Market Section shall put into practice the principles of market segmentation by concentrating on the implementation through the branch net work of business development campaigns directed at clearly defined customer segmentations. Moreso, the identification of the characteristics of customers both potential and prospectives ones, their needs and wants and banks penetration

of the various markets for its services.

3. Banks should endeavour to monitor the degree of customers satisfaction with their services on a continous basis. This can be done by designing questionnaires for customers to fill, provisions should be made in such questionnaires for customers to suggest ways in which the bank can improve its services.

4. More of adequate facilities for customers confort while waiting, such as seats, toilets and good ventilation/air conditioning should be provided. Daily newspapers, magazines and some 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 attended to due to insufficient seats.

5. Commercial banks should operate on Saturdays as well as to ease the friday and monday congestions and to facilitates Saturdays transations. Furthermore, the banking working hours should be extend beyond 2.00 p.m. to 4.00 p.m. to enable Civil Servants and busy business executives make withdrawals after closing from office.

6. Training of staff: There should be a marketing training for all levels of staff. The bank management should hire some marketing specialists who from time to time will be lecturing the bank's staff on the applications of marketing techniques as situation may demand.

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

8. The 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. This computerisation will further ease the long queus notice in banks more especially on month endings, eve of public holidays and fridays.

9. Contigency arrangement should be made to handle situations like long queus notice during weekends, month ending, eve of Sallahs, Christmas, Easters holidays, new years and so forth. This can be done by creating additional facilities to accomodate these customers in anticipation.

It is 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.

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APPENDIX A

APPLICATION OF MARKETING TECHNIQUES IN BANKING SERVICES

Questionaire A. (for Bank Staff)

1. Does your bank have a formal Marketing/Customer service Department? (Please tick only one)

   (a) Yes ( )

   (b) No ( )

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

2. Is Marketing relevant to your banking operations?

   (a) Yes ( )

   (b) No ( )

   (c) Dont known ( )

   If yes, please state briefly how it is relevant

   .....

   .....

   ....

3. Marketing in your bank means (Tick only one)

   (a) Selling of services ( )

   (b) Advertising and sales promotion ( )

   (c) Market research ( )

   (d) Public relations ( )

   (e) All of the above ( )

   (f) Others (Please specify)..... .....

   .....

4. Does your bank conduct research into customers needs?

   (a) Yes ( )

   (b) No ( )

   If No briefly State why?.....

   .....

5. To what extent is researching into customers wants important to your bank? (Tick only one)

(a) Very important ( )

(b) important ( )

(c) Less important ( )

(d) Not important ( )

(e) Indifferent ( )

6. How do you get information from customers reactions on the services rendered to them?

(a) Sales force ( )

(b) Mere observation ( )

(c) Market survey ( )

(d) Customer enquiry ( )

(e) Others (specify if any).....

.....

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

(a) Favourable ( )

(b) Unfavourable ( )

8. How does your bank promote its services?

(a) Through advertisement ( )

(b) Through personal selling ( )

(c) Sales promotion ( )

(d) All of the above ( )

(e) Others (Specify if any).....

.....

9. How do you determines the mode of promotion to use?(Tick only one)

(a) Government ( )

(b) Competitors ( )

(c) Customers ( )

(d) Bank Management ( )

(e) Others (specify) .....

.....

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

.....

.....

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

(a) Government ( )

(b) Bank Management ( )

(c) Competitors ( )

(d) Customers ( )

(e) Others (please specify) .....

.....

.....

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

.....

.....

.....

APPENDIX B

MARKETING OF BANKING SERVICES IN NIGERIA AND CUSTOMER SATISFACTION

A Questionnaire for Customers.

1. (a) Your name (Optional) .....

(b) Occupation (Optional) .....

(c) Town .....

2. What made you choose this bank? (Tick the appropriate one).

(a) Banks advertisement ( )

(b) Recommendation by a friend, colleague etc ( )

(c) Personal solicitation by bank staff ( )

(d) Any other reasons e.g. Gift, Developmental project etc. .....

.....

.....

.....

3. Which of these following bank services do you patronise? (please tick those applicable)

(a) Current account ( )

(b) Savings account ( )

(c) Fixed account ( )

4. Which of the followi ng range of services being offered by this bank are you aware of ?

(a) Traveller's cheques ( )

(b) Bills of Negotiation ( )

(c) Business advisory services ( )

(d) Guarantee and Indemnities ( )

(e) Safe Custody ( )

(f) Foreign exchange transaction ( )

(g) Others (specify if any).....

.....

5. Do you have difficulties in getting services such as loan?

(a) Yes ( )

(b) No ( )

6. What is the cause for your been unable to secure loan from your bank.

(a) No access to the manager ( )

(b) Red tapism ( )

(c) Lack of collaterals ( )

(d) Bribery and corruption ( )

(e) Unfavourable referees report ( )

(f) Nepotism and Tribalism ( )

7. Which of the following gifts you have ever received from this bank?

(a) Key holder ( )

(b) Calender ( )

(c) Diary ( )

(d) Ball-point pen ( )

(e) Others (specify)..... .....

.....

9. How often do you received such gifts

(a) Annually ( )

(b) Once in 2 years ( )

(c) only once ( )

(d) Never ( )

10. How would you rate the facilities provided by this bank for customers satisfaction (example, seats, ventilation, bank interest, operating hours, attending to customers complaints and soforth.

(a) Satisfied ( )

(b) Not satisfied ( )

11. Do you join queus before getting the bank services?

(a) Yes ( )

(b) No ( )

12. Does this bank offer you any services particularly desigued to suit your requirements?

(a) Yes ( )

(B) No ( )

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

(a) Very unfriendly ( )

(b) Unfriendly ( )

(c) Courteous ( )

(d) Indifferent ( )

(e) Very courteous ( )

14. Are your Complaints attended to ?

(a) Yes ( )

(b) No ( )

15. Should Banks open on Saturdays?

(a) Yes ( )

(b) No ( )

Give reasons for your answer.....

.....

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

.....

.....

.....

.....

17. Should Banks extend their working hours beyond 2.00p.m ?

(a) Yes ( )

(b) No ( )

If yes briefly explain .....

.....

.....

18. Any other comment on the present banking operations in the Country? .....

.....

.....

.....