THE RELEVANCE OF MARKETING STRATEGIES IN THE BANKING INDUSTRY: A CASE STUDY OF SELECTED RANKS IN KADUNA.

BY

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DECLARATION

I, Awara Ebenezer Elemi, hereby declare that this project is written by me and only me and that it has not been accepted in substance for any other degree and it is not being submitted concurrently for any degree.

I also declare that both published and unpublished articles directly used in this: project are appropriately acknowledged.



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CERTIFICATION

This project meets the regulations governing the award of the degree of master of business administration of Ahmadu Bello University, Zaria, and has been certified and approved by the undersigned.

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DEDICATION

This work is dedicated to:

My late beloved father, Elder Gabriel E. Awara;

My Mother Mrs. Arit Elemi Awara and

My beloved brother, Mr. Everest E. Awara

for all their wonderful love and kindness to me.

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ABSTRACT

The study is the relevance of marketing strategies in the banking industry. A case study of selected Banks in Kaduna.

Chapter 1, states the research problem, explains the aim of the work which find out the impact the different marketing strategies being adopted by various banks have on their profit and growth in the face of competition, survival drive and distress syndrome in the Nigeria Banking Industry.

Four hypothesis are used in this study. In order to prove or disprove the hypotheses some variables are used.

An analysis of the data indicated that the unstable economic, political climate and the compulsion to declare mega profits in the short run forced the banks to abandon the traditional arm-chair banking practice to develop equality service that satisfied the need of the customers at a profit to the bank. This however mean that because of the effective marketing strategies articulated by the banks the tendency for people to operate business with them increased, which of course lead to growth and increase bank deposit.

The analysis also shows that no matter how effective marketing strategies articulates by Banks it will not be authentic if the economic of the country are bad since the Government has great influence on the banking industries and the economic of the country.

The study concluded with a set of findings and recommendation which it is hoped, if applied will improve the performance of the five selected banks.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The role of the financial sector in promoting rapid economic development cannot be undermined. It is a well-known fact that the financial sector is the heart of the economic system. For a successful process of economic growth and development to be witnessed in any country, it is inevitable that a properly functioning financial system must exist. In Nigeria, the financial sector consists of the banking system (ie the central Bank, Commercial Bank, Merchant Banks, Co-operative Banks, Development Banks), the insurance and provident funds, finance houses, the money and capital market, saving institutions and finally the public sectors.

The objectives or roles expected of the banks in the economy were highlighted in the fourth National Development plan (Anyebe A, 1997)' To ensure that:

(a) All available savings are mobilized through the provision of efficient banking Services and bringing such services closer to the door steps of customers within limits of manpower availability

(b) Adequate credit is channeled directly to the productive sectors of the economy especially agriculture and manufacturing in order to foster rapid economic growth and diversification.

c. There is general improvement in the quality of service. In any other economic units, the individual commercial bank is a profit-oriented organization (ie its goal is to maximize profit).

This is because the banks are accountable to the shareholders, who have invested with the purpose of receiving good returns in form of dividends and capital growth. Also the substantial cost incurred in the day to day operations must be sufficiently covered from the profit earned.

The bankers obligation is owed to various parties in the economy, the interested parties are as follows.

i. The shareholders; the bank must ensure that the owners interest or wealth is maximized over time. This can only be achieved if the bank is making profit from operations.

ii. The Government; the bank must comply with the economic policies and regulations e.g fiscal and monetary policy of the Government as it effects them.

iii. The customer: these can be classified into two group:

(a) The depositors: the confidence that funds deposited with the bank is secured and well protected must be undoubted. And the bank be able to honor promptly the request by the customers for the whole or part of the funds in the future date or on demand.

(b) The borrowers: It is also the responsibility of the bank to make available fund to customers who wants to borrow for investment or consumption purpose at a relatively cheap cost and at the appropriate time.

(iv) The community is also owed some social responsibilities; example is by the bank contributing towards the community development.

Like any other business organization, the bank cannot sufficiently satisfy all the needs of these parties, but it must try to strike a balance ie it must try to reconcile these varying obligations without offending any of the parties. In order to satisfy the customers and shareholders, a state of equilibrium between liquidity and profitability must be strived at. Therefore the bank will invest part of the depositors fund in profitable ventures like loans and advances, overdraft etc. It must maintain a comfortable liquid position adequate enough to meet the depositors and borrowers request for funds by holding cash or near cash assets, eg. Money at call, bill discounted, investment in money market etc.

For the bank to successfully play its financial roles and attain its general objectives of profitability, growth and increased share of the market in today's bank competitive environment, the marketing of its financial services has become increasingly necessary. In marketing financial services, the bank must endeavor to create and deliver customer-satisfying service as at a profit to the bank. It is disheartening to note that before now, the urgent need for marketing of financial services by the banking industry in Nigeria was not felt at all. The banking environment has been characterized by inactive marketing, the banking market has always been a seller's market and armchair banking was prevalent. The belief of the banker was that the customers will keep coming irrespective of the quality and quantity of the services been rendered to them. In effect, the quallibe customers were chasing the bank for business.

Recently, a wind of change has blown which caught must of the banks unaware, and this has led them to pay more attention to effective marketing of

their services. The introduction of the structure adjustment programme and its incumbent deregulatory pricing system, the aggressive competition from other banks and non-bank financial institutions, coupled with the decreasing level of profit margin of most banks have resulted into various banks attempting to improve existing services and /or introducing various schemes into their services.

1.2 STATEMENT OF THE PROBLEM

With intensified rivalry, ebbing margin, limited differentiation and more discerning customers, the need for banks to be customers driven in their marketing strategies cannot be over-emphasized.Research Questions will be used to derive valuable information and details about the marketing efforts of Nigeria banks. The areas of interest in this research can be adequately and systematically considered by looking at the following research questions:

- Are banks innovative enough and do they have the capacity to deliver different products to customer?
- How far have banks been able to pursue vigorously marketing strategies?
- What are the commercial bank services and how are they relevant to the public?
- Why has it become necessary for banks to embark on various marketing techniques and product differentiation in order to sell their financial services?
- Can the marketing strategies of the banks be further improved in order to make old customers remain and new ones attracted?

- Has distress syndrome in the banking industry affected customers perception and confidence reposed in Nigerian banking services delivery?

1.3 STATEMENT OF HYPOTHESIS

A hypothesis is a conjectural statement of the relationship between two or more variables, Hypothesis are guide for the investigator in the entire process of research endeavour and they keep the researcher on the main line of his study. They tend to serve as assumed answer to his principal questions, the correctness of which he assesses in the course of his study.[2] Hence for the purpose of this research to be achieved, the following hypothesis will help in verifying the research statement .

i. Effective marketing strategy in the marketing of bank services leads to increase in Banks deposit, growth and profitability.

ii. The ability of a bank to return existing business and pull in more business depends on superior relationship management, proper marketing efforts and well-grounded strategies focus.

iii. There have been innovations in the banking industry vis-a-vis introduction of electronic banking products, aggressive marketing and product differentiation.

iv. The Nigerian banking industries are highly competitive and the ability of a bank to cope with the present economic circumstances depends on their marketing strategies.

1.4 PURPOSE OF THE STUDY

Marketing bank services have evolved from the subtle, dignified silence of the 50's and 60's through the era of aggressive advertising and through the era of the skimpy skirts". This research project is carried out in order to ascertain the impact the different marketing strategies being adopted by various banks have on their profit and growth in the face of competition, survival drive and distress syndrome in the Nigerian banking industry. The unstable economic and political climate and the compulsion to declare mega profits in the short run had forced banks to abandon the traditional arm-chair banking practice to develop different marketing strategies that will help in delivering quality services that will help in delivering quality services that will satisfy the needs of the customers at a profit to the bank.

Efforts will also be made to investigate the problems encountered in the application of different marketing strategies. It is hoped that the emergent recommendation will help to improve banking services delivery to customer and the Nigerian banking industry in general.

1.5 SIGNIFICANCE OF THE STUDY

As earlier stated that in the 50's and 60's marketing bank services have evolved from the subtle dignified silence through the era of aggressive advertising and the era of the "skimpy shirt", it is hoped that my findings many banks would come to reality by knowing the expectation of their customers or the prevailing situation thereby adjusting in accordance to the prevailing situation.

It is also hoped that the results obtained from the study will add to knowledge and so, be of practical value to businesmen etc. Subsequently, scholars will find the study useful as a source upon which to build future investigation in this discipline.

1.6 SCOPE OF THE STUDY

This research work shall take a cursory look at the Nigerian Banking Industry in general but with special reference to some selected commercial banks. Only offices of the banks in Kaduna metropolis would be used for the purpose of the study. Therefore the ability to generalize shall be limited since only Kaduna branches of the banks are to feature. This is as a result of time and financial constraints.

1.7 LIMITATION OF THE STUDY

The Relevance of marketing Strategies in the banking industry has one major limitation and that is the pacify of relevant and up-to date literature, the scarcity placed a constraint on the research.

Another limitation of constraint in the course of the study is the resources to travel far and wide to sample the operating activities of the selected banks across the length and breath of the federation.

The un-cooperate attitude of most banks personnel approached for discussion in the subject matter was another limitation placed on the study. Some of these unwilling officers viewed the researchers request with contempt and suspicious on the premise that it is a fault or espionage mission.

1.8 **FOOTNOTES**

1. A.A. ANYEBE: Lecture notes on theory and practices of planning, B.A. Admin. 400 Level, 1996/97 Session Pg 5

2. E.C. Osuala: Introduction to Research Methodology, New Edition, Africana-Fep Publisher Ltd. Onisha, Nigeria, 1987, Pg. 46.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

Literature review is an important part of project writing. It is a basic upon which the test is build. Most writing are in papers, magazines, journals etc concerning the background and adaption of marketing strategies by banks which had adequately led to the emergency of a large body of literature on the relevance of marketing strategies.

Even though marketing strategy has now become part and parcel of bank duly, the Nigeria experience suggest that marketing strategy has somehow tended to complicate issue because it contains the basic approach but not the detail.[1]

2.2 WHAT IS MARKETING STRATEGY?

It is a general statement of the way in which an organization plans to achieve its objectives usually they are established for long terms and serve to direct short term activity. It is derived from the GREEK word "STRATEGOS" meaning GENERAL (O HUDSON, 1999)[2]

In the business sense, however it refers to action by management to offset actual or potential actions of competitors. Thus, it is a unified, comprehensive and integrated plan relating the strategics advantages of the firm/bank to the challenges of the environment. It is designed to ensure that the basic objectives of the firm/bank are achieved.

A business strategy, sometimes termed a competitive strategy or simply strategy is shaped by six consecutive elements or dimension. (D.A. Aaker 1992)[3] as stated below.

i. The product market in which the business is to complete, which according to Aaker the scope of a business is defined by the product it offers and chooses not to offer by the markets it seeks to serve and not to serve, by the competitors with whom it chooses to compete and avoid and by its level of vertical integration.

ii. Level of investment, which is framely investing:-

- To grow or enter the product market
- To maintain the status quo
- To milk the business by minimizing investment and
- To recover as much of the assets as possible by liquidating or divesting the business.

iii. The functional Area strategic needed to compete in the selected product market which has to do with how companies banks etc compete using functional area strategies such as.

- Product line strategy,
- Positioning strategy,
- Pricing strategy,
- Manufacturing strategy,
- Logistical strategy,

iv. The strategic asset or skill that underlies the strategy providing the sustainable competitive advantage (SCA)

A strategy skill is sometime a business unit which does exceptionally well, such as manufacturing or promotion which has strategic importance to that

business. Also, a strategic asset is a resource such as a brand name installed customer base, that is strong relative to competitors.

To formulate strategy, management has to consider the cost and feasibility of generating or maintaining assets or skills that will provide the basis for a sustainable competitive advantage

v. The allocation of resources over the business units which invariably mean that all resources (people, finance, physical) generated both internally and externally need to be effectively allocated.

vi. The development of synergistic effects across business. The creatism of value by having business units that support and complement each other. Business firms that have synergistic effects will have a competitive advantage over those that do not.

In essence, marketing strategy becomes very essential. Apart from helping to solve current needs of the banks etc toward the future, without some planning procedure, there is the danger that the bank etc will exhaust much of its emergie pursuing unnecessary disputes. Whilst its marketing may become little or more than an uncondinated mixture of interesting bits and pieces.

2.3 WHAT IS BANK? ITS ORIGIN AND FUNCTIONS

Banking is a trade because banks are set up as other business concerns. It has customers with which it transacts business. In short, a bank can be defined as a "dealer in money and credits holding itself out to receive from the public deposits repayable on demand by cheque" (Law, 1982)[4]

In England, banking had its origin with the London goldsmiths, whose nature of work enabled them to have facilities for keeping valuable goods or commodities, e.g. gold, silver. Merchants who had money in those days and could not keep it usually put their money in the custody of the goldsmith. But whenever any money is kept with a goldsmith a receipt would be issued to the owner. The goldsmiths at first charged fees for keeping other people's money. Gradually the receipts which the goldsmiths issued to owners of money began to be used as money itself. As an illustration, if "A" keeps his money with "B" who is a goldsmith, "B" give "A" a receipt to cover the amount "A" keeps with him. "A" can use this receipt to buy goods from "C". And immediately "C" takes the receipt to "B", he collect the money. It is possible for "C" to transfer the receipt to another man who may finally collect the money given began to be used as money and hence goldsmiths became the first issuer of loans and the originator of bank notes.

Goldsmiths realised that not all money kept with them are withdrawn at a time, and so long there is no difference between money, they began to lend out part of the money kept with them. At this stage goldsmiths began to receive interest from those who got loans from them. In order to make more money, they started to induce people to keep money with them, for the more money people kept with them, the more money they were able to lend out, and the more profit they were able to make. In this process, banking system developed.

In the light of above the function of banks becomes- Accepting deposit, which is the oldest banking function. But present banks pay intersts on deposit

accounts (Saving accounts) and they do a lot of advertisement to attract deposits both demand and time deposits. However, there are two different types of accounts- the current accounts which are withdrawable on demand and the deposit account repayable on demand or after agreed notice. By receiving deposits, banks act as "clock-room" for the money and valuable of their customers saving deposits are not subject to withdrawal by the use of cheque while demand deposits are Subject to withdrawal by the issue of cheque.

It also acts as Agents of payments. Customers of commercial banks can instruct their banks to pay their creditors. Thus, banks help to settle debts. In this way banks act as agents for their customers. Moreover, most business transaction payments are carried out by cheque. This is because it is convenient as a mean of payment thus eradicating the problem of carrying about large sums of money. Infact, cheques economises the carrying of cash and provides a safe means for the transmission of money through the post.

Banks also act as a lending Agents to their customers and it is the most profitable business of the commercial banks Commercial banks make advances to customers by means of loan account. In this case the current account of the borrower will be credited by the amount of the loan and at the same time a loan account for this sum will be opened. The borrowers usually pay interest on the full amount he has borrowed

Banks also makes advances to customers by means of overdraft with an overdraft the customers is permitted to draw cheques for a total amount greater than that standing to his credit.

Discounting Bills of Exchanges is another means of advances made by banks. This simply mean that a bank is making payment on behalf of its customers to creditor promising to pay at some future date. Here the bank and at the same time allows the debtor a period of credit. This method is commonly used by businessmen to settle import bills, before the imported goods are sold. Banks therefore act as middlemen between owners of money who cannot use it themselves and traders who want to use money for trading purposes, but cannot provide it on own. In this way banks bring together money from different sources and give it out to those who will make profitable use of it.

Miscellaneous services to customers is another function of banks. These include variety of personal services to their customers. They act as customers agents in buying or selling of stock exchange securities. They obtain foreign currency for customers and they issue bank drafts, traveller's cheques etc. Consequently, Banks encourage and advice entrepreneurs on whether to invest in a project or not. They can help investors in the preparation of feasibility studies. They also provide financial advice to their customers.

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2.4 AN OVERVIEW OF NIGERIA BANKING INDUSTRY

The Nigeria Banking Industry started in 1892 when the African Banking Corporation was incorporated. In 1894, the Bank of British West Africa, now first Bank of Nigeria took over African Bank Corporation operation, (ABC's) This was followed by the establishment of Barclays Bank (D.C. and O) now Union Bank of Nigeria. Between 1914 and 1935 several indigenous Banks entered and

existed in the Industry because of inexperience in Bank Management. It was not until 1933 that the first indigenous bank, the National Bank of Nigeria successfully joint the industry followed by Agbonmagbe Bank (Now WEMA) in 1945. Two years later, the African Continental Bank was established in 1947 (Ekundayo, 1994)[5]

By 1960, the total number of commercial banks reached 12 with a total of 160 offices and branches. This number increased to 45 in 1985, consisting of 29 Commercial banks, 12 merchant Banks and 5 specialized Banks. As a result of the relaxation of the rules of entry for new Banks in 1986 as part of the Structural Adjustment Programme (SAP), the total number rose steadily to 120 in 1993 and declined the following year to 116 in 1994 made up of 65 commercial Banks and 51 Merchant Banks. Their combined network totaled 2541 in 1994 as against 160 (Ekundayo, 1994)[6]

Okore (1995)[7] in his own contribution reviewed the economic deregulation and financial system liberalization, as a result on the introduction of the Structural Adjustment Programme (SAP) on July, 1986 the period 1986-1992 saw the achievement of the above objectives through development of our domestic capacity for growth, through backward integration and intersectional linkages, through the use of appropriate price signals and incentives and through an overall shift in macroeconomics policy from an administered, public sector dominated economy to a market-driven private sector-led economy. The new responsibilities of the banking system now included the foreign exchange market, increased emphasis on export financing and enlarged volumes of capital issues resulting

from the privatization and commercialization programme. Structural Adjustment Programme (SAP), therefore tremendously expanded banking business and made the liberation of bank licensing imperative. However, Akinlo (1992)[8] identified the presence of some institutional and in-built destabilisers in the adjustment programme which have serious implications for efficiency of the adjustment programme. These include the structure of the economy, the investment reduction impact of the programme, the inflationary effect and the important issue of credibility all which lead to reduce the success of the adjustment programme.

Lawal (1992)[9] looked at the forces unleashed by liberation and deregulation of numerous facets of economic life in the country which have led to increased competition among banks and other financial institutions for inputs in form of skilled manpower, capital and deposits which form the basic raw material for the industry's intermediation function. Liberalization in the financial service sector in Nigeria is seen as having two components. The first relates to the relaxation of regulatory controls particularly with regards to barriers to the entry of new participants. This has, amongst others things consisted until recently with the relaxation of administrative barriers to the entry of new participants in the banking industry and the promulgation of enabling legislation for the establishment of new types of institutions such as unit Trusts, mortgage finance companies and the peoples Bank. These banks had grown to include branch network of over 165, 105 Bureau de change by mid-1991 and community Bank of which 10 had commenced operation by 30th of June, 1991. The emergence of several new types of institutions as highlighted above, is thus, a concrete

manifestation of a determination to bring financial services within access of the general populace of this country. This is a welcome development as it has incorporated a market-based approach towards achieving desired objectives.

The other aspect of liberalization namely the deregulation of interest rates and exchanges rates has led to significant development in the money and foreign exchange markets.

Following the rise in the number and types of financial institutions competition emerged by means of evolution of various types of money market instrument. The money market instruments include treasury certificates, commercial paper (CP), Bankers Acceptance, BA. Banks Unit Fund and Certificate of deposits. This has entailed the introduction of products which offer deposit higher rates of return through the payment of interest up-front rather than at maturity of the instrument in question. This provides the investor the option of enhancing his yield through the re-investment of his interest income thus enabling money to work twice as hard.

2.5 MARKETING OF BANK SERVICES

Marketing is an integral part of the strategic planning process. It represents a fundamental philosophy of banking in which management recognises that the bank should be market driven and thus adopts strategies that focus on meeting consumer needs coincident with a profit plan banks should have a marketing plan.

Koch (1992)[10] identified steps in marketing planning as conducting a situation analysis, setting objectives, selecting target markets, designing a marketing strategy, implementing the plan and conducting a post-audit. Successful

marketing efforts exhibit three basic features: they are customer-focussed, they achieve customer satisfaction that is profitable to the bank and they involve the entire organization. Marketing is the responsibility of every bank employee. Whether at work or in his or her leisure time, every employee who comes into contact with a potential or existing customer is marketing the banks. Bank thus has a responsibility to train employees in terms of how to interact with the public. Without customers, banks would have no revenue. Marketing is direct at protecting and expanding this stream of revenue. It does so by keeping existing customers, broadening their banking relationships by cross-selling services and attracting new customers. Marketing planning evolves from a bank's strategic plan, particularly the situation analysis and formation of objectives. During these stages, management identifies the bank's strengths, weakness, opportunities and threats and targets new and existing market segments. The target segment determines what services will be offered and to whom.

Different Authors of great repute had put in enormous efforts to fashion out definition of marketing. Philip Kotler contends that "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others[11].

Nevertheless marketing entail the four marketing strategies that are identifying the product, attaching the price, efficient distribution network, attaching the price, efficient distribution network and promotion. Marketing can also be looked at as a social process in which the material needs of society are identified expanded and served by a set of institutions[12]. Some decades ago,

marketing was solely applicable to goods only and not services and even creating a marketing departments in Banks sounded odd talkless of employing marketing executive. However in recent years, bank are becoming marketing conscious.

According to Alabi (1995)[13] the target of marketing bank services is to increase the deposit base of the banks and induce the credit worthy customers to borrow at a profit. He further stressed that it is imperative for to market their services as a result of cheques in technology and competition among banks and other financial institutions in Nigeria which has drastically increased with an increasing number of banks branches, among commercial and Merchant banks and unit banking among community banks.

Bank marketing according to Seeborn (1991)[14] is the creation and delivery of customers-satisfying services at a profit to the bank. It involves:

- Identifying present and future markets for services
- Setting long and short term goals for the progress of existing and new services.
- Selecting which market to serve and identifying customers need within them.
- Managing the service so as to persuade customers to use them at a profit and controlling our success in so doing.

It was further stressed that to enable a meaningful strategy to be formulated, one has to achieve:-

- The identification of the market.
- The choice of markets and segment of markets and

- The management of resources to serve those chosen markets.,

Long rang forecasting has its place in identifying future markets provided it serves its real purposes which is to be a basis for realistic planning. Although a bank may identify the best markets within its general field, no bank can serve every market in sight. Every bank has certain constraint and certain strengths and skills which it must recognise. These will determine in which segment of each market it must leave alone. The strengths and skills includes the following:-

STRENGTH

- Very large financial resources
- High credit standing
- Wide credit and commercial network
- A branch manager network which gives deep market penetration.
- A bookkeeping and money transfer system
- International connection

SKILLS

- Lending in a variety of tenors eg 30 days, 90 days etc.
- General elementary personal financial advice
- Cheque processing
- Foreign transaction processing
- Certain specialties-trustee, income tax etc.

Since banks operate in a competitive economy, decisions on a bank marketing mix are influenced in many ways:-

In the period of recession (national economic) lending and borrowing always decline. This is because the possibility for business to expand decline as such saving and borrowing are adequately affected.

The socio-cultural, environment is another factor affecting banking services. Habit and custom of the people do influences banking services. However certain section in the United Kingdom feel that whether it is in the period of recession or not it does not affect banking. They also pointed that credit card promotion encouraging people to borrow irrespective of the situation (Seeborn, 1991)[15]

Marketing plans are also subject to the constraints of the political and legal environment. The legal need to disclose true lending rate is a recent change which obviously affects advertising.

The need to obtain planning permission to open new branches affects competitive speed and secrecy. Thus, the determination of the marketing strategy is the function of the chief executive, whose responsibility is to see that the bank is always properly placed in the business environment. The strategy must provide the best combination of long-term improvement in profitability and stability.

2.6 NEW PRODUCT DEVELOPMENT AND INNOVATIONS IN THE BANKING INDUSTRY

A product according to Kotler (1988)[16] is "anything that can offered to someone to satisfy a need or want". Normally the word product brings to mind a physical object such as automobile, a TV set etc. but the expression products

and services are used to distinguish between physical objects and intangible ones. In an organization an important responsibility of the marketing department is to help the company identify new markets and opportunities and respond to them with appropriate and effective product solutions.

The banking industry in Nigerian had until recently been characterized by what experts called "armchair" banking. Armchair in the sense that banks managers usually relax in their air-conditioned offices expecting customers to come and discuss their business matters with them. Since competition was more or less unknown in the immediate past banking era, there was little or no need for marketing techniques which include innovations products development public relation promotion and marketing research. The banks then concentrated mainly on advertising as their only marketing strategy. The recent upsurge in the number of licensed banks and the wave of deregulations which blend across in the financial system, has made competition keenes in the banking industry. Between 1985 and 1991, the number of banks operating in Nigeria increased from about 40 to 120 (Berry, 1970)[17] This profiteration of bank broke the semi-monopoly hitherto enjoyed by old banks. The new competitive environment in the industry has brought to an end the kind of banking services rendered by the first generation banks. The new generation banks came with sophisticated computer equipments which facilitate business transaction thus giving them an edge in terms of efficiency. Customers on their parts are becoming more sophisticated and choosy in their needs. With these trends, the old and the new banks alike realized that to survive, they must capture a reasonable share of the market

through the adoption of aggressive marketing strategies. This accounts largely for the numerous innovations by banks such as first city Merchant Bank's Net yield investment certificate, money Dispensing machines of society generate bank, Afribank's Women savings Scheme, Electronic fund Transfer of Universal Trust Bank and the House savings and loans scheme of UBA PLC. A growing phenomenon among banks in recent times is Saturday Banking Services Pioneered by Equatorial Trust Bank, Universal Trust Bank, Occanic Bank and Afribank to Mention but few. The general reason for this development was to make banking services and facilities more convenient for customers. The facility therefore enables customers to transact their businesses without having to wait till the next working day (Monday) to make their payment or withdrawals.

While reviewing new product development, Ali, (1992)[18] highlighted the following benefits which are attributed to the growing trend among banks.

- Enhancement of individual bank's corporate image
- Bringing banking services nearer to the people
- Showing up capital base of banks due to increased deposited.

The various strategies being adopted by the new banks for survival are as many as there are bankers. These include provision of qualitative and prompt services to customers, employing state of the art technology and highly motivated employees in addition to spontaneous response to change in the economy. (Olufalae, 1992)[19] Others include specialization in specific areas and the packaging of new products/services, opening of branches in strategic locations, training and retaining of staff, maintaining contented staff and improvement of

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assets quality through strict credit control policy. The survival strategies of the new banks have also been reflected in the array of differentiated products and the strong marketing strategies which some of them have adopted. Infact, the Nigerian Banking industry now abounds with up to 160 New products/services, all packaged to attract customers. Some of the banks have two or more of such schemes either in operation or in the pipeline. They forms designed to outwit even the most shrewd investors. In the same manner, there have been more activities in the money market as banks trade in attractive financial investments.

The competition ahead no doubt will task the ingenuity of banks management. Apart from the obvious challenges of how to sustain the level of profits that are being declared, banks must give serious thought to improving both the range and quality of their services. With the gradual shrinking of the deposit market, occasioned by low savings rates, the scrambles for despots is on the upswing among Nigerian Banks. A veritable instrument in this scramble is the introduction of electronic banking products believed to increase efficiency in delivery. Quite a number of them are now in the market and the list includes Computer Networks, Credit Cards, Smart Cards, Electronic funds Transfer (EFT) and Automated Teller Machines (ATM). The EFT is, however, the vogue in the industry as banks strive to mine the perceived large market for money transfer from Nigerians resident abroad. (Ajomale 1998)[20] Union Bank of Nigeria (UBN PLC), recently launched into the money transfer market what it calls Union Bank Vigo Money Transfer product though coming on the heels of first Bank of Nigeria, FBN's Western Union Money Transfer and United Bank for Africa,

UBA's Money Gramm introduced in 1997. Improving service delivery is one reason many banks are jumping into the money transfer bandwagon especially the older banks which are striving hard to shake off their old image of dour, conservative banking. Yet, also important are the returns. First Bank of Nigeria is said to generate substantial revenue from its Western Union Money Transfer Product. FBN, industry sources acknowledge, has been able to generate much interest in the product because of its superb communication strategy, an area UBA Money Gramm is just managing to improve.

During the 1998 International Trade Fair, Gulf Bank Nigeria Plc launched the Gulf Super system. Through the Gulf Supernet, customers can access their accounts and carry out full banking transactions directly from their personal computers. The Gulf Bank's home banking system also enables client gain entries into their accounts from the comfort of their homes through the telephone. All the customers needs is a pin number and personal password. (Roger, 1998)[21].

Banking trends show that the industry worldwide is getting more automated with new electronic cash products such as smart cards which can hold sums running to millions of Naira. All states Trusts Bank ESCA can hold up to ₦16 millions in a small complimentary card-size plastic card. The smart card project is designed to promote non-cash payment system in the economy through the use of electronic cards that store value in Naira. Recently, a new investment products, Equity Capital Appreciation Note (Equity-CAN), was introduced into the financial market by Equity Bank of Nigeria Limited. The product whose features include a minimum investment of ₦200,000.00 at a minimum tenor of 90 days is

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principally designed by Equity Bank to specifically protect investor's capital from the value eroding effects of inflation. Equity-CAN as a product appeals to discerning investors who desire high yield on their investments without compromising value and safety.

Mutambuka and Ogungbenro (1993)[27] reviewed the innovative tends in the Nigerian Financial system during the era of Structural Adjustment Programme (SAP). These are institutional, Regulatory and Technological changes. A Major institutional development is the increasing importance of liability management in the Nigerian Banking system. Banks now aggressively hunt for deposits and instruments such as certificates of Deposit (CD's). Bankers Acceptances (BA's), and Commercial banks (CP's). Bankers have also altered their marketing strategies in persuading the public to hold the more traditional forms of deposits such as Saving Deposits (SD's) and Time Deposits (TD's) with the introduction of various incentives being worked out for Depositors Loan syndication is another innovative banking practice that banks embrace as a strategy for extending loan to customers. It requires banks to form consortia when extending credit to large borrowers rather than operating in an individual bank-customer relationship as was previously the practice.

2.7 MARKETING CHALLENGES AND COMPETITION IN A CONTRACTING BANKING INDUSTRY

Competition is a tool for survival and growth through customer satisfaction in an economy where the customer has a choice among producers of goods and services. It has been a key feature of the economy since independence.

Competition has been fostered by the participation of government in several economic activities which provided alternative sources to the offers by the private sector.

The Bank of British West Africa enjoyed a monopoly of the formal banking sector till the coming of its first rival in 1917. It was however with the commencement of the first banking boom, which incidentally created the basis for competition in the industry. Initially, the campaign for customer's fund and the need to sell banking services were viewed from two fronts. The early operators saw it as a colonial versus indigenous affair and this manifested itself in their activities. Since the foreign banks were financed and staffed by their foreign head offices, their targets were the Government institutions, the businessmen especially the Asians and Lebanese Traders and a sprinkling of the locals. On the other hand the indigenous banks saw the marginalisation of local traders from banking/credit facilities as a challenge and an opportunity for competition. The distates of the 1952 Banking ordinance equally lent weight to competition in their direction, Commercial Banks were restricted to compete along non-price lines as they could not offer differential rates to customers on their despots.

The summary of the foregoing is that competition between the early indigenous banks and their foreign counterparts was fought by employing two major instruments. These were the use of credit facilities and branch expansion to woo and retain customers. However, this among others, led to a heavy death toll on the early indigenous commercial bank (Ojo & Ajayi 1951)[21] Deregulation has created a new wave of their generation banks. The free exit principle of

perfect competition embedded in SAP has given birth to large number of banks. This has intensified competition and has led to a high labour movement within the industry as the new banks have to poach on the established ones for their staff. Different strategies have been adopted to lure customers. Each creates a unique identity, advertises its products and emphasizes the level of modern technology with which its services are rendered. Old products are re-packaged new ones introduced with enticing return on investment.

In order to wind and retain customers loyalty and elicit positive response of association from corporate responsibility, unique architectural designs and craftsmanship are now being employed in building and fitting branches and head offices of banks.

Another weapon of competition which the deregulation decree brought into play include the development (and employment) various types of financial products and repackaging of existing ones in the same grab by the bankers. Although portrayed by developers as instruments of exhibiting their cared for the growing fold of banking operators, most banking products have been directed towards shoring up the liquidity base of the commercial and merchant Banks (Adegbite 1994)[23]

The importance of keen competition in the development of the modern marketing concept where the customers for the centerpiece of all business functions in non-bank industries cannot be over-emphasized. The lack of competition in the commercial banking industry in Nigerian has in no small way contributed to the smugness of the average commercial bank. Prior to 1979,

Government deposits in the Barclays Bank, for example, were about 25 percent of its total deposits. There is attendant danger to this very cozy relationship with the Government. In the light of this embarrassment received by the Government from the Barclays Bank, the Federal Government ordered its department and the state Government to withdraw their accounts from Barclays Bank following an unfavourable remark by the Chairman of the Barclays Bank International in London on the Question of Barclays Bank in South Africa (NNOLIN, 1985)[24]

The current practice of opening branch banks in rural areas is a controlled competitive move though with the nudging of the authorities. It should however, be backed with a re-orientation in lending policies in particular and improved banking practices generally for the exercise to yield any benefits to the banks and the nation.

However, it is worth mentioning the extent of unhealthy competition among banks nowadays. A lot of banks have shunned the rules of banking to participate in the on-going cutthroat competition in the market. The characteristics of this competition are unauthorized loans given by Branch Managers for little rewards, Uncolaterised loans, shoddy project appraisals, turning the blind eye to whatever business their customers do, and covering information on their exploit (Alabi 1998)[25] Unhealthy competition is working in favour of some smart customers. Each bank enters a particular location and asks for big players. Without appraising the transactions done by such players, they give customers more than what other banks offer at lower charges. This gives room for the customer to play them.

Banks identify the cash markets-Oke-Arin, Idomota, Daleko, Alaba all in Lagos, Kano, Onitsha etc. Not minding the banks already there, they move in enmass to over bank the area. Rather than being overwhelmed, customers utilize all the choices and the process hurts some banks. However with the line of demarcation between merchant and commercial banks removed competition is expected to be worse. With intensified rivalry, ebbing margins, limited differentiation and more discerning customers, the consolidation of the banking industry and the need for banks to re-engineer their marketing philosophy was stressed (Sodale, 1998)[26] Like management competence and financial muscle, attributes such as technology, courtesy and quick response are fast becoming order qualities to be perfumed by customers, rather than the "big competitive edge". Hence deeper issues such as customers forecast, the compatibility of offered services with the core competence of the bank (and the need of the customer) and the ability to be responsive to the environment will determine which bank gets sufficient bankable business to be of reckoning.

2.8 IMPLICATIONS FOR BANK TOP MANAGEMENT

However, what should bank management be doing today? It is important to have a clear perception on few of the more important implication of the changing environment as shown below.

i. Seek New sources of income:- With the ever increasing competition and erosion of traditional banking business, new sources of revenue and profits must be developed. The expansion of bank holding companies and the

recent federal legislation have significantly broadened the concept of the banking business and the types of business that banks can enter.

In addition to those new areas permitted by legislation, there are significant opportunities for developing new sources of income within existing traditional banking sectors. In the international field merchant banking, consortiums and joint ventures all present relatively new sources of income. In addition, the dramatic changes expected in the payments mechanisms also present opportunities for developing entirely new sources of income within the operations services area.

Bankers must be particularly alert to the numerous opportunities available to them. Most importantly they must be aware of the long-term benefits afforded by entry into new fields, not merely the short-term impact on profits.

(ii) Develop New Approaches to fund Acquisition:- As this study indicates, funds acquisition rather than funds application will assume primary importance in the decade ahead. Competition for investors available funds is expected to increase dramatically. Bold new approaches to funds acquisition will be required if banks are to secure, at acceptable prices, the volume of funds they will require.

On the basis of historical trends, the individual retail customers will continue to be the major sources of funds to the banking system. Much greater attention must therefore, be given to this market segment than has been given by most banks in the past. In addition Nigeria banks must consider the application of international sourcing techniques in support of domestic lending activities.

(iii) Refine marketing strategy:- The dramatic changes taking place in the way individuals and business approach and handle their financial affairs demand that bankers develop new and revised marketing strategies. The primary prerequisite for developing an effective marketing strategy is thorough understanding of bank customers-who they are, where they are, and what they need. Expanded marketing research and development of an adequate customer data base will be essential.

Bankers must also look carefully at their existing product lines and at how the banking system can develop new products and services and product lines extensions. Creative grouping and packaging of services will be vital in meeting the need of various customers groups.

Another area which require revaluation is the pricing of services, particularly noninterest-bearing services. Bankers must face up to this issue and consider in particular how compensating balances should be treated. A much greater understanding of costs will be required than presently exist in most banks. Information reporting will need to be developed which can relate revenue and expenses of services provided by individual customers, by customer groups, and in total.

However, in customer information it is the customer who educates the bank, not the other way around. Nevertheless, it is incumbent upon the bank (or any business) to provide meaningful information so that customers can make meaningful decisions. In customer information, there is a compelling need for banks to explain banking services more effectively. Although many services have

been created in response to either stated or perceived needs by the public, the innovative process is unnecessarily slow because of incomplete or poor information to the customers.

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

In retrospect, this motion is so basic that many bankers today wonder why they fought disclosure relating to lending rates ("truth in lending") and to rates paid on time deposits ("TRUTH IN SAVINGS")

iv. Improve operating Efficiency-Although great strides have been made in the use of computers in the past decades, more effective utilization of them is now becoming acceptable. Vast increase in the movement of funds are expected and there will be an ever increasing need for better information as an aid to effective decision making. Both needs can only be met through better use of the computer. Top management must take an active role in decisions affecting the automation of banking functions due to the magnitude of such decisions and their impact on profits and the entire future of banking.

Since wage and salary costs are the largest non-interest expenses in banks, management must develop methods for more effectively utilizing its personnel

resources. Better training and more effective supervision of personnel are needed. Innovative compensation plans, perhaps including incentive systems, may become an increasingly important tool for attracting and keeping talented personnel. This is particularly true for those functions which compete for talent with industries that have compensation scales considerably different from those in banking.

v. Expand funds management: Unlike the decade of the fifties and the early sixties, change is now occuring rapidly in today's banking environment. Political and economic events, both in Nigerian and Abroad, often have a significant impact on the supply and demand of funds. Increased sophisticated in asset/liability management will be necessary not only to maintain the narrowing interest differential but also to fund the expanded activities of bank holding companies. Future emphasis is much more likely to be upon growth in profits than upon growth in assets.

To capitalize on the profit opportunities available through better resources management, banks must have the ability to make decisions quickly. Timely and accurate data about where and how the bank makes its money and the interaction of various factors are fundamental for effective decision making. Greater use of forecasting will be essential. Modeling as well as other computer techniques should be in much grater use than at present to assist management in testing alternative courses of action. I believe these tools can significantly enhance bankers ability to manage their resources.

vi. Organize to meet changing Needs: Today's bank management must consider the question of its organization. If the key to being a successful and profitable banks in the future is effectiveness in acquiring money, then having an organization geared to putting funds to work or to lending money, as most banks have today, must be questioned.

The advent of the holding company presents a host of new organization issues for bankers. For example, should a one-bank holding company be organized and managed as an extension of the bank? There are many indications that it should not if its potential is to be fully realized. Other basic issues such as the centralization of key functions and the role of the various company toward each other must be addressed for the holding company concept to produce meaningful long-term result.

vii. Develop Management Professionals: The traditional concept of advancing lending officers to the majority of senior management positions within banks and bank holding companies must be challenge in the decade ahead. Since more of these institution are becoming large complex multi-national, multi-industry businesses, there is a need to develop a cadre of highly trained general management professionals. Individuals must be given the opportunity to manage segments of the business early in their careers rather than being thrust into a managerial role after many years of operating as a specialist. Therefore, it can be expected that the EDP operations, branch administration and other area where general management skills are required will provide the training ground for more senior executives in the next millennium.

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If general management professionals are to be developed, then the "management by committee" philosophy which prevails in most banks will have to be de-emphasized. Individual managers must be given the authority and responsibility to manage segments of the business. Not only is the committee system cumbersome, but it tends to produce "watered-down" and compromised decisions and, most importantly, it impedes the development of individuals as managers.

To conclude, my review and analysis of the commercial banking industry indicates that it will face a difficult challenges in the decade ahead. It must adapt to the realities of a new economic era. It can no longer avoid making fundamental changes, since most of the traditional solutions to the problem of maintaining adequate profits will probably no longer be available or tolerated in the decade ahead. While part of this change must undoubtedly be brought about by regulatory and governmental authorities, bank management must also begin to ask fundamental questions about their business. What is this business of banking? How do you organise it? How do you market its services? How do you control its destiny?

Thus, unless these questions are evolved, the banking industry will face stagnation while it will undoubtedly always perform some of the old-line functions, it will find it harder to attract the kind of people and the capital needed to serve the financial needs of this country effectively. Some industry will meet these needs. Will it be the commercial banking industry? Bankers are faced with that decision today.

2.9 WHAT A CHIEF EXECUTIVE OFFICER EXPECTS FROM HIS MARKETING PEOPLE

In viewing marketing and Banking, I strongly believe that banking is destined to become more efficient, more profitable and better prepared than it now is to serve a rapidly changing economy, and that banking has its own unique marketing role to play. In the midst of change all banks can implement the marketing concept effectively. When talking about marketing, it invariably means management because that is what marketing is all about.

Part of the awakening process which had occurred in the banking industry and which first began by banks beefing up their public relations, advertising and business-development departments under the guise of marketing, has been the process of lifting marketing from the cradle and its "seat of the pants" method to top executive status. We hear alot about tired blood on the TV. Well, banking has too much tired blood and marketing is the vitamin injection banking has so long needed.

Robert Walker of the American Tobacco Company expressed it this way " Year ago, marketing was like playing checkers, today it is more like playing tournament chess" Another keen observer has written that the much touted "marketing" we hear so much about is nothing more than "greasy kid's stuff"[27]

It would appear that in too many banks, both the management and the marketing people are far too willing to play a very shallow game of marketing which can pass for nothing more than "greasy kids study", rather than playing real thought provoking marketing tournament chess.

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The responsibility for the "greasy kids stuff" kind of marketing we see in so many banks today can be laid at the doorstep of many unqualified banks trying to play at the game of marketing. The ultimate blame, however, must be laid on the desk of the chief executive.

It appears that there had been too great a tendency for many banks to get on the marketing bandwagon. Some bankers follow the old sheep- herding instinct of following the pack. There has been a tendency for many chief executive to over simplify the marketing concepts. For a bank to state that it now has a marketing concept because it thinks in terms of consumer needs or thinks it is customer oriented, is a firm grasp on the obvious. Marketing is not a retail gravy train. Marketing must be a total top management commitment for a complete program. Many chief executive lack this kind of appreciation or understanding perhaps because they have come up through more traditional lending, investment or operational channels. This is not to be interpreted that all presidents should be marketing men, but it does mean that marketing cannot be what it should be until it is rightfully placed within the top circle of management. It's bitter pill for some older bank managements to swallow when we talk about subservience to the customer. They have, consequently, relegated marketing to a menial line function. There it will suffocate. In my opinion, one of the most important thing a chief executive can do is to let this marketing director make presentations to tell the marketing concept story to stuff, fellow officers, department heads, top management and the board of directors. Only through exposing everyone in the bank to what marketing is really all about can

marketing thinking be solidified. Marketing must review enthusiastic support from top management if it is to succeed in any bank.

However, every expectation of the chief executive of his marketing people carries with it a corresponding obligation from top management.

Every marketing man is to be a risk taker. This type of risk-taking does call for a certain understanding and the marketing people have a right to expect it.

Once there is a risk-taking then marketing people should be bold innovators. This call for action on the part of the chief executive. It is his duty to create an atmosphere for experimentation by not extracting too high a price of penalty when his marketing people fail. Only this kind of climate created by top management can lead to innovation.

Marketing man should be stingy. This is not the popular image. In reality marketing men are characterized as the last of the big-time spenders. But, inturn this frugal attitude must be cultivated by the chief executive. He should regard his investment in his marketing department with the same loving care as his investment in electronic data processing equipment. Certainly, if marketing is to successfully survive in any bank, it deserves a better fate than being written off as annual expense item.

2.10 THE MARKETING CONCEPT

The marketing concept is a modern approach to marketing which developed from the evolution of mass production which resulted in high

competition among business. It is a managerial philosophy aimed at mobilizing, utilizing and controlling of the total corporate efforts for the purpose of providing consumers satisfaction as well as enhancing the profit position of the company. It is a modern way of directing management attitudes to consumers.

There are three important issues in the marketing concept.

i. Consumers satisfaction should be the main aim of any business organization i.e. the firm must find out what the consumers needs and wants are, and should endeavour to satisfy them because it is through the consumers that profit are generated.

ii. :Making maximum sales should not be the target of businesses but making profitable maximum sales.

iii. The integration of management effort in the organization toward achieving individuals customers and organization objectives.

An expression of the marketing concept described in General Electric's Annual Report of 1952 brings out clearly what the concept is all about. The concept introduces the marketing man at the beginning rather than at the end of the production cycle, and integrates marketing into each phase of the business. Thus, marketing through its studies and research will establish for the engineer, design and manufacturing man, what the customer wants in a given product, what price he is willing to pay and where and when it will be wanted. To be precise, Business need to survive before they can grow and make profits. To achieve these entails the realization of the benefits of the marketing concept. This mean that the concept as a philosophy must be translated into action.

Marketing should have authority in product planning, production scheduling and inventory control as well as in sales distribution and the servicing of the products. The concept calls for customer orientation and this can be expressed in the following form.

- The consumer is the king: what the customer wants, he gets it.
- The consumer is at the top of the organization chart in terms of importance.

2.11 THE MARKETING MIX

The marketing mix according to M.S Akamet (Mrs) as an organization's bundle of utility consists of the 4p's - product, place, price and promotion, 28. This is the unique combination of controllable variable that a given marketer offers to consumers. A marketers objective is to create a marketing mix that provides greater satisfaction than a competitor does. In this aspect the banks must do the like by creating a marketing mix that provides greater satisfaction to consumers.

The key to building the best marketing mix is knowing the desires of the people to be served. And the key to success lies in applying the philosophy of the marketing concept to the development of the marketing mix. In essence, the jurisdiction of the entire marketing mix can be sum in just one word that best describes all marketing activity: Communication. The product communicates form utility; place communicates time and place utility, price communicates value and quality, and promotion, by its very nature is a communicative activity. In

short the whole business of marketing is communication. In this essence bank should understand the criteria of communication because communication is the key of business. They should articulate the philosophy of marketing mix as to achieve the desired effect in their banking industry. The interest charged on loan should be minimum to induce borrowers to borrow. Advertisement should be effectively encouraged to enable customers to acknowledge the aspiration of the banks. Also the places where bank are situated should be well known by customers-such wou'd effectively encourage a desire effect to the banking industry.

2.12 : THE PAYMENTS SYSTEM

The amount of paper that needs to be handle to serve customers increases yearly, and banks may find their paper-based, labor-intensive systems incapable of coping with the load at some future point. Customers are not unhappy with the load at some future point. Customers are not happy with the present system, and yet it will be to their benefits, as well as the public's if the payments system can be improved. However, as marketing studies repeatedly show, there is a compelling need to address the customer and public in a more meaningful way than cry wolf.

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

Carefully reading of the banking literature will show examples of failures in electronic payments systems because of two reasons: Operations people dominated design ("marketings job is to sell it, not help design it") or marketing people forgot basic lessons ("marketing doesn't start with the icebox, it start with the Eskimo")29

For example, research studies show that 60-70 percent of this nation's families have checking accounts, which also means that about one-third of them do not have checking accounts. It doesn't take a research study to know which one-third of our nation does not have access to the benefits of such service that automated payments system deliberations have not included the poorer level of our society is an indictment of the planners. In the future, we will have to do a better job of incorporating the market (customer) perspective.

2.13 SOCIAL RESPONSIBILITY

Business has begun to recognize that the profit concept can not longer be thought of in strictly economic terms. Society is demanding and some business are responding to the additional concept of social profit. In short, in the 1970s, as profit is pursued, society's broader and long-term welfare must always be served, not harmed, in the process.

Movements relating to consumerism and ecology are just two of many examples of the heightened awareness and demands of increasingly large segments in society. A new era is upon us. In the old era, it was enough for the marketer to ask can we sell it? But now, the marketer must ask an additional Question; should we sell it?

In fact, a good representation of an affluent economically well-developed society is a shift from consumption of products to that of services and shift in cultural emphasis from things or object to people. Social responsibility is therefore concerned with creating and delivering a better quality of life rather than just a material standard of living. Hopefully, these and other signals emanating from bank customers in particular and society in general, provide some direction to the marketing-minded bank.

2.14 DEPERSONALIZATION

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

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

As more banking procedures are computerized, there is increased danger that the customer will perceive his bank and banking as becoming depersonalized. On the other hand, transferring numerous operational tasks to the computer can be an opportunity to release qualified personnel for financial counseling and achieve a positive feeling of personalized rather than depersonalized service.

In fact, the overall challenge is whether or not bank managements address such profit-making signals in time to "make things happen" instead of to merely "let things happen" Indeed, this is the essence of good marketing.

2.15 THE INFLUENCE OF GOVERNMENT

As earlier stated Government has had a bearing influence in the growth of commercial banking in Nigeria. The companies Act of 1968 strengthened Government control over the activities of banks and made it mandatory for all companies operating in Nigeria to corporate locally under Nigerian Law. All foreign controlled banks were thus obliged to register as Nigeria companies through the bank Act 1969 and in a subsequent amendment. Government further lightened them to tender certain periodic reports to the C.B.N. That same year, the central bank of Nigeria issued the first of what has since become its annual monetary policy circular.

The monetary policy circulars are regulatory and penalties are prescribed for infringement. The circulars involves the imposition of qualitative ceiling on the overall growth or sectional distribution of banking system credits, prescription of viable reserve requirements and indirect regulations of interest rates on deposits and lendings. Monetary management in the more developed economics employed less direct techniques such as open market suasion which though effective might not have such automatic impact in the economy as the direct intervention approach.

By 1968 C.B.N had successfully introduced three financial instruments to mobilese the financial resource and the country for the Government. These include Development stocks (1959). 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 deposit rates in order to encourage them to mobilise savings and bankers unit fund, which was designed to control money supply and thus inflation and to channel surplus funds of banks into eligible Government stocks.

Another instrument introduced in 1977 to strengthen the deposit base of the banks is the Negotiable certificate of Deposit (NCD). This instrument is issued by the individual bank, with the permission of CBN, which acts as the Negotiation of last resorts.

The period from 1977, saw a more determined effort by the authorities to ensure strict observance of the credit guidelines by the banks. In a bid to boast credit to the agricultural sector and the building sub-sector for example banks have been mandated to devote special percentage of their advance to each of the 2 sectors. As penalty for contravening this regulation, any shortfall, beginning from 1978/79 was required to be deposited with the CBN. Such deposit would not count as part of the specific liquid assets of the banks and would bear no interest.

During 1977/78, the Government also made it obligatory for bank to devote a minimum of 50% of their advance to indigenous borrowers. This level was increased in April 1979 to 70% of which 10% was expected to be channelled

to the small scale enterprises, whose annual turnover does not exceed ₦500,000.

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 scheme.

2.16 FOOTNOTES

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CHAPTER THREE

3.0 RESEARCH METHODOLOGY

This chapter examines the services of data for this project, the method of data collection, the scope and statistical techniques used during the course of the research and the method of data analysis.

3.1 STUDY POPULATION AND SAMPLE SIZE

This research project take a critical look at the Nigerian banking industry generally but using five selected commercial banks namely:- Ecobank Nigeria Plc, Diamond Bank, FSB International Bank, Habib Nigeria Bank Limited and Co-operative Development Bank Plc as case study which represent sample of this study.

The study population are the employees and customers of these banks. The study population is of valid educational, economic attitude and socio-cultural characteristics.

As I have stated previously that one of my constraint in the course of this study is the un-cooperate attitude of most banks personnel approached for discussion in this subject matter. Some viewed the researchers request with contempt and suspicious as such the size of the study population could not be given by the authority concern. However, I was able to estimate roughly that each bank may have a total employees of 50-100 and customers 3,000-10,00.

The total sample size of this study selected for administration of questionnaire is forty comprising of various categories of banks staff and customers, ten questionnaire per bank.

Each questionnaire contain twenty-five question directed towards evaluating effectiveness of marketing strategies being adopted by each bank. However, the ability to generalise is limited because only Kaduna offices of these banks are featured. This is due tc accessibility, time and financial constraints.

3.2 METHOD OF DATA COLLECTIONS

Primary data was collected via means of responses to Questionnaire and personal interview of some bank staff. The method used in selecting my respondents from the different banks is random method. The essence of this data collection is to aid the bank management in using the findings from this research as an aid to adopting an effective marketing strategy to market their services.

The questionnaire was designed with the aim of translating the subject of the research into simple and specific questions so as to give optional results. However, in the questionnaire, respondents were required to tick "YES" if any statement is consented or to tick "NO" if there is disagreement with any of the statements. There are some instances in which they have to give their views concerning the issue involved.

3.3 METHOD OF DATA ANALYSIS

The analysis of the data collected through questionnaires involve the use of descriptive statistic which summarise information and inferential statistics which allows us to make estimates predictions and judgement on the population based on sample.

The percentage score of each of the Structured questions were calculated and tabulated. The relatives importance of each answer was critically analysed to aid in assessing the marketing strategy being adopted by the banks. On the basic of these measurements conclusion were drawn.

CHAPTER FOUR

4.0 PRESENTATION AND ANALYSIS OF DATA

4.1 PREAMBLE

Ten questionnaire were given out to customers and staff of each Bank making the total of fifty (50) questionnaire. However, the ten questionnaires for each were given out to a randomly selected customers/staff of the five selected banks namely. Ecobank Nigeria Plc, Diamond Bank Nigeria Limited, FSB International Bank, Habib Nigeria Bank Limited and Co-operative Development Bank Limited.

One of the problems of questionnaire administration is non-return of questionnaires or the outright misplacement of some by respondents. Apart from causing the researcher unnecessary delays, it can also be frustrating in the case, the researcher had to contend with only ten (10) questionnaires which were not return. The analysis that follow is based principally on the forty questionnaires returned duly completed, twenty from the customers and twenty from the employees.

However, the analysis of the data collected determine the extent to which the following hypothesis can be proved or disproved.

The hypothesis are:-

i. Effective marketing strategy in the marketing of bank services leads to increase in Banks deposit, growth and profitability.

ii. The ability of a bank to return existing business and pull in more business depends on superior relationship management, proper marketing efforts and

well-grounded strategies focus.

iii. There have been innovation in the banking industry vis-a-vis introduction of electronic banking products, aggressive marketing and product differentiation.

iv. The Nigerian banking industries are highly competitive and the ability of a bank to cope with the present economic circumstances depend on their marketing strategies.

In order to prove or disprove the hypothesis, the following variables are measured.

a. Form of introduction of customers to the bank.

b. Reason for continuous patronage.

c. Quality of the Bank's services.

d. Consistency in Bank's marketing effort.

e. Awareness about new services provided recently.

f. Waiting time in the Banks.

g. Speedy acknowledgement and correction of errors in account statement.

h. Credit facilities enjoyed from the Bank.

i. Perception of the Nigerian Banking Industry.

j. Application of marketing strategies and changes in perception.

k. Awareness of Banks marketing strategies.

l. Objective of the Banks marketing Strategies.

m. Intended scope of the marketing strategy.

n. Planning of the marketing strategy.

o. Target group of the strategy.

p. Technology adopted aids the implementation of the marketing strategy.

q. The importance of new technology in the implementation of marketing strategy.

r. Presently facing strong competition.

s. Same strategy for different services and products.

t. Co-ordination of marketing strategy.

Having seen the variables as stated above, it is imperative to acknowledge that the variables are divided into two sections. The customers and the employees, the customer having twenty questionnaires and the employees twenty also.

4.2 CUSTOMERS OF THE BANKS

The business of bank customers who responded to the questionnaire cut across trading, civil services, estates surveying.

The number of years they have been banking with their respective banks ranges from 2-12 years with the average banking period being 5 years. The type of account which the respondents operate with their respective banks include current (corporate and individual), saving and investment (fixed) accounts.

TABLE 4.1 FORM OF INTRODUCTION OF CUSTOMERS TO THE BANK

NO.	ALTERNATIVES	RESPONSE	PERCENTAGE
1.	PERSONAL INTRODUCTION BY A FRIEND	10	100
2.	THROUGH ADVERTISEMENT	-	-
3.	MARKETING OFFICERS OF THE BANK	5	50
4.	CUSTOMERS OF THE BANK	5	50
5.	OTHERS	-	-
	TOTAL	20	200

Source: Questionnaire Administered

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Table 4.1 above indicates that the customers were introduced to the Bank for banking relationship through existing customers, marketing of the Bank and personal introduction of a friend. None of the respondent got the bank through advertisement. Furthermore, while respondent was suspicious of the Bank's credibility, the first impression others had about their banks include:- quick continuous and efficient services and very friendly and purposeful set-up.

TABLE 4.2 REASON FOR CONTINUOUS PATRONAGE

NO.	ALTERNATIVES	RESPONSE	PERCENTAGE
1.	THE QUALITY AND QUICKNESS OF SERVICE	12	120
2.	HONESTY OF BANK STAFF	-	-
3.	CORDIAL BANK-CUSTOMER RELATIONSHIP	8	80
4.	NEARNESS TO OFFICE OR HOUSE	-	-
5.	NONE OF THE ABOVE	-	-
	TOTAL	20	200

Source: Questionnaire Administered

Table 4.2 above shows that while various reasons are responsible for the continuous patronage of banks by the respondents, 120% of the respondents belief in the quality and quickness of service while 80% responded that cordial Bank-customer relationship is the reason why they still patronise their banks.

TABLE 4.3 QUALITY OF THE BANK'S SERVICES

NO.	ALTERNATIVES	RESPONSE	PERCENTAGE
1.	EXCELLENT	4	40
2.	VERY GOOD	10	100
3.	GOOD	6	60
4.	FAIR	-	-
5.	POOR	-	-
	TOTAL	20	200

Source: Questionnaire Administered

The table above shows that the quality of the service rendered by the banks is very good as confirmed by 100% of the respondents. They are of the opinion that the good quality service they got is a function of conduciveness and the infrastructures on ground. However, four respondent reiterated the inconsistence in bank services.

TABLE 4.4 CONSISTENCY IN BANKS MARKETING EFFORT

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	8	80
2.	NO	12	120
	TOTAL	20	200

Source: Questionnaire Administered

An attempt was made to establish how consistent the banks have been pursuing their marketing drive. While 80% believe that the banks have been doing enough marketing, a larger percentage (120%) of the respondents says the banks are not showing consistency in marketing their products and services. They confirmed that the banks inform them of new/products and its future scheme once a while.

TABLE 4.5 AWARENESS ABOUT NEW SERVICES PROVIDED RECENTLY

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	8	80
2.	NO	12	120
	TOTAL	20	200

Source: Questionnaire Administered

From table 4.5 above, most of the respondents (120%) which cut across the five commercial banks in the sampled population are not aware of any new

services provided by their banks recently. 80% of the respondents claimed that they are only aware of smart card, paycard and Global Money Transfer services recently introduced by their banks. This is an indication of paucity of innovations in the banking industry vis-a-vis products/services packaging and development towards the need of customers.

TABLE 4.6 WAITING TIME IN THE BANK

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	-	-
2.	NO	20	200
	TOTAL	20	200

Source: Questionnaire Administered

To further confirm how quick and efficient the banks are in services delivery in every aspect of client contact, question were asked about the business environment, internal traffic flow, and responded time to error correction on statement of accounts. From the table 4.6 above all respondents says they do not have to wait too long to be served at the bank and that the bank premises are clean, the environment is friendly and staff are well mannered and polite.

TABLE 4.7 SPEEDY ACKNOWLEDGEMENT AND CORRECTION OF ERRORS IN ACCOUNT STATEMENT

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	3	30
2.	NO	12	120
3.	NOT SURE	5	50
	TOTAL	20	200

Source: Questionnaire Administered

The table above shows that 120% of the respondents says they have never had errors in their account statement or other transaction with the bank while 50% are not sure they had errors. However, five respondents that says they had error in his their transactions claimed that it was speedily acknowledged and corrected by the banks. Majority of the respondents acknowledged the fact that banks correspondences are clear, timely, straight forward and they provide necessary information.

TABLE 4.8 CREDIT FACILITIES ENJOYED FROM THE BANKS

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	10	100
2.	NO	10	100
3.	NOT SURE	-	-
	TOTAL	20	200

Source: *Questionnaire Administered*

The table above shows that 100% of the respondents considered in the affirmative that they have enjoyed credit in their banks, although overdraft is the only type of credit facility enjoyed. While some of the respondents that answered "NO" said they have never asked for credit facilities, the reasons given by others include their inability to meet conditionalities attached and stringent cash collateral requirement.

TABLE 4.9 PERCEPTION OF THE NIGERIAN BANKING INDUSTRY

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	EXCELLENT	-	-
2.	GOOD	5	50
3.	AVERAGE	15	100
4.	POOR	-	-
	TOTAL	20	200

Source: Questionnaire Administered

With the exception of five respondents who perceived Nigerian Banking industry as being "GOOD", 150% of the respondents viewed the performance of the Nigerian Banking Industry as "AVERAGE". They attributed this to fraud at top management level and poor quality staffing in some banks, banking services which are slowly getting better, competition and level of customer literacy, distress phenomenon and liquidation of some licensed banks.

When asked what specific services or products they feel the banks should offer, some the respondents mentioned the following products

- Private and Telephone Banking.
- Export financing.
- Saving accounts that operate like current accounts.
- Money Transfer programme like UBA Money Gram.
- 24 Hours self services cash outlets.

TABLE 4.10 APPLICATION OF MARKETING STRATEGIES AND CHANGE IN PERCEPTION

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	10	100
2.	NO	5	50
3.	NOT SURE	5	50
	TOTAL	20	200

Source: Questionnaire Administered

100% of the respondents belief that application of marketing strategies have changed their perception of the banking industry while 50% say "NO" and the rest are however indifferent to the marketing strategies. Some of the measures suggested to market and improved banks services are listed below:-

- Human resource development and continuous training for staff of banks.
- Improve customer relations and periodic customer interaction by phone calls and customers forum.
- Discontinuance of frivolous bank charge.
- The need for banks to provide advisory services to customers on the use of facilities they obtained rather than be more willing to go the legal way in case of default.
- Target marketing.
- Advertisement and promotional activities.

4.3 EMPLOYEE OF BANKS

This section contains analysis and presentation of data obtained from questionnaire administered on employees in the selected banks. All the respondents are officers of their respective banks in operations, credit and marketing departments within the rank of Assistant officer, Banking/Operations officer, senior Banking Officer, Assistant Manager, Deputy Manager and Head of Operation. All the respondents had minimum qualification of B.Sc or its equivalent in Economics, finance, Business Administration, Law, Marketing and Microbiology. Four out of the twenty respondents had additional degrees of

MBA/MSC/MA and two had additional professional qualification in Accounting (ACA). This is an indication that the banks are staff with qualified personnel.

The length of Banking service ranges between 2-12 years with average service period being 5 years.

TABLE 4.11 AWARENESS OF BANKS MARKETING STRATEGIES

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	20	200
2.	NO	-	-
	TOTAL	20	200

Source: Questionnaire Administered

Banks marketing strategies could only be effective if the employees that are supposed to implement the strategies are aware of its modalities. It is evident from the response in table 4.11 above that all respondents are aware of their respective banks marketing strategies.

TABLE 4.12 OBJECTIVES OF THE BANKS MARKETING STRATEGIES

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	MARKET LEADER	12	120
2.	MARKET CHALLENGER	-	-
3.	MARKET FOLLOWER	2	20
4.	MARKET NICHERS	6	60
	TOTAL	20	200

Source: Questionnaire Administered

To actually establish an effective marketing strategies, the first step is to identify the objectives of such a strategy. From the table above, it shows that 120% of the respondents have their marketing strategy aimed at being the market

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leader, while 60% preferred to the market nichers. However, two respondents said their objectives are to be market followers.

We should be noted that a firm may choose its own strategy depending on its competitive size and position in the market. In every banking industry there is bound to be a leader who controls the greater share of the market. Followed by the next stronger firm in the industry commonly referred as the market challenger. The market follower is the next strong competitor. Following the challenger and then lastly market nichers.

TABLE 4.13 INTENDED SCOPE OF THE MARKETING STRATEGY

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGES
1.	DOMESTIC ONLY	8	80
2.	INTERNATIONAL ONLY	-	-
3.	BOTH DOMESTIC AND INTERNATIONAL	12	120
	TOTAL	20	200

Source: Questionnaire Administered

From the table above 120% of the respondents says that their banks formulated their marketing strategy to cover both domestic and international market. With the International Exposure, Nigerian Banks are exposed to competition and challenges posed by experienced and sophisticated players in the international market. This is healthy development for the future of Banking as the need to meet up with international standard will be of utmost importance. 80% of the respondents however expressed their view that their banks marketing strategy is focused on Domestic markets only. Furthermore, almost all the respondents belief that application of marketing strategies have changed customer

view about their banks as they are now positively and favourably disposed to it. Only one respondents felt that customers skill hold a negative view about the banks marketing strategies.

TABLE 4.14 PLANNING OF THE MARKETING STRATEGY

S/NO.	PLANNERS	RESPONDENTS	PERCENTAGE
1.	TOP MANAGEMENT LEVEL	12	120
2.	MIDDLE MANAGEMENT	-	-
3.	LOWER MANAGEMENT LEVEL	-	-
4.	ALL MANAGEMENT LEVEL	8	80
	TOTAL	20	200

Source: Questionnaire Administered

Planning of the marketing strategy in banks is being done mainly at the top management level as shown by 120% of respondents as against 80% who agreed that all management levels are involved in the planning of their banks marketing strategy. This is an indication that marketing strategy planning and formulation is one sided as it does not carry along all relevant management levels. Hence the lower and middle level will not be motivated towards pursuit of organizational goals and objectives.

TABLE 4.15 TARGET GROUP OF THE STRATEGY

S/NO.	TARGET GROUP	RESPONDENTS	PERCENTAGE
1.	UPPER CLASS	15	150
2.	MIDDLE CLASS	5	50
3.	LOWER CLASS	-	-
	TOTAL	20	200

Source: Questionnaire Administered

Table 4.15 above shows that the banks direct marketing focus towards the upper class generally since this group form the core of big time depositors/businessmen or high income earners. The mass market dominated by the middle and lower class small scale enterprenuer is to a large extent neglected.

TABLE 4 16 GOVERNMENT POLICIES INFLUENCE ON BANK MARKETING STRATEGY

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	19	190
2.	NO	1	10
	TOTAL	20	200

Source: Questionnaire Administered

Table 4.16 above shows that 190% of the respondents agreed that government policies have influence on their marketing strategy. They are of the opinion that the effect could be positive or negative depending on the objective of the government policy.

TABLE 4.17 TECHNOLOGY ADOPTED AIDS THE IMPLEMENTATION OF THE MARKETING STRATEGY

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	15	150
2.	NO	5	50
	TOTAL	20	200

Source: Questionnaire Administered

From table 4.17 above, it is evident that majority of respondents, 150% agreed that the type of technology they use in their organization has aided the implementation of their marketing strategy, while 50% belief that technology in place does not aid marketing strategy implementation. Furthermore opinion of respondent is divided on the issue that the type of technology they adopted is determined by those being used by competitors.

TABLE 4.18 THE IMPORTANCE OF NEW TECHNOLOGY IN THE IMPLEMENTATION OF MARKETING STRATEGY

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	STRONGLY AGREE	14	140
2.	AGREE	6	60
	DISAGREE	-	-
	STRONGLY DISAGREE	-	-
	UNDECIDED	-	-
	TOTAL	20	200

Source: Questionnaire Administered

The importance of new technology in the implementation of marketing strategy cannot be overemphasized. From table 4.18 above 140% of the respondents strongly agree that effective use of new technology is important for the successful implementation of their organization marketing strategy, while 60% just agree.

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TABLE 4.19 PRESENTLY FACING STRONG COMPETITION

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	20	200
2.	NO	-	-
	TOTAL	20	200

Source: Questionnaire Administered

All the respondents from the banks confirmed that they are presently facing competition. In addition 80% of the respondents who confirmed that they are presently facing competition also think their present strategies are capable of meeting the challenge posed by their competitors, 120% on the other hand think that their present strategy cannot meet the challenges. This is clear indication that the banks need to evolve a more purposeful and effective marketing strategies that can withstand external competitive threat.

The major strategies adopt by the respondent banks to achieve desired results are follows:

- Bench Marketing
- Market Segmentation
- Customer-oriented product packaging and relationship management
- Aggressive and effective use of modern technology
- West African Regional Banking niche marketing retaining
- Retaining existing customer while prospecting for more.

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TABLE 4.20 SAME STRATEGY FOR DIFFERENT SERVICES AND PRODUCTS

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	YES	11	110
2.	NO	9	90
	TOTAL	20	200

Source: Questionnaire Administered

Table 4.20 above shows that strategy varies depending on the product/services being marketed. 110% of the respondents believe that they have the same strategy for different services/products while 90% says that they do not have same strategy for different services.

However, all respondents foresee a change in strategy if the preser competition grows stronger.

TABLE 4.21 CO-ORDINATION OF MARKETING STRATEGY

S/NO.	ALTERNATIVES	RESPONDENTS	PERCENTAGE
1.	TOP MANAGEMENT	8	80
2.	MIDDLE MANAGEMENT	2	20
	SECTIONAL HEADS	10	100
	TOTAL	20	200

Source: Questionnaire Administered

Table 4.21 above shows that 80% of the respondents said that top managements are responsible for the co-ordination of the implementation of their banks marketing strategies, while 20% says it is the middle management level and 100% says it is at sectional levels. There is no doubt that there is involvement of all management level in the implementation of marketing strategies.

Other contributions which the respondents feel that their banks have over competition includes Regional edge weighted interest cost on deposits. Strong cordial relationship between the banks and their customers and superior customer service delivery concept.

4.4 FINDING AND RESEARCH HYPOTHESES

This study has been guided by a set of four hypotheses. Having analysed our data and come up with some findings, we shall now relate the findings to our hypotheses.

HYPOTHESIS I

Our first hypothesis was that effective marketing strategy in the marketing of bank services leads to increase in Banks deposit, growth and profitability.

The variables that have a direct bearing on this hypothesis are those on form of introduction of customers to the Banks and Reason for continuous patronage.

Table 4.1 i.e form of introduction of customers to the banks is relevant to the above hypothesis. Therein it is shown that customers were introduced to the banks for banking relationship through existing customers, marketing of the banks and personal introduction.

Table 4.2 shows that various reasons are responsible for the continuous patronage of banks by customers such as the quality quickness of services and the cordial bank-customers relationship. Our findings in this study in table 4.1 shows that because of the effective marketing strategies articulated by banks, the

tendency for people to operate business with them increase, which of course leads to growth and increase in bank deposit. The table 4.1 also shows that 100% of the customers were introduced to the banks through existing customers. This really intensified that the existing customers knows the effectiveness of the marketing strategies of the various banks.

Also our finding in table 4.2 show that the reason for continuous patronage of the bank is attribute on the quality and quickness of services rendered by banks. This, however, revealed that such patronage by customers because of the quality and quickness of services rendered by banks ensure growth and increase in bank deposit, this of course is as a result of the effective marketing strategies operated by the banks. In this case the hypothesis is effectively proved true.

HYPOTHESIS 2

Our second hypothesis states that the ability of a bank to return existing business and pull in more business depends on superior relationship management, proper marketing efforts and well-grounded strategies focus.

The variable that have a direct bearing on this hypothesis are the analyses of which are shown on table 4.3, 4.6 and 4.7.

The analysis of responses with regard to table 4.3. "Quality of the Bank's services" shows that the quality of service rendered by the five banks is very good. This is because of the proper management and marketing efforts and well grounded strategies operated by the superior officers. Based on this, the five banks are able to return existing business and pull in more business.

Table 4.6 also shows how quick and efficient the banks are in services delivery. This is as a result of the effective management exhibited by the top management. While table 4.7 also shows how 120% of the respondents never encountered error in their daily transaction with the banks which is clear.

In the light of the above variables it could be acknowledge that such effective strategies articulated by top management enhances favourably business and at the same time return existing business. This, however, proved the validity of the hypothesis.

HYPOTHESIS 3

The third hypothesis of this study is that there have been innovations in the banking industry vis-a-vis introduction of electronic banking products, aggressive marketing and product differentiation.

Table 4.5, 4.17 and 4.18 are relevant to this hypothesis. The data collected as indicated in table 4.5 shows that the five selected banks as mentioned above operate services such as Smart card, Paycard and Global Money Transfer. This is an indication of paucity of innovation in the banking industry.

Table 4.17 also indicated that majority of respondents agreed that the type of technology they use in their organization has aided the implementation of their marketing strategy which is a clear case of innovation. In the same vein table 4.18 shows how effective use of new technology is important for the successful implementation of their organization marketing strategy. In this case 140% (Table 4.18) of the respondents strongly agree their banks are doing well because of the introduction of new technology and the effectiveness of the management.

Our hypothesis to this effect shows that there have been innovation in the banking industry vis-a-vis introduction of electronic banking products, aggressive marketing and product differentiation is proved true.

HYPOTHESIS 4

The fourth hypothesis is that the Nigerian banking industries are highly competitive and the ability of the banks to cope with the present economic circumstances depends on their marketing strategies.

The tables that have direct bearing on this hypothesis are tables 4.13 and 4.15.

: Table 4.13 shows that 120% of the employees of the five selected banks acknowledged that their banks always formulate marketing strategy to cover both domestic and international market as to attract foreign investors into their banking industries. While table 4.15 shows that the banks direct marketing focus towards the upper class generally since this group form the core of big time depositors/businessmen or high income earners. This actually mean that the banks are convenient enough to target mostly on the high income earner or the upper class who manipulate wealth to their best interest. But then no matter how effective marketing strategy articulates by Banks it will not be authentic if the economic of the country are bad since the government has great influence on the banking industries and the economic of the country. In this case the hypothesis is not true.

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CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

The role of the financial sector in promoting rapid economic development cannot be undermined. For a successful process of economic growth and development to be witnessed in any country, it is imperative that a proper functioning financial system must exist. The banking system however constitutes the heart of the financial system.

Banks are supposed to mobilize savings through the provision of efficient banking services and channel adequate credit directly to the productive sectors of the economy in order to faster rapid economic growth and diversification. Like any economic units, the banking business is profit oriented and the bankers obligation is owed to parties such as shareholders, Government, the customers (depositors and borrowers)' and the community.

For the banks to successfully play their financial roles and attain their general objectives of profitability, growth and increased share of the market in today bank competitive environment, the marketing of their financial services have become increasingly necessary. In marketing financial services, the banks must endeavor to create and deliver customer satisfying products and services at a profit to the banks.

The Nigeria banking environment had been characterized by inactive marketing, the banking market has always been a sellers market and armchair banking was prevalent. However, the introduction of the structural adjustment

program of the late 1980's and its incumbent deregulatory pricing system, the aggressive competition from the licensed new generation banks and non-financial institutions coupled with the decreasing level of profit margin of most banks have resulted into various banks attempting to improve existing services and or introducing various marketing strategies.

The strategies being adopted by the banks for survival include provision of qualitative and prompt services to customers, employing state of art technology and highly motivated employees in addition to spontaneous response to changes in the economy. Others include specialization in specific areas and the packaging of new strategies locations, training of staff and improvement of assets quality through strict credit control have also been reflected in the array of differentiated products and the strong marketing strategies.

5.2 CONCLUSION

Marketing strategies is becoming increasingly necessary in today banks highly competitive environment. It was observed that more customers engaged in the business relationship with banks via introduction by existing customers of the respective banks and marketing officers rather than through advertisement. This is an indication of quickness and improving quality of service, cordial bank-customer relationship and conducive business environment. It was further observed that many of the banks in their drive to survive direct their marketing strategy objectives towards being the market leader. Hence they formulate their strategy to cover both domestic and international markets although competition

and challenges posed by technologically sophisticated players in the international market is a force to reckon with.

Another important aspect in this study is that banks are not showing consistency in marketing their services. Most of the respondents confirmed that the banks informed them of new services/products and its future scheme once a while. Furthermore, there is paucity of innovation in the banking industry vis-a vis product development and packaging towards the need of customers.

Technological innovations in the banking industry especially the introduction of electronic funds transfer, on-line-real time computer network etc was observed to be the vogue. This has aided the implementation of respective banks marketing strategy.

However, competition, it must be mentioned has transformed the Nigeria banking industry from regulated oligopolistic market to a monopolistically competitive market. It is with much aggressiveness that the players tend to outwit each other while contending with a more enlightened banking public.

Marketing strategy, it was found out has contributed positively to the banks deposit takings, increased profit and enhanced growth and market share of respective banks. Furthermore, to a large extent, all management levels are involved in the implementation of marketing strategies.

In conclusion, there are a new drive in banking marketing. Nowadays, banks operates with new sophisticated technology and effective strategies. With this new swin in operation, it become necessary for banks to effectively dwell on the premise of their aims thereby meeting the expectation of their customer. In the

light of this, marketing strategies in the banking industry are very essential in this competitive modern societies.

5.3 RECOMMENDATION

The following are the suggestions made which can help the banks improve on their marketing strategy and make them more effective and efficient.

1. The banks should pursue vigorously the principle of marketing segmentation and grounded strategies focus. This involves:

- Identification of present and future markets for its services.
- Setting long and short term goals for the progress of existing and new services.
- Determine which segment of the market it can compete profitably and which market it must leave alone.
- Management of resources to serve the chosen market effectively.

2. There should increased emphasis on the development of new services with adequate strategy to back them up. Attention should be directed towards identifying the needs, tailoring products to meet such need and employing appropriate advertisement and promotional media to reach the targeted customers.

3. The banks should have a marketing plan highlighting list of desirable customers within a target market, their business ownership and management, their income potential and risk acceptance criteria.

4. The bank should continuously re-engineer its business process and re-orientated and motivate its work force while introducing dynamic products for total customer satisfaction.

5. There is need to upgrade human resource base through aggressive manpower development programe that will enhance their efficiency and operational effectiveness.

6. Banks should improve on customer relation through periodic customer-bank interaction and forum, provision of advisory services on the use of facilities granted by the bank and continually seek to add value to customers while providing outstanding services to their delight.

Strategies should be formulated in such a way that they will be flexible and adaptable to changes in the environment.

It is however hoped that the above suggestion and others made in the t ext of the essay will no doubt, help to enrich the marketing strategies of the banks, thereby improving their performance.

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APPENDIX ONE

QUESTIONNAIRE FOR BANK CUSTOMERS

Department of Business Administration,
Institute of Administration,
Ahmadu Bello University,
Zaria.

Dear Sir/Madam,

This researcher is a student in the Faculty of Administration in Ahmadu Bello University, Zaria, and he is doing some studies on the Relevance of Marketing strategies in the banking industry. As a customer you are requested to complete this questionnaire.

Your cooperation will be highly appreciated as the whole exercise will contribute to knowledge generally. Everything that you shall write will be treated very confidential and it shall not be linked to you in any way. Your name is therefore not necessary, neither is your signature. The work is purely for academic purpose.

Thank you very much in advance.

Yours faithfully,

_____
AWARA, E.E.

INSTRUCTION

Give your view or just a simple tick to the appropriate answer in each number. Leave the other space(s) empty please.

1. Which bank are you operating?
   - (a) Ecobank Nigeria Plc [ ]
   - (b) FSB International Bank [ ]
   - (c) Habib Nigeria Bank Limited [ ]
   - (d) Co-operative development Bank [ ]
   - (e) Diamond Bank [ ]

2. How long have you been banking with the bank as ticked?

.....

3. Do you consider the quality of the services rendered by the bank?
   (a) Excellent [ ]
   (b) Very Good [ ]
   (c) Good [ ]
   (d) Fair [ ]
   (e) Poor [ ]

4. Do you think the bank has been very effective in their marketing drive?
   (a) Yes [ ]
   (b) No [ ]

5. Is there any new service provided by the Bank recently?
   (a) Yes [ ]
   (b) No [ ]

6. Do you have to wait long before being served?
   (a) Yes [ ]
   (b) No [ ]

7. How was you introduced to the bank for banking relationship? through
   (a) Personal introduction by a friend [ ]
   (b) Advertisement [ ]
   (c) Marketing officers of the bank [ ]
   (d) Customers of the bank [ ]
   (e) Others [ ]

8. Your reason for continous patronage on the bank could be attributed to any of the following:
   (a) The quality and quickness of services [ ]
   (b) Honesty of Bank Staff [ ]
   (c) Cordial Bank customer relationship [ ]
   (d) Nearness to officer or house [ ]
   (e) None of the above [ ]

9. Do you normally have error in your account statement or other transaction with the bank?

   (a) Yes [ ]
   (b) No [ ]
   (c) Not sure [ ]

10. What sort of credit facilities do you enjoyed from the bank? Could it be overdraft or other credit?

(a) Yes [ ]
(b) No [ ]
(c) Not sure [ ]

11. Do you consider the strategy of the bank in achieving the customers objective effective?

(a) Yes [ ]
(b) No [ ]

12. What is your perception of the Nigerian Banking Industry?

(a) Excellent [ ]
(b) Very Good [ ]
(c) Average [ ]
(d) Poor [ ]

13. Had application of the bank marketing strategy change your perception?

(a) Yes [ ]
(b) No [ ]
(c) Not sure [ ]

APPENDIX TWO

QUESTIONNAIRE FOR BANK EMPLOYEES

Department of Business Administration,
Institute of Administration,
Ahmadu Bello University,
Zaria.

Dear Sir/Madam,

This researcher is a student in the Faculty of Administration in Ahmadu Bello University, Zaria, and he is doing some studies on the Relevance of Marketing strategies in the banking industry. As a customer you are requested to complete this questionnaire.

Your cooperation will be highly appreciated as the whole exercise will contribute to knowledge generally. Everything that you shall write will be treated very confidential and it shall not be linked to you in any way. Your name is therefore not necessary, neither is your signature. The work is purely for academic purpose.

Thank you very much in advance.

Yours faithfully,

_____
AWARA, E.E.

INSTRUCTION

Give your view or just a simple tick to the appropriate answer in each number. Leave the other space(s) empty please.

1. Are you employee of which bank?

   (a) Ecobank Nigeria Plc [ ]

(b) FSB International Bank [ ]

(c) Habib Nigeria Bank Limited [ ]

(d) Co-operative development Bank [ ]

(e) Diamond Bank [ ]

2. What is your present rank in the service?

.....

3. What is your present qualification?

.....

4. For how many years have you been in the service?

.....

5. As a staff of the bank are you aware of the Bank Marketing Strategy?

(a) Yes [ ]

(b) No [ ]

6. If YES, does it affect the performance of the Bank?

(a) Yes [ ]

(b) No [ ]

7. If NO, (i.e. four above) what changes can you suggest to the management?

.....

8. What are the package of incentive designed to ensure that customers patronage your bank?

.....

9. Planning of Marketing Strategy is mainly the responsibility of the

(a) To Management level [ ]

(b) Middle Management Level [ ]

(c) Lower Management level [ ]

(d) All Management level [ ]

10. Do the management focus marketing mainly on the

(a) Upper class [ ]

(b) Middle Class [ ]

(c) Lower Class [ ]

11. Does the economy of the country affect your bank operation?

(a) Yes [ ]

(b) No [ ]

12. What strategy has the state government adopted to enhance the objectives of your bank?

.....

13. Did Government policies influence your bank marketing strategy?

(a) Yes [ ]

(b) No [ ]

14. If YES, whar strategy has your bank taken to combat government influence?

.....

15. Do you think the technology adopted by your bank aid the impleementation of the marketing strategy.?

(a) Yes [ ]

(b) No [ ]

16. Is your bank facing strong competition?

(a) Yes [ ]

(b) No [ ]

17. Do you think that strat gy varies depending on the products/services being marketed by your bank.?

(a) [ ]

(b) No [ ]

18. The coodination of the marketing strategy is the responsibility of the

(a) To Management level [ ]

(b) Middle Management Level [ ]

(c) Sectional Heads [ ]

19. How will you rate your bank in the banking competition?

(a) Very High [ ]

(b) Just High [ ]

(c) Average [ ]

(d) Low [ ]

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