MARKETING OF BANKING SERVICES IN NIGERIA:

A STUDY OF SELECTED BANKS IN ABUJA

BY

JACOB HENRY YISA

DEPARTMENT OF BUSINESS ADMINISTRATION

FACULTY OF ADMINISTRATION

AHMADU BELLO UNIVERSITY ZARIA

JULY, 1998

MARKETING OF BANKING SERVICES IN NIGERIA:

A STUDY OF SELECTED BANKS IN ABUJA

- 474332

BY

JACOB HENRY YISA

BEING A PROJECT SUBMITTED TO THE POST GRADUATE SCHOOL OF THE AHMADU BELLO UNIVERSITY ZARIA,

IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION (MBA)

DEPARTMENT OF BUSINESS ADMINISTRATION FACULTY OF ADMINISTRATION

AHMADU BELLO UNIVERSITY ZARIA

JULY, 1998

DECLARATION

I hereby declare that this project has been written by me and all information used were obtained from personal research and extensive readings with all references duly acknowledged.

I take full responsibilities for all mistakes in thought sequence or omissions.



JACOB HENRY YISA

JULY, 1998.

CERTIFICATION

This project marketing of Banking Services in Nigeria: A study of selected Banks in Abuja by JACOB HENRY YISA, meets the regulations governing the award of degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for it's contribution to knowledge and literacy presentation.



.....
SIGNATURE OF SUPERVISOR

.....
DATE

.....
SIGNATURE OF EXTERNAL EXAMINER

.....
DATE

.....
HEAD OF DEPARTMENT
DEPARTMENT OF BUSINESS ADMINISTRATION

Head
Dept. of Business Administration
Ahmadu Bello University, Zaria

25-1-2002
.....
DATE

.....
DEAN POST GRADUATE SCHOOL
A. B. U. ZARIA

18/11/02
.....
DATE

DEDICATION

THIS PROJECT IS DEDICATED TO MY ELDER BROTHERS ESPECIALLY MR. JACOB S. STANLEY FOR GIVING ME THE OPPORTUNITY TO EXPRESS MYSELF ACADEMICALLY.

THIS PROJECT IS ALSO DEDICATED TO MY SWEET MOTHER MRS. SARAH JACOB FOR HER MORAL AND SPIRITUAL SUPPORT THROUGHOUT THE COURSE OF MY EDUCATION.

ACKNOWLEDGEMENT

In the course of writing this project, I am pleased to express my sincere appreciation and gratitude to GOD Almighty and the following people who have made the completion of this study possible.

Mallam Ibrahim Fari Okeji my Supervisor who despite his tight schedule found time to supervise the writing of this project.

I am also grateful to the Head of Department Mallam Abdulsamad A. M., and all lecturers who taught me during the course, in particular Mr. Akpan A. B., Dr. Joan Nwasike, Dr. P. G. Bagobiri, Mrs. M. S. Akanet. My gratitude also goes to Mallam Sani A. Abdullahi the coordinator (MBA Programme) for his kind assistance. Also Mr. Shehu Araga of the Department of Business Administration.

I am also indebted to Mr. A. B. Sanni and my other colleagues in the office especially Mr. Ononobi Dave, Akenuwa Fred, Mrs. Tsadu Fati, Mrs. A. T. Ibrahim and Esangbedo Joseph. I also wish to thank Mr. Mohammed Abdullahi and the officers of UBA, Abuja branch for their contribution in the provision of necessary information's. Also the officers of Union Bank, First

Bank and African International Bank, Abuja branch for their contribution in the provision of necessary information.

My thanks also goes to my numerous friends and relations who stood by me throughout the course particularly Mr. Olowu Malachy Y. Of ABU Zaria, Mr. Ben Angbo of the Federal Audit (Ministry of Health), Captain Musa Adamu D. Miss Ada Iwo, my brother Mr. Jacob Ayuba, James Abiye and Saidu A. Haruna of Nitel Computer Dept.

Finally this project would not have been completed without the material and moral support of Mrs. Titilayo Jacob; I am grateful to her.

ABSTRACT

The banking industry is going through unprecedented changes in the history of banking in Nigeria. In number, size, profitability, and more importantly in product offering. The credit for these revolutionary changes, which introduced marketing into banking services goes to the Structural Adjustment Program (SAP), with deregulation of the financial system as one of its major components.

Some banks have been able to recognise the dynamism, and competitive nature of banking in the present day Nigeria, and some are making efforts towards improving on their services to meet the changing environment within which they operate. But are they conscious of the immense importance of aggressive marketing of their services in consolidating the position of their banks in their markets? What actually are they doing to improve their services and how are they going about selling these improved services to their customers? These and other pertinent questions necessitate this study.

To make the project worthwhile, the researcher shall review some existing work of well known authors on marketing of banking services. To be able to get detailed information about the marketing programs of the banks, the research shall employ the use of questionnaire supplemented with personal interview.

The population for the purpose of this research consist of all commercial banks in Nigeria with particular reference to Union Bank of Nigeria PLC, United bank for Africa (UBA), First Bank PLC, and African International Bank (AIB). The information gathered from these four commercial banks shall be used to generalise on all the commercial banks in Nigeria.

Appropriate recommendations were listed by the researcher to help surmount some of the problems identified during the research work.

TABLE OF CONTENT

		Page
	Title Page	i
	Declaration	iii
	Certification	iv
	Dedication	v
	Acknowledgment	vi
	Abstract	viii
	Table of content	x
	List of figures	xiv
	List of tables	xv

CHAPTER ONE

INTRODUCTION

1.0	Introduction	1
1.1	Historical background	2
1.2	Statement of the problem	5
1.3	Objective of the study	7
1.4	Significance of the study	8
1.5	Scope of the study	10

1.6 Definition of terms 11

1.7 Limitation of the Study 13

CHAPTER TWO

LITERATURE REVIEW

2.1 Commercial Banking in Nigeria 14

2.2 Structure of Nigeria Commercial Bank 19

2.3 Objectives of Commercial Banking System.... 20

2.4 Banking Services 21

2.5 Major Characteristic of Banking Services 33

2.6 Marketing of Banking services 36

2.7 Developments and Innovations in Marketing of Banking Services in Nigeria 41

2.8 Commercial Banking Services and the role of Marketing 48

2.9 The Elements of Marketing Mix in Banking.. 50

2.10 Strategy for Effective Marketing 54

2.11 Human Relation in Banking 64

2.12 Bank Marketing: The Furture Challenges 71

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Historical Background of Selected Banks..... 76

3.2 Types of Data 78

3.3 Method of data collection 79

3.4 Sampling Method Used 81

CHAPTER FOUR
DATA ANALYSIS

4.1 Presentation and Analysis of data and Discussion of Findings 82

4.2 Marketing Department 82

4.3 Handling of marketing function in the absence of marketing Department 83

4.4 Coping with competition 83

4.5 Grouping of customer 84

4.6 Categories used in grouping customer 84

4.7 Staff training and development 85

4.8 Promotion method used by banks 85

4.9 Objectives of promotion activity 86

4.10 Type of media used 87

4.11 Engagement of Consultant 88

4.12 Aspect of promotion handled 88

4.13 Focusing attention 89

4.14 Search for prospective customer 89

4.15 Where personal selling functions takes place 90

4.16 Type of Gift items..... 91

4.17 Social responsibilities to society 92

4.18 Frequency of promotion of services 93

4.19 Community rating 93

4.20 Handling of customers complaint 94

4.21 Effect of promotional activities on customers 95

4.22 Problems encountered on promotional activities 96

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary 99

5.2 Conclusion 100

5.3 Recommendations 102

Questionnaire..... 104

References 108

Appendix A & B..... 111

Appendix C..... 112

LIST OF FIGURE

PAGE

1. The four Ps of the marketing mix 54

LIST OF TABLES

		Page
1.	Marketing department	82
2.	Alternative Dept.	83
3.	Competition	83
4.	Grouping	84
5.	Categories	84
6.	Training and Development	85
7.	Promotion method	85
8.	Objectives	86
9.	Media Type	87
10.	Consultant	88
11.	Aspect	88
12.	Focus	89
13.	Searching for personal selling	89
14.	Personal Selling Function	90
15.	Gift Items.....	91
16.	Welfare of Society.....	92
17.	Promotion of Services.....	93
18.	Rating.....	93

19. Compaint..... 94

20. Effect of Promotion activities..... 95

21. Problem of promotion..... 96

CHAPTER ONE

1.0 INTRODUCTION

Marketing and Banking though two distinct disciplines, can be said to be interrelated since they both belong to the realm of business administration. No wonder some terms in marketing can be used to analyze behavior, activities, functions and practices.

Marketing is becoming increasingly necessary in today's competitive banking environment, this is as a result of dynamism and competitiveness of the economy in general and the banking industry in particular. For every Nigerian bank, competition from other banks and financial service organisations grow more intensely and steadily more professional. The age of specialisation in financial services by particular institution has changed to one where most organisations offer a wide range of services in competition with each other. Consequently, it has become essential to use all the resources and techniques that marketing can provide in order to survive and succeed in the ever changing banking and business environment.

The role of marketing in the banking industry is synonymous with marketing in other service industries, but marketing in the banking sector is predominantly centered around the provision of diverse financial services to customers.

In Nigeria, today, the present state of the economy as it affects the financial sector in particular, has led banks to take

marketing as a serious activity which has hitherto been neglected. In addition, the present economic scenario has made most banks to rejuvenate their marketing strategies towards aggressive bank marketing. This development can also be attributed to the growing sophistication of the Nigerian economy and economic crisis which has created keen competition among banks and other financial institutions for better customerised services. Because of the intense competition, marketing has become commercial banking's cutting edge for meeting new forms of competition and searching out new opportunities.

1.1 HISTORICAL BACKGROUND

The traditional concept of banking provided little or no room for marketing. From time immemorial the banking sector enjoyed an which was basically the financial intermediary between depositors and users of investment funds is now being replaced by a picture of institutions that must compete in the market place and adopt marketing strategies to ensure their continous survival and relevance in the ever competing environment.

Therefore the traditional role of bankers of just being collectors of deposits is fast changing to that of service-oriented or customer oriented. The idea that a bank should sit on the corner

passively waiting for customers has gradually been replaced by the aggressive search for deposits.

The structural adjustment program (SAP) introduced in 1986 has encouraged growth and increased competition in the banking industry, also created liberal policies that encouraged the birth of new commercial banks. The banking sector was given new and prominent role in international trade and the disbursement of scarce foreign exchange, with the introduction of second-tier-foreign exchange market (SFEM). This increased the attractiveness to interest in banks, and also encouraged stiff competition previously unknown to the Nigeria's banking industry. Thus, as the business of banking grew from the conventional functions of taking deposits, lending money and providing money transmission service to include a lot of financial services, the situation calls for nothing short of persuasive marketing of banking services not only to maintain the bank's existing position in the market but to gain attention hold interest, arouse desire and elicit action (AIDA).

In any industry, be it profit oriented or non-profit making, at least four competitive forces serve as threats to units in the industry, they are as follows:-

I. Threats of new entrance

ii. Threats of substitute and more qualitative products or services

iii. Increasing awareness of customers, and

iv. Competition among existing firms.

For the organisation to overcome these threats, the marketing concept is a management outlook that accepts, the key tasks of the organisation to determine the needs, wants and value of a target market and to adapt the organisation as necessary to derive the desired satisfaction more effectively than its competitors. While the marketing mix has been defined as the particular blend of controllable marketing variables that the firm uses to achieve its objectives in the target market. The variables that make up the marketing mix are commonly referred to as the four P's - Product/service, price, place/distribution and the promotion program.

In the present day the survival of banks has again become a crucial issue. The word 'distressed' and 'unhealthy' has been introduced into the Nigerian banking lexion to reflect the state of health of operators in the system. Therefore, any organisation wishing to survive the depression should recognise the intra and inter-departmental implication of marketing decision and actions of various organisational units and seek the integration of all marketing efforts. Banks should always think of the customers and develop or modify existing services to suite both the customers and societal needs. In addition, it is necessary for the banks to

constantly be abreast of changes in its external environment and the opportunities or threat posed by such changes.

In this study, attempt shall be made to look into the application of marketing functions in commercial banking business in Nigeria.

1.2 STATEMENT OF THE PROBLEM

The major goal of any business enterprise is to make profit and commercial banks are not an exception. However, it has been observed that banks services are not necessarily provided to suit the need of customers but to push the services to customers with the hope of making profit. In practice therefore, there is seemingly an absolute neglect of the customer who should be the focal point in the execution of services. However, it is possible to run a business without profit for a time, but it is not possible for it to survive for one day without customers. This means that the customer is the central theme of any business.

Today the growing competition and rapid changes in the economy seem to be forcing banks to develop strategic planning so as to ensure them some competitive advantage. At the same time marketing is emerging as an important element in bank planning. Thus commenting on the marketing of bank services, Derek (1986) has this to say "as a majority of banks operate within a competitive environment, with the increasing recognition that successful

business needs not only the careful analysis of a market and its customer, but also a detailed analysis of major competitors".(1)

Presently the banking industry is becoming increasingly sophisticated with different classes of banks operating along-side one another. For example, the commercial banks, merchant banks, development banks, mortgage banks etc. are all competing for almost the same, but differentiated customers. However, this was not the case in the past as the different classes of banks performed different functions. The implication of this homogeneity of services is that the customer can be in dilemma as to which bank to transact business with since all the banks seem to be rendering the same type of services. Choice is therefore a function of the characteristics or attributes of services rather than on the specialisation of services.

A commercial bank therefore has to be aware of the fact that differentiation of services provided will be difficult to achieve. The degree of completion is also on the increase, and for a bank to remain in business it has to create a name/image for itself to differentiate it from others. This could only be achieved through a thorough knowledge of customers as well as the loyalty of the bank.

The relevance of applying the marketing concept in the banking industry is that the bank will be customer oriented by finding out

what their customers need and then developing such services. This point was succinctly put by Muttallib (1986) "Given the competitiveness in the industry, I wish to call on all staff to redouble efforts in providing courteous, efficient fast and reliable services to all categories of our customers".(2) Hence, for a bank to be well coordinated, and planning should be on long term basis and interms of new products, tomorrow market, and future growth.

From above we can see that the need to understand the customers wants and desires in the banking sector is not only because of the competitive environment, but also because of the need to channel scarce resources into the most productive areas. Therefore, it can be seen that for the banking industry to survive in the present Nigerian business environment, it needs a clear understanding and effective application of marketing principles in the provision of bank services.

1.3 OBJECTIVE OF THE STUDY

Marketing of banking services goes beyond the selling of banking services and also slightly differs from the marketing of tangible goods. This means that marketing of banking services cannot be treated in exactly the same way as it is applied in the manufacturing industry. The marketing of banking services must

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

The purpose of this study therefore is to compare how banking services are marketed and to examine the role of marketing in the banking sector. To this end we shall examine:

a) Ways of performing marketing function in commercial banks.

B) The differences between marketing in banks and marketing.

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

D) The problems involved in the marketing of banking services.

1.4 SIGNIFICANCE OF THE STUDY

Undoubtedly, commercial banks in Nigeria are playing a vital role in the socioeconomic development of the country. This derives from the credible function they perform under the present difficult circumstances.

In considering the banking environment today and looking into the future prospect of the industry, one will realise that the major

problem facing the industry is competition. Changing operating environment for the banks in particular and the economy in general has brought about an era of stiff competition especially with the introduction of Structural Adjustment Program (SAP); the deliberate monetary policy of present administration; and the challenges of the non-banking financial institutions which are delivering their own services in the most technologically advanced methods. These changes in the economy continue to have spill-over effects on the banking industry which has resulted in banks trying to outdo one another on who can pay higher interest to depositors. As such they come out with different schemes, with the intention of consolidating their positions in the market. However, some of the banks do not understand why they need to make use of the opportunities of different banking schemes, despite the laudable media and out door advertising.

However, this study is significant in that it tries to analyse the present attempt by banks to reach their target market; it highlights some problems faced by banks in marketing their services as well as the role of effective marketing to the banking industry. Finally, useful suggestions on how marketing of banking services can be efficient; contribute more to profits as well as sales volume will be given in this study.

1.5 SCOPE OF THE STUDY

This research work is mainly concerned with the corporate marketing efforts of commercial banks in Nigeria. Four commercial banks, namely, Union Bank of Nigeria Plc, United Bank for Africa (UBA), First Bank and African International Bank (AIB). Their branches at Abuja will be our area of concentration. This has to do with the fact that Nigeria operates a branch banking system which goes with uniform operating system in all units and or branches.

The main focus of the study is on the extent to which these four commercial banks perform their basic marketing functions which will be used to generalise and make some recommendations which will serve as possible solutions to the problems.

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

KASHIM IBRAHIM LIBRARY

1.6 DEFINITION OF TERMS

MARKETING: The United Kingdom Institute of marketing define marketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably"(1). Paul

Mazur gave a thought provoking definition of marketing as "the creation and delivering of a standard of living"(2) . Philip Kotler in his own contribution tried to reveal the fundamental and universal nature of marketing. He defined marketing as "human activity directed at satisfying needs and wants through exchange processes"(3). For the purpose of this study Kotlers definition will be adopted.

SERVICES: Philip Kotler defines services as "activities, benefits or satisfaction that are offered for sale". Thus renting an hotel room, depositing money in the bank, traveling in an airplane, having a haircut, getting advice from a Lawyer etc. involve buying a service(4) . As a result, they are likely to require more quality control, supplier credibility and adaptability.

BANK: The Banking Act of 1969 defined banking as "the business of receiving moneys from outside sources as deposits irrespective of the payment of interests, and the granting of money loans and acceptance of credits or the purchase of bills and

cheques or the purchase and sales of securities for the account of others or the incurring of the obligation to acquire claims in respect of loans price to their maturity or the assumption of quarantees and other transactions as the commissioner may, on the recommendation of the Central bank, by order published in the Federal Gazette designate as banking business". (5) Thus, any person or institution who carries on banking as defined above can be called a bank.

CUSTOMER: The term 'customer' of a bank is not defined by law. Ordinarily, a person who has an account with a bank is considered to be a customer of the bank. Not only this, some seasoned authors classify anybody who comes into banking hall to transact any kind of business without necessarily being an account holder as a customer. In the technical sense, to constitute a customer of a bank, besides opening of an account, it is also essential that the dealings with the banker must relate to the business of banking. (6)

BANK MARKETING: Bank marketing has been defined by Reckie (1972) as "that part of management activity which seeks to direct the flow of banking services profitably to selected customer". (7) Olalusi (1986) defined marketing of bank services: meeting that demand by making available the banking services in the most effective manner to present and potential customer and achieving

the profit and other objectives related to the identification, stimulation and satisfaction of demand for banks services". (8) Nwankwo sees it as "a management process which identifies, anticipates and satisfies consumer requirements profitably." (9) we shall adapt Olalusi's definition for this study.

1.6 LIMITATIONS OF THE STUDY

The sensitivity of the topic understudy coupled with the adherence to the Banks oath of secrecy limited the response of some officers so interviewed. However, inspite of these limitations useful data and information was collected.

Limitation as per time and finance was also encountered.

CHAPTER TWO

LITERATURE REVIEW

2.1 COMMERCIAL BANKING IN NIGERIA

Commercial banking activities in Nigeria is not a recent phenomenon and has tradition in the country. Infact, it is not a strange concept.

Modern commercial banking activities started in Nigeria in 1891 when the African Banking Corporation opened a branch in Lagos and was given the monopoly of obtaining United Kingdom silver and distributing it in Nigeria, sixty years later, a major step was taken by the Nigerian government to regulate banking activities by the promulgation of Banking Act in 1952.

In 1894, the British Bank of West Africa which later became Standard Bank Limited, and now First Bank of Nigeria Limited, became the first commercial bank to commence conventional banking business in Nigeria. A first, serving to extend banking facilities to British businessmen in the country, the bank later was to serve as banker to the colonial government in British West Africa. Later in 1917 the colonial bank (Barclays Bank) and now Union Bank of Nigeria Limited, also entered the banking scheme and grew to be the only rival of British Bank of West Africa.

These colonial banks maintained an enviable and unrestricted monopoly of the banking business in the country.

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

a) The free Banking Era (1892 - 1952)

b) The pre-central Banking Era (1953 - 1958)

c) The Banking Legislation Era (1959 - 1970)

d) The Indigenisation Era (1971 - 1976)

e) the post Okigbo Era (1977 - 1985)

f) The Structural Adjustment Program Era (1986- 1993)

g) The present state.

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

The period between 1892 and 1952, is the time a number of expatriate and indigenous banks were established among which are the industrial and commercial bank, National bank of Nigeria Limited, Agbommagboe Bank Limited (now Wema Bank Limited) etc. most of which failed, this failure was caused by free-for-all nature of banking, inefficient supervision and above all inadequate capital base.

The enactment of the 1952 Banking ordinance and the subsequent establishment of Central Bank of Nigeria (CBN) in 1959 brought sanity to the chaotic banking environment that preceded it. The 1952 banking ordinance stipulated that protective banking business must be registered and licensed. It also provided for bank examination and supervision, but was generally ineffective. However, effective monitoring and control actually started with the establishment of Central Bank of Nigeria.

By 1960 there were eight banks with 106 branches, and today, we have 120 banks with over 2,000 branches spread across the country. Major expansion occurred between 1986 and 1991. This is true because as at 1985 there were 40 banks with 1,316 branches. The introduction of Structural Adjustment Program gave impetus to growth of the banking industry by eliminating administrative and bureaucratic bottlenecks that have plagued the economy while deregulating the industry to allow market forces to determine resource allocation. This is characterised by freedom to change commission, interest rates, fees, etc.

Total Assets of the banking industry equally recorded unprecedented growth from N28.4 billion in 1985 to N155.5 billion in 1991. Also the banking system's total deposit liabilities stood at N43.8 billion as at December, 1991, in contrast to 1985's N24.7 billion. Aggregate credit by the banking system to the economy

stood at N49.4 billion in 1991. Commercial banks accounted for 75.6% of the total banking system's assets, 88.1% of deposits and 76% of total credit by the end of 1991. (Nigerian Financial System by Okigbo, (1991).

The growth in the numerical strength of banks seem to have addressed the problem of under banking. In 1982, one bank served an average of 100,000 Nigerians which compared poorly with the ratios of 1:40,000 in India, 1:6,000 in Britain and 1:4,000 in the United States. As at 1993, there was a bank for every 50,000 Nigerians. Though a for-cry from the ideal ratio of 1:45,000, it reflects a tremendous improvement from even the 1989 of one bank to 60,000 people.

Attempts have been made to sanitise the banking system through reform measures and tight monetary policies. For instance, the cancellation of the use of foreign-guarantees for local Naira loans, the mandatory transfer of the accounts of government parastatals and agencies from commercial and merchant banks to the Central Bank and the raising of banks liquidity ratio were all designed to significantly reduce the liquidity level in the system. These measures not only had serious consequences for bank customers and the borrowing public as interest rates were force up dramatically, raising cost of production for the manufacturers. As

the industries working capital need increased, banks were seriously constrained in meeting their final needs.

The genesis of the current market situation is traceable to the year 1989. The period marked a watershed in the financial system as competition took a new turn and lines that dramaticated commercial banking from merchant banking became increasingly blurred as it is now difficult to distinguish between the operating boundaries in the financial system. It is rather a free-for-all affair as banks compete for deposits and other banking services with non-banking financial institutions. The problem here is not that banks are unable to compete effectively but because they operate within the confines of their design and stipulated areas by law, while non-bank financial institutions trespass these areas in the absence of enforceable restrictive measures.

Rapid expansion in the banking industry brought about a commensurate growth in product innovation and developing various schemes and incentives have been introduced in the market ranging from deposit certificate backed with life insurance policy, redeemable unit trust schemes, weekend banking services and raffle draws for savings account holders. All banks offer more or less the same product or service, although each tries to differentiate their products/service from one another.

The level of competition in the industry has led to improved services as banks continue to gradually phase out manual system for modern technology and information systems. In the area of treasury operations, still competition triggered off by the 1989 withdrawal of funds from the banks has remained unabated. Banks treasury offices are forced by competition to source funds from non-tradition sources, some by traditional means.

2.2 STRUCTURE OF NIGERIAN COMMERCIAL BANKS

The structure of commercial banking in Nigeria is tailored towards that prevailing in the United Kingdom. Other countries in the common wealth and indeed most countries of the Western world have branch banking system. Branch banking is characterised by a single banking company conducting operations at two or more places. Branch banking has been in practice for a long time in Nigeria. This is characterised by a few large banks with a wide network of branches extending throughout the country, with branches controlled from the head offices. One common feature in the structure of all major banks in Nigeria is the fact that their head offices are located in Lagos or in a State capital with area regional offices in major cities up - country. The area offices have a number of branches under control.

However, the United States has a unique banking structure with a unit banking system, that is, numerous individual local banks.

Commercial banking institutions in Nigeria can be classified into two: The purely indigenous banks owned wholly by Nigerians (government and individuals), and the mixed banks, with a majority indigenous shareholders (atleast 60% Equity) and minority foreign interests.

2.3 OBJECTIVES OF COMMERCIAL BANKING SYSTEM

The Pius Okigbo financial system review committee (1976) proposed, and the government accepted a set of objectives for the commercial banking system as follows:

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

ii) While the banks had in the past concentrated on short term lending (although some of these loans frequently acquired the

character of long term capital) they should in consistence with banking precedence, increasingly undertake more medium and long-term lending designated as such. The designation is important because it enables the borrower to undertake long term investment planning for the application of the proceeds of the loan

iii) They should conform to avoid national objectives and identify fully with Nigerian aspirants by taking a more active part in the financing of the economic programs of national priority. As a corollary to this, their crucial and sensitive position in the financial system necessitated that they brought under Nigerian control in ownership and management

iv) Decision making in the main commercial banking sector must be localised. This would remove the possibility of disadvantage of the Nigerian economy

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

2.4 BANKING SERVICES

The services offered by commercial banks are numerous. In this study we shall attempt a detailed study of these services. They are summarised as follows:

I) Mobilisation of savings and other deposits.

Ii) Extension of credit facilities to customers

iii) Providing facilities for the transfer of funds

iv) Creating money

v) Providing facilities for the financing of international trade

vi) Safe keeping of valuables

vii) Brokerage services (that is, buying and selling of stocks and shares) for their customers

viii) Providing foreign exchange facilities for travelers

xi) Providing night safe facilities (services of place or time)

x) Providing business status reports and references

xi) Business advisory service.

2.4.1 **MOBILIZATION OF SAVINGS AND OTHER DEPOSITS**

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

Deposits accounts and current accounts. Deposit accounts can be subdivided into two: actual deposit account and savings account.

A) **CURRENT ACCOUNTS**

This is the principal and most popular account. Holders of current account do not receive interest on their deposits; indeed the opposite is true, they are charged a fee for the services rendered to them by the banks in connection with such accounts. Fees may however, be reduced or received for customers who keep reasonable balances on their accounts. Current account customers have access to all banking services, including drawing and collection of cheques, funds transmission services, standing orders, safe custody, etc. current account customers can deposit both cash and cheques into their accounts and can draw cheques on them. Deposits on current account are payable on demand. This is called demand deposit.

B) **SAVINGS ACCOUNT**

The second most popular account is the savings account. Savings accounts are operated by means of a pass-book or identification card in which credit or debit entries are entered in accordance with deposits and withdrawals respectively. Unlike current account, withdrawal forms are used in place of cheques, hence the account holder must be physically present before withdrawals are made. Savings account attract interest at a fixed rate and no notice is

required before withdrawal is made. Withdrawal up to three times a month attracts no interest.

C) **DEPOSIT ACCOUNT**

This account is similar to savings account and is operated by customers who want to earn interest on their money. In some cases, notice for a period of time, seven days are usually required before withdrawal is allowed. Without notice interest will be forfeited for the period of notice that should be given. No cheque is required, to operate a deposit account and no references are needed to open them, so it is relatively easy to open such accounts. No overdrafts are allowed on deposit accounts.

Another type of deposit account is the fixed deposits - such deposits attract higher rate of interest, but they are expected to be kept for the fixed period of time. This type of account can be operated for 3 months, 6 months, 9 months, and one year. If withdrawal is made before that period, interest will be forfeited for the whole period. This is also called "Time Deposits".

In essence deposit accounts are longer term savings than current accounts, and provide bank with more loanable funds.

2.4.2 EXTENTION OF CREDIT FACILITIES

According to Reed et all (1984), the primary function of commercial banks is the extension of credit to worthy borrowers.

In making credit available, commercial banks are rendering a great social service; through their actions, production is increased, capital investments are expanded, and a higher standard of living is realised. The credit facilities include loan accounts, overdrafts, medium and long-term loans, performance bond, guarantees and indemnities and bank drafts.

2.4.3 TRANSFER OF FUNDS OR MONEY TRANSMISSION

The second major service rendered by commercial banks is that of money transmission. The money transmission services provided by commercial banks include collection of cheques, standing orders, direct debiting, mail telegram transfers and open credits or cashing credits.

A) COLLECTION OF CHEQUES

Customers of banks receive cheques on which their names appear as payee. This customer fills the credit or paying-in slip in duplicate and deposits the cheque into his account. A copy of the credit slip is returned to the customer as his receipt. The cheques are then presented to the paying banker through the clearing house system. The customer's account may be credited on the day he pays in the cheques, but normally he is not allowed to draw against them before they are 'cleared', unless he has a special arrangement with the bank.

B) **STANDING ORDERS**

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

C) **DIRECT DEBITING**

As an alternative to the standing order, a customer may prefer that the creditor makes a direct claim on his account, with instructions that such claim should be paid by the bank on each occasion. This saves time and extra money that would otherwise be required if the customers were to order for the transfer, each time it falls due.

D) **MAIL/TELEGRAPHIC TRANSFERS**

Mail and Telegraphic transfers are a form of money transmission services rendered by commercial banks. Depending on how urgent he wants the funds to be transmitted. This system can also be used to transfer funds to another country. Where payment is required at another bank, the request is usually passed through the head offices of the two banks.

Mail transfer is particularly very useful in the settlement of foreign accounts between banks, business and institutions, and takes about one to six months to clear across international boundaries because of the use of post office as the instrument of communication.

The Telegraphic Transfer is more or less a phone call information, confirmation and necessary action. Both parties can be notified by means of telephone, radio message, cablegram or telegram when appropriate.

E) **BANK DRAFTS**

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

F) **OPEN CREDITS OR CASHING CREDITS**

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

2.4.4 CREATING MONEY

The current account form the basis of the money creation. If banks has been unable to create credit, it would have been impossible to expand our productive facilities which would have resulted in the slow down of economic activities generally, as businesses would have been forced to wait until sufficient profits are made before they could expand. Moreover, production units would be forced to maintain large working balances to meet the fluctuating requirements of funds. Such a practice would be uneconomical since large sums would have to be held idle for some periods, while during the seasonal peaks of business activity, such sums might be insufficient (Reed et l 1984).

2.4.5 INTERNATIONAL TRADE SERVICE

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

various shades and variations of these means of financing. Those which rely on the banking system are the documentary credits.

2.4.6 SAFE KEEPING OF VALUABLES

Commercial Banks in Nigeria provide custody services for their customers. Treasure items such as jewelry, wills, certificates of occupancy, shares certificates, life assurance policies, deeds of conveyance etc., can be kept in the bank strong room. Such items are made 'open' to the bank officials, in which case the items are signed for. These are done for safety purposes. Items can also be in sealed envelops where the contents will be unknown to bank officials.

A banker enters into a contract of bailment when safe custody items are received from a customer. If the bank charges for the services, he is paid bailee, and if he does not charge he becomes a gratuitors bailee. In law the paid bailee is expected to show great care in the handling of the articles.

2.4.7 BROKERAGE SERVICES

Commercial Banks in Nigeria can engage in brokerage services, that is, buying and selling of securities for their customers. They cannot act as stockbrokers or issuing houses. Thus the instructions of their customers are passed to

stockbrokers and merchant banks for execution. Commercial banks cannot act as underwriters.

2.4.8 SERVICES TO THE TRAVELLERS

A number of foreign services are provided by commercial banks some of which are provision of travelers cheques, foreign currency.

A) TRAVELLERS CHEQUE

Travellers cheque are a form of travel currency, giving the holder the security of a debt of credit and the conveniences of a local currency. They can be issued in several denominations of foreign currencies, but in Nigeria they are generally in dollar and pound sterling, and can be cashed at the correspondents of the issuing bank abroad. In practice, they are also usually acceptable at hotels, departmental stores etc. The holder signs the cheques on their issues when they are to be cashed the holder countersigns them in the presence of the cashier who checks the signatures before effecting payment.

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

B) **FOREIGN CURRENCY**

Foreign currencies especially the us dollar ($) and the pound sterling are available in limited quantities from all the banks in Nigeria. These can be obtained to meet minor expenses like taxi or bus fares prior to purchasing travelers' cheques, when on a journey abroad. Unused travelers cheques and foreign notes can be cashed on return from foreign travel at the issuing bank. Nigeria's stringent foreign exchange regulations especially under the present Structural Adjustment Program (SAP) limits the amount of foreign currency and travelers cheques that can be obtained.

2.4.9 **SERVICES OF PLACE OR TIME**

A) **NIGHT SAFES**

This arrangement provided by a few branches of few banks in Nigeria enable selected customers to deposit money after usual banking hours. Opening customers are supplied with wallets which can be locked. When the need arises, the customer puts the cash and paying slip in the wallet. It is then locked and 'posts' through the exterior wall of the bank which leads into a safe. The wallets are cleared the following working day and the customers account credited. Shopkeepers wishing to bank their daily takings

rather than leave them in the shop overnight or carry large amounts home find this service particularly helpful.

Some of these services are not available in Nigeria while most of those available are grossly under-developed thus creating appreciable divergence between the standard of service available to bank customer in Nigeria and elsewhere in the world.

B) **MOBILE BANKS**

Banks may go to agricultural shows or farms with strong boxes or provide banking services. At the initial stages of rural banking, some banks used to travel to the villages providing similar services. Now, many of the rural areas are provided with permanent banks through the rural banking scheme. Forms of mobile banks can also be seen during exhibitions and trade fairs where banks create temporary stands.

Some of these services are not available in Nigeria while most of those available are grossly under developed, thus creating appreciable divergence between the standard of services available to bank customers in Nigeria and elsewhere in the world.

Finally, the commercial banks operate within the guidelines of the Central Bank of Nigeria and these guidelines reflect the monetary policy of the Federal government of Nigeria. In effect, banks also carry out the monetary policy of the government.

2.4.10 STATUS INQUIRIES

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

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

This service is provident in respect of both personal and business customers.

2.4.11 BUSINESS ADVISORY SERVICES

The aim is to assist business customers to develop their business in such a way that they can attack bank finance. Small scale traders are taught how to introduce simple record keeping and accounting into their operations.

2.5. THE MAJOR CHARACTERISTICS OF BANK SERVICES

From the above discussion of banking services the following characteristics are easily identifiable; intangibility, inseparability,

highly individualised marketing system, lack of special identity, wide range of product/services and geographical dispersion.

2.5.1 INTANGIBILITY

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

Therefore, since banks market intangible products,the concern with storage, transportation and inventory control for the bank marketer does not warrant itself in any respect.

2.5.2 INSEPARABILITY

As a result of the simultaneous production and distribution of bank services, the main concern of the marketer is usually the creation of time and place utility that is, having the services available at the right place and at the right time. This implies that direct sales is almost the only feasible channel of distribution.

2.5.3 HIGHLY INDIVIDUALISED MARKETING SYSTEM

When selecting channels of distribution, the goals marketer will usually have a marketing system containing several

established middlemen. More often than not, such systems are the most efficient, unfortunately, this is not the case for the banker, who has few traditional channels of distribution. Hence the banker is induced to locate branches of his outlet, as conveniently as possible. In many bank transactions, a client relationship exists between the buyer and seller, as distinguished from a customer relationship.

2.5.4 LACK OF SPECIAL IDENTITY

Another important feature of bank service is lack of special identity that is, bank's service is very much alike to the public. The reason why a particular bank or branch is used, is often due to convenience. Each bank must find a way of establishing its identity and implementing this in the mind of the public. As the competing products are similar the emphasis is on the 'package' rather than the product. The "package" consist of branch location, staff, services, reputation, advertising and from time to time new services. As the major competitors offer similar services, the emphasis should be on the promotional aspects, rather than on the inherent uniqueness of a particular bank's service. This is one of the reason why banks do very little positive selling but mainly rely on indirect methods.

2.5.5 WIDE RANGE OF PRODUCTS AND SERVICES

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

2.5.6 GEOGRAPHICAL DISPERSION

There has to be a branch network in any bank size and scope, and in order to provide benefits of convenience and to meet both national and local needs. Therefore, all services or promotions must have an appeal and wide applications.

At present banks largely get business because of the highly efficient services they offer. It is difficult to create and promote a unique product, so the emphasis is on service range, reputation and location.

2.6 MARKETING OF BANKING SERVICES

Many years ago, most banks neither understood nor practiced marketing. Bankers simply assumed that customers needed them. In the mid 1950s however, competition increased to the point where some banks aggressively turned to marketing,

though they still did not quite understand it. Marketing according to Kotler has involved through five stages in the banking industry:

1. Marketing is advertising; Sales promotions, and publicity. At first the banks thought marketing simply amounted to the use of some advertising, sales promotion, and publicity to attract new customers.
2. Marketing is smiling and a friendly atmosphere: Banks then realised that keeping the new customers required a pleasant manner and an attractive environment.
3. Marketing is innovation: Then some banks realised that marketing consists of developing new services to meet new needs and wants. The marketing department would research into customer needs, design new services and develop plans for marketing them.
4. Marketing is positioning: Many banks found themselves going after the same customers and looking very much alike. A few banks started to concentrate on certain target markets in order to develop a distinct position in the market.
5. Marketing is analysis; Planning, and control: Banks are currently realising that effective marketing requires certain organisational forms and advanced systems of marketing analysis, planning and control. He went on to say that not only banks but other institutions that turn to marketing seem to go through a period of

"slow learning" before they fully grasp the revolutionary character of marketing.

The need for marketing in banks stems from intense competition, not just from other banks, but also from financial institutions such as insurance companies, loan associations, credit unions, finance houses etc. The banks service two markets: corporate and retail customers, or in the marketing language, industrial markets and consumers markets. These two markets can be subdivided into five main types namely: government/public sector, the private sector, the commercial sector, industries and lastly the international markets.

"The concept of marketing is relatively new in Nigerian banking. According to Oguntade (1987) until recently "the banks operate in a sellers market and thus gives rise to the phenomenum of marketing". He argued that the Nigerian banker bears an arm-chair banker who aimed for business and cared little or nothing about his customers.

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

The literature on bank marketing in Nigeria is relatively scanty and recent. Perhaps one of the most comprehensive work on bank marketing in Nigeria was that by Nwankwo (1980), who wrote on "Effective marketing of Financial services in Nigeria". According to him "no casual observer of the Nigerian economy voice fail to conclude that Nigeria today is a sellers market. It is a place where the problem is not selling, but producing because anything and everything sells". Banking is not an exception. One would, therefore, question the need for bank marketing since banking, like other businesses in the country, was in a sellers' market.

However, the need for bank marketing arose as a result of the two-sided nature of banking which demands that the banker attract customers from whom he can buy 'deposits' and customers to whom he can sell loans and advances.

Nwankwo further stated that banks should embrace the marketing concept even though they were operating in a sellers' market for the following reasons:

A. The need to attract customers to 'buy' loans and advances in order to overcome the excess liquidity in the banking industry.

B. The increasing competition passed by the emergence of new financial institution:

C. The changing needs of customers.

D. The changing economic and business environment that followed the expansion of the economy.

E. The low level of awareness among customers of the array of banking services and the high percentage of money outside the banking system.

As Ugwu (1990) put it, " one of the striking trends in the Nigerian banking environment today is the gradual dying of arm-chair banking. The traditional method whereby the bank manger sits down in his office from 1st January to 31st December is just being replaced by a marketing oriented approach. Gone are the days when customers had to beg to be allowed to open accounts with banks. Many banks are even begging to set up marketing departments, a development that would have been frowned at a few years ago.

Arguing along the same line, Kasimu (1983) states that "the prevailing environment has constrained operators to abandon arm-chair banking a take to the streets to solicit for funds and attempt to undercut each other with sky rocketing interest rates and other incentives in order to attract deposits.

Banks in Nigeria offer almost the same range of services and the only difference lies in the strategy with which it is tailored to meet and satisfy customers' needs. An explanatory factor can be

readily observed in some banks that have developed proprietory skills which make their services distinctive and superior to other banks. The difference in level of liquidity and margin of profitability lies in the ability to utilize all available resources effectively within the constraints of the socio-economic environment, disruptive events, such as sudden change in monetary and fiscal policies which often alter the traditional patterns of demand and supply, production and distribution make the task of estimating future customers' needs very formidable.

2.7 DEVELOPMENTS AND INNOVATIONS IN MARKETING OF BANKING SERVICES IN NIGERIA

With the development of banking habits and the increasing awareness in the use of financial services by the Nigerian populace, new and sophisticated services has been introduced into the financial system. In the past, the monopoly enjoyed by the few banks in operation made them complacent in customer handling. 'Arm-chair banking was the vogue in he industry. Increased competition, tight monetary policies, fast depleting deposits coupled with the fear of bank failure which looms large in the minds of the operators have changed the situation. In the unfolding trend, agitation for improved executive capacity,

aggressive marketing and professional competence have been elevated from the realms of rhetoric to concerted efforts.

In effect, the competitive environment within which banks operate requires them to initiate, develop and enhance cordial relationships within and outside the industry, and attend to the needs of their customers promptly and efficiently. The scramble for customers is now intense, with each bank resorting to ingenious ways of providing improved services to their customers. Thus the 1990s is ushering in a new era of qualitative banking services, as computerised counter service, manned by service oriented professionals are now in fashion.

This positive development is not restricted to the commercial banks alone, but also the merchant banks with a drive for the high network individual clients and corporate depositors. However, due to their retail mode of operations, the commercial banks appear more visible in their efforts to improve their handling of customers on day to day basis. The benefits accruing from the emerging trends' in the banking sector have not been restricted to the depositors, it has been extended to borrowers who have more banks to explore for loanable funds.

In this regard, there are two factors at work. Firstly, finance and investment companies have joined the swelling number of banks to compete for a share of the lending market, along with

stockbroking firms that cannot cover their overheads from capital market operations alone. Secondly, high interest rates, resulting from governments withdrawal of its funds from the banking sector in mid 1989, has scared away many funds from the seeking investors, who now look to the capital market and retained profits for working capital requirements.

The high interest rate, on the otherhand have served the intended purpose of attracting more deposits, thereby threatening the least efficient banks with the classical keynesian liquidity trap expensive deposits, without commensurate borrowers ready to take the high cost funds. The high interest rates are undesirable for the Nigerian banking industry because in 1989 alone, interest income represented 73% of the sectors gross income.

Basically, the drive for improved customers' handling is focused on two directions. One is the efforts to provide better and wider services to customers. To this end, banks are cashing in, on the current high interest rate regime to provide better returns to customers on their hard earned savings. Banks no longer look towards making very high spreads on lending, over deposits rates. While borrowers are offering much better deposits rates to customers than ever before in order to improve their liquidity positions. This is very important in the Nigerian situation where inflation rates and high profit margins on direct investment, make

it very tempting for customers to seek alternative outlets for their invisible funds.

One positive fall out of banks' bids to attract depositors through attractive rates, is the introduction of new products, tailor made to meet customers needs. No fewer than 75 of such special products for investors have been formulated by various banks, both commercial and merchant. Unfortunately most of them aim at relatively high net worth individuals, who can provide N100,000 and above. This denies the small investors access to the top of the line investment schemes, at a time when the pooling of small savings should be assuming increasing performance to the banks.

Following the 1990 government's directive, banks now pay interest on current accounts. Despite early fears that banks would witness declining profits in doing this, they now compete healthily for lucrative current account balances by paying up to 8% on these accounts. Another innovation designed to enhance improved banking service to customers is the concept of weekend banking. Several commercial banks and some merchant banks now operate limited hours on Saturday to meet the weekend cash needs of their clients. This service has been highly successful and has well endeared them to their customers.

In addition, banks now offer financial advisory services to their clients, on investment matters. A few even offer legal

advisory services on finance for an added fee. Many banks have begun to provide life insurance cover for certain categories of depositors at no extra charge, the premiums are paid from the banks' coffers. Private banking has also become popular, tailored mostly towards the customised needs of relatively high networth individual clients and corporate depositors. This banking mode is highly personalised and incorporates services such as individualised investment portfolio, personal mortgage loans, vital documents safekeeping services, pension funds management and executorship and trust services among others.

There were also attempts to introduce secret banking, an idea welcomed and desired by many customers. However, the Central Bank of Nigeria has rejected this concept on the ground that it may serve as a means of stashing away ill-gotten wealth. The other focus of qualitative banking has been on faster services delivered in a more conducive atmosphere than what obtained. Several strategies are being employed here.

The most auspicious is the use of graduate cashiers in many banks, some of which also double as customer relations officers. This is to check poor attitude of cashiers to bank customers which has long been identified as one of the banes of the Nigerian banking industry. Directly linked to this initiative is the computerisation drive, being carried out by the banking sector as a

whole. Up till recently, most banks restricted their computerisation efforts to clearing and accounting procedures in their urban offices. Thus, the work was made easier for the branch staff without the customer gaining much from the exercise. Banks are now installing on-line computers for customer transactions so as to save valuable time for their clients. A couple of banks have even networked their Lagos branches through a central computer system enabling their customers to deposit or withdraw money from any of their branches in the city.

Computerised transactions means that a customer's cheque needs not to go to the back-office-staff before being honored since the cashier can avail himself of all necessary information relating to the corresponding account and act on it at the touch of his keyboard. The result is express service where a customer can withdraw money in a matter of minutes, as against the long, agonizing waiting in the past. Bank have also developed certain level of flexibility in their daily banking hours. It is now common to see clients engage in across-the-counter transactions, well after official banking hours. While this means delays in account balancing for the banks and, therefore, longer working hours, they more than make up for such through increased customer loyalty and goodwill.

But perhaps the most novel and far-reaching development for customers is the introduction of the automatic teller machines (ATM's) into the Nigerian market by a major commercial bank (Societe Generale Bank). These highly computerised electronic machines, stationed outside the branch of a bank, provide easy access to cash 24 hours a day. All that the account holder has to do is to insert his or her coded card, press the correct buttons, and the money requested for comes out so long as the account balance cover it. The banks are also fast embracing the idea of the MICR (Magnetic ink character recognition) cheque to facilitate easy transactions in the bank. These, undoubtedly, are mini revolutions that all banks will have to introduce into their service lines.

On quality of services, however, a good number of banks' customers still feel unsatisfied in spite of all the improvements in the system. Regrettably customers of some banks often allege that their banks make false claims in their promotional advertisements. Also some are known to have charged that banks hoard information and very discrete about their dealings with customers. Others said, they are fraught with errors. In addition, banks' customers generally feel disenchanted by the non-challant and arrogant attitude of some bank personnel, the long time it takes to open accounts, lack of interest on the part of banks in financing

medium to long term projects and the parochial approach to business by some banks, as customers spend long hours in banking halls. It may be an understatement to say that an average customer does not know his/her right in any banking transaction today. Infact, they have become so enlightened and sophisticated that they now demand more than basic banking services.

The qualitative changes in banking services have begun. Indeed, the beginning of a long and expensive journey for the banks. There is still a lot of room for improvements. The merchant banks especially have a lot of catching up to do in bank marketing. The introduction of direct cheque facilities (by a couple of banks) is a step in the right direction. Citicorp, America's biggest bank, has sunk hundreds of millions of dollars into its state-of-the art retail banking operations. This has proved really worth it, judging from the bank's growing market share and gross earnings from these activities.

2.8 COMMERCIAL BANKING SERVICES AND THE ROLE OF MARKETING

Marketing is a staff function; its role is to support bank management by the provision of marketing information and expertise. Marketing, therefore, informs management, but management must also inform marketing. Management must determine the bank's goal and objectives and communicate them

to marketing so that they can assist in the achievement of these goals and objectives. This can provide a climate in which better decisions can be made.

In order to function properly, marketing must be consumer-oriented, value-oriented and profit-oriented. Marketing cannot merely pay lip service to cost and expenses; it must be aware of and, continually, informed of banks goals in terms of profits. To achieve this goals marketing must be considered part of the top management team.

Marketing is the job of equating the goals and objectives of the banks to the financial needs and wants of the customer by securing action at a profit. It is also the responsibility of marketing to encourage the bank continually to focus on all customers. This is because it is vital for the bank to serve its customers in a better, more economical and more satisfying manner.

In addition to customer orientation and profitability, marking must also be concerned with all the values that exist in banking and these include economic values, moral values, ethical values, monetary values and so on.

The marketing man is in the unique position of helping to provide value to both the bank and to the customer. He also stimulates action between the bank and its customers. The marketing job of integrating and coordinating the various banking

functions deal with the consumer and these are molded into an effective program. The rate of marketing, therefore, is essentially that of communicating and selling bank services by motivating and satisfying customers.

2.9 THE ELEMENTS OF MARKETING MIX IN BANKING

Moden defined marketing mix as "the combination of detailed strategies, tactics; operational policies, programs, techniques and activities, to which resources may be allocated such that the company's marketing objectives are achieved". Kotler sees it as "the particular blend of controllable marketing variables that the firms uses to achieve its objectives in the target market". The marketing mix as can be seen, consists of tools and techniques which the marketer uses, to achieve a defined marketing objectives as economically as possible.

The development of an appropriate marketing mix implies the recognition of a target market. Target marketing implies segmentation of the market. Once market segmentation has been carried out, the bank should ideally decide on the broad-strategy in terms of undifferentiated, concentrated or differentiated marketing approaches. Although these approaches have been highly developed in the product field, but in banking the general approach appears to be through differentiated marketing, where

functions deal with the consumer and these are molded into an effective program. The rate of marketing, therefore, is essentially that of communicating and selling bank services by motivating and satisfying customers.

2.9 THE ELEMENTS OF MARKETING MIX IN BANKING

Moden defined marketing mix as "the combination of detailed strategies, tactics; operational policies, programs, techniques and activities, to which resources may be allocated such that the company's marketing objectives are achieved". Kotler sees it as "the particular blend of controllable marketing variables that the firms uses to achieve its objectives in the target market". The marketing mix as can be seen, consists of tools and techniques which the marketer uses, to achieve a defined marketing objectives as economically as possible.

The development of an appropriate marketing mix implies the recognition of a target market. Target marketing implies segmentation of the market. Once market segmentation has been carried out, the bank should ideally decide on the broad-strategy in terms of undifferentiated, concentrated or differentiated marketing approaches. Although these approaches have been highly developed in the product field, but in banking the general approach appears to be through differentiated marketing, where

the organisation is operating in a number of places, and promotion represent the four main elements of the marketing mix.

2.9.1 **PRODUCT/SERVICE:** In marketing, the term 'product' refers to both tangible products and services. Product planning consists of making decisions pertaining to the products or services to be offered to customers.

Commercial banks in Nigeria are basically in the business of buying money (deposits) from customers and selling such money by way of loans and overdrafts (advances) for a profit. Thus, the task of product design and packaging calls for putting together a package of banking services and presenting it in such a way that it catches the interest of the customer.

2.9.2 **PRICE/INTEREST:** The price of a banking service is the interest that a bank pays and receives on deposits and advances. The price of financial services, especially interest, is centrally regulated by the monetary authorities. This fact was aptly stated by Okongwu (1987) "the monetary authorities usually fix the rates leaving little or no latitude for competition among the banks on the basis of interest rates". This means in effect, that the banking industry is essentially monopolistically competitive, that is, competition if any, is non-price.

2.9.3 **PLACE/DISTRIBUTION:** Place or distribution has been, and will continue to be, a primary element in the banking industry. Place/distribution has two important sides to it, the physical channel of distribution and the personal channel for offering sales and services at the distribution point. Location of bank branches, the amenities and the comforts of such branches are very important. Most banks have more than one outlet (branch) of service, that is, a large network of service-points through the establishment of branches to reach the vast market of the country.

The personal channel of distribution poses problems of a different nature to the banks. It is said that "Goods are sold, but services are performed". The difference between banks lies mainly in how services are rendered. In the performance of a service, personal competence and efficiency constitute critical inputs.

2.9.4 **PROMOTION:** Promotion is one of the four major elements of the marketing mix and, it is the company's attempt to stimulate sales by directing persuasive communication to buyers.

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

A. To portray the service benefits in a pleasant and appealing manner;

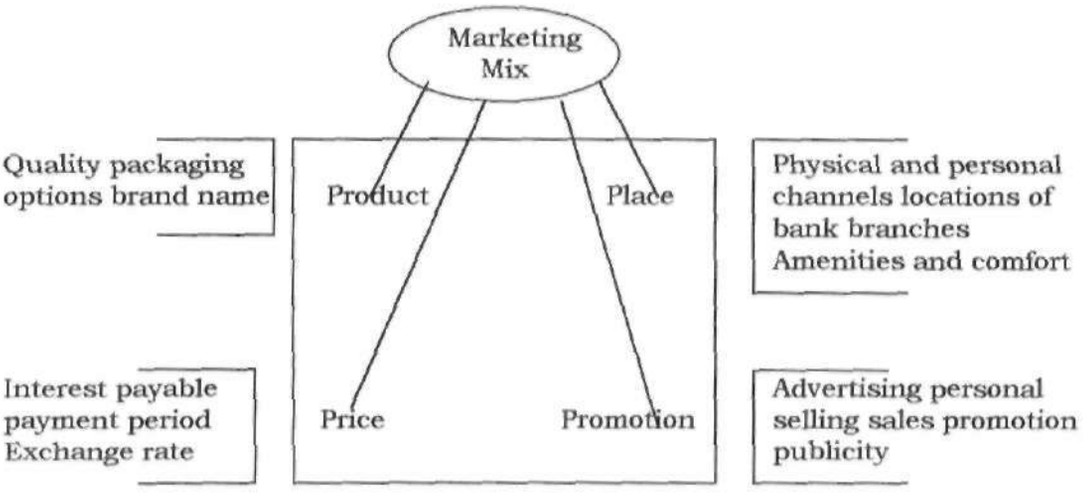
B. To differentiate its offerings from those of competitors; and

C. To build a good corporate image and reputation.

The fact that the bank is marketing intangible products makes the need to build a sound reputation a critical corporate objective. The instruments of promotion commonly refereed to as the promotion mix are, advertising, personal selling, sales promotion and publicity.

The array of promotional tools used by most Nigerian banks to achieve its objectives of persuasive communication include: space advertising, Television advertising, speeches (lecture), House publications (journals), Trade exhibitions, corporate publicity through the media, and corporate identification program, for example sponsoring conferences, sport, contess, television programmes etc.

FIGURE I: THE FOUR Ps OF THE MARKETING MIX



SOURCE: KOTLER P (1980) PRINCIPLES OF MARKETING Pg 90.

From the foregoing analysis of the elements of marketing mix, it can be seen that there is the need for the banks to always have the customers in mind in rendering their services and in decisions relating to the four Ps.

2.10 STRATEGY FOR EFFECTIVE MARKETING

For any business to succeed, it has to psycho analyse itself to identify its strengths and weakness . It is on the basis of this analysis that corporate objectives and the strategies to achieve them can emerge. Marketing as a part of the central course in management, cannot be effective unless it derives from this

...SHIM ...

corporate plan. Since corporate planning normally starts with a 'position' audit which identifies and appreciates the strengths an weaknesses of the corporation, it follows that a strategy for effective marketing has to emanate from the position audit of the business. Based on the knowledge gained from the analysis, we can derive, the resources data bank and the strategy itself. These are summarised in figure 2 and 3 respectively.

The resources data bank, as shown in figure 2 can be summarized in the word BEP (Bank Resources Environment, and psychology of Finance). 'Bank Resources' is further sub-divided into CDAM (Capital Deposits, Assets and Management). These constitute the psycho analysis of the bank and summarizes its strengths and weaknesses. All this implies that effective marketing requires a thorough knowledge of the legal requirements and of the significance and structure of the bank capital. It also requires the analysis of the structure, terms and sources of bank deposits and of the structure, liquidity and profitability of bank assets. Since marketing means matching resources with needs, CDAM facilitates need identification; also facilitates the identification of areas of strengths and weaknesses and the cost and revenue centers. This analysis and the use of costing techniques will indicate the most widely acceptable services and facilitate market segmentation of the most profitable services in the short-term and the most

desirable from the long-term point of view. For this to be fully and effectively exploited, the management of the bank or branch has to be appraised in terms of motivation, orientation and development.

Banking operates in an environment and it can undermine the strengths and aggravate the weaknesses of the bank. But if the bank is properly analyzed, understood and appreciated, it can prove an invaluable asset to the achievement of corporate goals of which effective marketing is one. As figure 2 shows, Environment can be analyzed as PEF (Political, Economic and Financial). For the banker to be effective, he has to study and understand the political structure, the political philosophy and the major critical political issues. These and related issues can only be ignored by any banker to his utter detriment.

Then follows the analysis of the economic environment. This includes the analysis and the implementation of the topography of the economy, its resources and their location as well as their economic significance, the main economic indicators and sectors and the critical economic issues.

It will also require an analysis of the development plans and budget speeches to appreciate the thrust of policy and areas of main emphasis. Indeed, as a service industry, banking cannot operate in a vacuum: The economy is the theater and no effective marketing is possible without this environmental appreciation.

The same thing also applies in the case of the financial system. Effective marketing requires a thorough analysis of the money and capital markets, the banking system and the central banking arrangements.

Another very important input is the psychology of finance. Its significance derives from the fact that the resources may be there and the environment may be favorable but unless the psychology is agreeable not much can be done. This psychology can be summarized as BCE (Business of Banking, Customer Profile and Environmental Inputs). Analysis of banking business requires a thorough knowledge of the objectives of the bank an conflicts in banking. Banking, like any other business, has the objective of making maximum profits in the interest of the shareholders; another objective of maximum liquidity in the interest of its depositors; and of course: development objective. The conflicts in these objectives are obvious: cash that guarantee liquidity are barren of income and profits. Loans and advances which are the most profitable are usually liquid. Similarly, the profitability and liquid investment may contribute least to the development of the economy while the projects with development potential may appear harmful to established banking cannons and traditions. The marketing manager must understand on which of these objectives the bank lays emphasis. Or where they have been successfully

reconciled, he must understand and take into account how the conflicts have been resolved.

This of course has a bearing on Head office directives. The marketing manager can neither remain long nor be effective if he constantly flouts Head office directives. Likewise, he has to carefully consider the three Cs in banking (Cost, Convenience and Confidence). The marketing manager cannot go on promising everything without considering the costs and implications on his or the bank's ability to deliver the goods. This means that the banker must live up to his promises and undertaking; he should create an image of somebody who can be relied upon and he should never promise what he cannot normally fulfill.

Another aspect of the psychology of finance is the customer profile, that is, the type of customers; cultural attitudes and outlook; their turnover; idiosyncrasies and their gossip etc. If the customers are entirely ignorant of banking needs, if they are averse to keeping correct records, if they dodge or are reluctant to furnish necessary information, if they are the type that consider bank loans as their share of national cake or take genuine observations as affronts on their personalities and integrity, then the marketing manager, having been forewarned, should ideally arm himself for the harsh struggles accordingly. Similarly an understanding of their problems and an effective communication with them on ways

of solving the problems may well prove a rewarding asset to effective marketing.

Finally, there are the environmental inputs. These require understanding of the leading political and economic issues at any point in time and government thinking and approach on ways and means of dealing with the issues. They also include a knowledge of the seasons or occasional events and of the Central Bank guidelines and government policies to that effect. Unless the banker wants to run foul of the government of the day, he must take these issues and their implications into proper account in planning his marketing strategy.

In sum, therefore, effective marketing requires an effective resources management data bank. This is provided by the formula:

BEP = CDAM + PEF + BCE = Total information input.

With the data bank, the marketing manager is then in a position to draw up an effective strategy. As figure 3 shows, the fulcrum of this strategy is the bank or branch. At this level, the major problem is need identification. This poses five questions which are then answered in the rest of the strategy. These question are:

1. What service?
2. Why market them?

KASHIM IBRAHIM LIBRARY

3. How to market them?

4. By whom can they be marketed?

5. For whom do we market them?

In considering "what services?", the answer is obvious. The banker has to decide whether to stick to traditional services or engage in innovative banking. He really has no choice but to be innovative. He must continuously develop his services in terms of the changing needs of his customers and the changing services of his competitors, to ascertain where modifications are necessary or new services should be developed and yet maintain existing services always of course, evaluating and ensuring that the resources of the banks are being profitably used and accurately matched with customers' need.

Since question (2), "Why marketing?", has been dealt with in page , we shall move to question (3), "How to market them?" A detailed answer is summarized in figure 3. This starts with BEP and considers the structure of interest rates and competition in the locality or in the economy generally. Another weapon is market research to determine, among other things, the last of awareness of bank services among customers and non-customers; the penetration achieved by the bank's various service; and to identify the gap or gaps in the market which a new product or service can exploit with the tools acquired in market research, the marketing

manager can then determine the level and extent of market segmentation to enable groups of customers with broadly similar interests to be identified, so that services can be tailored to their specific requirements and products, or customer groups which should be emphasized or de-emphasized can be identified.

Public relations and advertising are other instruments in the marketing manager's strategy to 'push' his services to the customers. This aspect will be studied later in detail, but it is worth mentioning that the behaviors of counter staff and the branch manager is an important input in the public relations and advertising exercise in bank marketing. Another aspect is the call-up plan and after-sales service, since banker/customer relationship does not start and end with opening an account, making deposit or taking a loan. Reputable marketers of complicated equipment offer after-sales service. Nothing is more complicated or technical than financial services. A call-up plan is a method by which bank staff call on customers to see how they are doing with their problems - either loans they have taken or fixed deposits they have made with the bank ascertain the prospects of payment or renewal of taking additional loans or making further deposits and generally find out what further services the customers need so as to match resources with needs profitably.

The final point is bank capital. Capital apart from providing the bank's fixed assets determines the amount of loans that can be committed to a single client and sets a limit to the amount of deposits a bank can attract or create. It has also a psychological influence on public confidence in the bank. This means that an increase in capital is an important strategy in bank marketing, particularly where there are legally prescribed capital loan and capital deposits ratios. The structure of the capital market and its ownership are also important indicators of the bank's catchment area for its business.

On (4) "by who?", the answer is equally obvious; Bank marketing is not limited only to the marketing manager. All bank staff from the board of directors to the counter clerk or customers relation officer, and cleaner have responsibility for selling the bank to the public. When a director uses his influence to borrow money from the bank but keeps his business account in another bank, he is not marketing the bank that he directs; on the contrary, he may be demonstrating his lack of confidence in his bank. This obviously has adverse contagious effect on the bank. The image which bank staff conjure up in the public mind about themselves and about bank is equally an instrument of bank marketing which may have positive or negative effects depending on whether that image is favorable or not. Finally, the messengers and cleaners

pick up not only staff gossip but also customers' gossip and these obviously do constitute topics directly and indirectly in their respective places of abode and professional or group associations. It is easy to ignore these, but they should constitute important input in the marketing manager's armoung.

The answer to (5) "for whom?". The customer is the core of bank marketing. A business can operate for some time, and in some special circumstances for a long time without profits, but it cannot survive for a day without customers for whom marketing is meant. Apart from analyzing and classifying existing customers and understanding their fears and aspirations, the marketing manager must realize that his problems do not end there. He has to retain these customers. More than this, he has to open and till new grounds, by extending more and better services to existing customers, winning and retaining customers from the tremendously vast unbanked an underbanked community (or communities).

However, there is a basic difference between bank marketing and goods marketing or even the marketing of services provided by other firms outside the banks. This lies in the two sided nature of banking. A banker has to attract customers to sell deposits to them, and has to attract them to buy loans and advances from him. Thus, unlike other firms, the bank not only has to develop

marketing strategies to sell its services, it also has to develop those with which to buy. In good marketing, the producer has only to consider the need of his customers, design the product to match the needs and get the customers to buy the products. Both involve attracting and keeping customers.

Nevertheless, the marketing strategies applicable to goods marketing could also be applied to the bank, with some modifications where necessary. Whether attracting deposits or granting loan, the bank is satisfying a need just like the producer of goods.

2.11 HUMAN RELATIONS IN BANKING

Human relations is defined as "the study of group behavior in order to achieve designed goals with a minimum effort and conflict between individuals". In the twenty year period, starting in the late 1930's and extending through the late 1950's, the term 'human relations in industry' was applied widely to a variety of cross disciplinary research studies and commentaries on the social organisation of economic institutions. The most characteristic feature of the human relations approach was a shift away from the traditions of 'scientific management', with its narrowly logical methods of layout and job design and its uncritical emphasis on payment by result incentive plans, to an interest in the effects on

employees of informal group membership and supervisory practices.

For banks in particular, the study of human relations seem to offer enormous benefits interms of increased good banking services and diminished industrial strife; people of different characters and temperaments are dealt with in the bank. In any case, this topic has to be studied very well in order to have a successful business. We shall look at human relationships in the banking industry from two perspectives: Relations with customers; and corporate image.

2.11.1 CUSTOMER RELATIONS

For the customer, the branch is the bank, and the branch manager is the personification of the bank. Under the branch manager the branch staff will go about their business in an atmosphere which will be set from the top. If the staff are happy with each other, and well led, there will be a contended efficient air about the branch which will extend to the public side of the customer. The customer is made to feel welcome in the branch; it is a place he enjoys visiting.

This ideal picture does, in fact, obtain in some banks, but not all of them. The banks have spent years in trying to break down an image which can be summed up as 'stuffy and hustile'.

Potential customers dared not even enter a bank, for fear of being made to feel embarrassed, either for lack of knowledge or paucity of resources.

Good customer relations according to Sanda thus, depend on two major requirements - quality/services, and responsible acceptance of after market needs. The minor ones which he said are of no less importance are the public relations techniques that help to achieve good or perhaps, better customer relations. He further said that one of the best ways to create customer satisfaction I to increase the enjoyment of the product/service to make sure it is used and to extend its uses.

It is valuable to organise events and activities that will bring the banker close to customers; for example, some events can also produce the useful spin-off of media coverage. If the head office building is interesting and worth showing, visits could be organised for customers. For this, there is need to plan a tour, have guides, provide refreshments, and have an exhibition or a slide or video show. The visitors will also need something to take away like a presentation pack, perhaps, a gift pack. This can bring the banker close-to the customers where he may be able to explain the benefits of his product/services either on the stand or by means of video. Meeting customers publicly can build good customer relations. Exhibitions also give the opportunity to

answer questions, give advice and hear opinions at first hand. Such public confrontation helps to create confidence because there the banker is face to face with customers he would never otherwise have met.

Production of documentary films and videos can be worth the investment if it can surely reach a significant public. They can also be shown at customer aid press receptions. A special characteristic of films and video is their entertainment value which helps to present a public relations message pleasantly. A very inexpensive medium is the feature article. Customers can be told how to use or enjoy products/services by means of such articles in newspapers and magazines.

A new development in the banking sector is the deployment of certain staff, mostly attractive ladies, who are designated customer Relations Officers. As Gbae puts it, "this is not enough, short of saying it is wrong. Every bank staff who has any contact or dealings with customers has a responsibility for customer relations. Often times, what you find with these so-called customer relations officers are just beautiful smiles and little or no knowledge about the various services available in their banks. At best they should be designated laison officers as they engage more in referring customers to other operatives who will provide the necessary after market needs of the customers.

2.11.2 **CORPORATE IMAGE**

No matter the nature of business, every organisation is bound to have an identity by which it distinctly stands out amongst other organisations, whether within the same industry or not. That identity is the corporate image of the company. Put differently, it is the totality of perceptions of the public of an organisation.

A good corporate image creates confidence in any product/service that bears the company's name. It helps ensure acceptance of a new product/services talent, helps keep the people at the company feeling it is a good place to work; a corporate image helps attract capital of favorable terms, causes the stockholders to seek out the company's stock and select it over another. A corporate image also gives the company an edge with dependable source of supply, helps to secure efficient, profitable distribution; it helps a community to understand a company and accept it as a good neighbor, and a corporate image can open minds as well as doors, hold decision until the company's story is heard. All these have a decided influence on sales and profits.

Corporate image is transitory in nature, dynamic and ever changing, hence the need for its close monitoring and shaping and reshaping as the case may be. Image management involves

following the changes in such a way as to benefit the organisation. Social trends, political issues, economic upturn or downturn, cultural revolution or a simple act of God can alter an organization's image in Nigeria.

Immediately a corporate image is established, the next hurdle is the management of such image. Most organizations employ public relations personnel to take charge of their image management. Others employ the services of an outside counsel, while still others personnel or industrial relations managers or even the Chief executive.

Nothing can be wrong as assuming that corporate image is the duty of a specific person. But even worse is getting somebody with no public relations background to take charge of the public relations program. To avoid failure, management must be conscious of the person assigned with the responsibility for managing the corporate image. Image management is borne out of planning and research. The whole work force must be made to appreciate and propagate the image of the organisation in various manners. The way they conduct themselves during and after work, the type of people they associate with and of particular interest, the way they treat the company's customers.

The image maker must therefore, be well knowledgeable not only in the industry his business operates, he must be a trend

analyst and a student of the society. The society where his public resides is his constituency. He must be conscious of the dynamic nature of the society and the ever-changing nature of human beings. Image management itself must be endowed in communication and communication research. Hence the need for communication audit. In the words of Iruing Smith Korgen: "All enterprises form a distinctive identity from the services they give their customers, from the appearance of factory buildings, from speeches made by company officials, from activities of employees in the plant city community".

As a Surveyor of various services, one unarguable fact is that, unless every product/services is backed by very effective human relations by a bank's officials, no buyer will look in, no matter the finances of the service. Just like in a most other business organisations, the customer withdraw his patronage? An imposing architectural design as office; what will be transacted in there if the client goes away? The most loyal and most dedicated staff in the world; what work will they do, should the account holder decide to close it and go?

The bottom line of all these is that, either figuratively or literally put, the customer is like an egg, which should be handled with the greatest of care. To realize this, the banker needs to be very skillful and tactful in handling customers; able to display a lot

of initiative when confronted with a difficult client; undivided attention to customers (especially when dealing with a top business person); able to bring optimum tact and direction to bear in mind in any emergency situation; to take alot of pains to help customers, or even prospective customers. The list does not end there. There is never a blueprint to human relations. Neither has there been, nor will there ever be, an exhaustive list of manners. What is most important, is to have it at the top of the mind, the fact that, the customer must be treated like an egg. Anything other than this will lead to breakage which will be disastrous. Of course, no bank or organisation would want to face this consequence.

2.12 BANK MARKETING: THE FUTURE CHALLENCES

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

1. Customer information
2. Disclosure
3. Social responsibility
4. The payment system
5. Depersonalization

2.12.1 **CUSTOMER INFORMATION**: There is a compelling need for banks to explain banking services more effectively. Although many services have been created, customers are being offered the same mix of services, regardless of individual needs, wants, problems and expectations, are allowed to choose for themselves. The implication is that instead of the banks segmenting the market, the banks allow the customers to segment themselves. The assumption here is that the customer has the knowledge, time and interest to pick out those services most appropriate for his particular needs.

However, in reality, it is probably rare to get a customer who is willing or able to filter out from a long list of services those that best fit him. Presuming that the customer is able to select precisely what he needs in the way of bank services in turn presumes that he truly understands the nature of the various services available, and has a sound knowledge of his present and future financial needs. Not only can customers have a need without being able to articulate it in their minds, they also cannot buy services they do not know exist. And of course, knowing that something exist does not mean being aware that the bank offers trust services, for example, it means understanding what trust service mean.

2.12.2 **DISCLOSURE:** The challenges of adequate disclosure includes and goes beyond providing sufficient information to the customer so that he/she can decide whether or not a given bank or set of services is right. Disclosure also relates to making publicly information that the public has the right to have in ascertaining whether or not the bank is operating in the public interest.

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

Movement relating to consumerism and ecology are just two of many examples of the heightened awareness and demands of increasingly large segments in society. This ushers a new era upon us. In the old era, it was enough for the marketer to ask: can we sell it? In the 1990s and beyond, the marketer must add an additional question: should we sell it?

2.12.4 **THE PAYMENTS SYSTEM:** The amount of paper that needs to be handled to serve customers increase yearly, and banks may find their paper based, labour intensive systems incapable of coping with the load at some future point. Customers are not

particularly happy with the present system, they will therefore be a lot happier as well as the general public if the payments system can be improved. However, as marketing studies repeatedly show, there is a compelling need to address the customer and public in a more meaningful way than to cry wolf.

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

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

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

As more banking procedures are computerized, there is increased danger that customers 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 services. This is a future challenge for bank marketing.

CHAPTER THRE

RESEARCH METHODOLOGY

Research is very important in the banking industry. The introduction of new services should result from an initial idea which may emanate from the customer or from bank staff at any level. After a screening process any seemingly viable proposition should be tested by market research to establish whether the combination of expected demand and projected price justify rendering the new service(s).

3.1 HISTORICAL BACKGROUND OF SELECTED BANKS

3.1.1 FIRST BANK OF NIGERIA PLC

First bank of Nigeria Plc was established in 1890 with the name Bank of British West Africa (BBWA). It was the first successful bank to operate in Nigeria. Therefore the name First Bank which was actually adopted in 1979, is appropriate having being conferred on the bank industry. The first branch was in Lagos.

On January 20th, 1973, a formal agreement was signed for the government equity participation in the bank.

3.1.2 UNION BANK OF NIGERIA PLC

The origin of Union Bank of Nigeria PLC could be dated to 1917 when the Colonial Bank established offices in Jos, Kano, Lagos and Port-Harcourt. The organisation was later named Barclays Bank Dominion, Colonial and Overseas (Barclays Bank DCO).

It was locally incorporated as a separate bank in 1969 with it's head office in Lagos. The name then changed to Barclays Bank Limited and on 12th March 1979, the name was again changed to Union Bank of Nigeria Limited. In 1991 and following the promulgation of companies and allied matters degree (Act) of 1990 by a special resolution of its annual general meting of the shareholders, the bank acquired the public limited company status, that is Union Bank of Nigeria Plc.

As at 30th September, 1996, Union Bank had 262 Branches in Nigeria and London.

3.1.3 UNITED BANK FOR AFRICA PLC (UBA)

United Bank for Africa Plc is one of Nigeria's top three commercial banks. It was established in 1961 by a consortium of five(5) international banks to take over the banking business carried on in Nigeria since 1989 by the British and French branches in New-York an Grand cay man island.

Nigeria own 60% of the shareholding of the bank, while the other 40% is owned by four founding international banks namely; Banque nationale de paris, Bank international corporation of New York, Bonae Nozzonale del lavow and Morete de poschi disiena.

UBA Plc is active in all aspects of commercial banking and provides international banking trusteeship, share registration, corporate and computer services through specialised division.

3.1.4 AFRICAN INTERNATIONAL BANK

African International Bank Limited formally Bank of Credit and Commerce International Nigeria Limited (BCCC), started operations in Nigeria in 1979 under ownership and management with BCCI, S. A Hixembourg.

The Bank has its head office at Victoria Island Lagos with 49 branches and 4 cash centres across the country as at 1995.

AIB place a lot of emphasis on deposit mobilization. That it does through a strategy it has adopted over the years which is based on offering first class, computer based services to its customers.

3.2 TYPE OF DATA

Data for this project will be based on two sources:-

1. Primary data
2. Secondary data.

3.2.1 **PRIMARY DATA**: Are those gathered specifically for the project at hand (stanton, 1987:P72). According to Osuala (1987:P118) primary data deals with the collection of facts and figures relating to the population in the census". The tools adopted for collection of primary data in this research are, the questionnaire and the personal interview.

3.2.2 **SECONDARY DATA:-** This data includes information gathered by other agencies for their own purposes, but which is of importance to the researcher. It helps in the construction of the theoretical work of the research.

Secondary data according to Gupta (1990:P44) "refers to the statistical material which is not originated by the investigator but which is obtained from someone else's word". Secondary sources of information include: News papers, textbooks, journals, relevant literature in the field etc.

3.3 METHODS OF DATA COLLECTION

Data are often collected in the normal course of administration and not specifically for statistical purposes. Data collection method deals with procedures of gathering relevant information needed for the research work. These are primary and secondary data collection methods or sources.

PRIMARY SOURCES:- The primary sources include:-

(a) **Questionnaire:** In order to carry out this research work effectively, a structured undisguised questionnaires were compiled and administered on four banks. According to Osai (1992) a questionnaire is "a list of printed questions to be answered by a group of people, to get facts or information".

The questionnaire will be carefully studied and administered and the result or answers will be used to appreciate the problem in a better way. This will allow the researcher to gain a clearer view and an in-depth insight into the problems.

(b) **Personal Interview**:- As the questionnaire could not reflect all the necessary questions, personal interview was used to gather more information about the activities of the banks.

3.2.2 SECONDARY SOURCES

The research population consist of all commercial banks in Nigeria. However, it is humanly impossible and economically unviable to study all of them, four banks are randomly selected to be sampled. This method is used for a number of reasons:

Firstly, the sampling approach tends to reveal full information about a particular issue; it reduces cost and provide accurate data; it makes the researcher to get more involved with

the reality of the factors that motivate the problem as well as making possible the practicability of the research work. Above all, the researcher is of the opinion that the generalisation made for the research work will be applicable to all commercial banks in Nigeria.

3.4 SAMPLING METHOD USED

For the purpose of this research work, simple random sampling was employed by the researcher. This is to ensure that each member of the population has an equal chance of being selected for the sample, and to avoid subjective bias arising from a personal choice of sampling limit.

CHAPTER FOUR

4.1 PRESENTATION AND ANALYSIS OF DATA

The data gathered from this research work through questionnaire and supplementary personal interview can thus be analysed and interpreted using tabulation since responses from the four (4) banks shall be used to prove the researcher's point. It will also highlight the consistency of the researcher's findings as relates to existing knowledge and views as reflected in chapter two.

In line with the methodology accepted in the introductory chapter below are the data collected and analysis of the above banks.

4.2 MARKETING DEPARTMENT

TABLE 4:1 MARKETING DEPARTMENT

VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
Yes		Yes		Yes
No	No		No	

Source: The Questionnaire

COMMENT:

The responses showed that Union Bank and AIB have marketing Department while First Bank and UBA do not have any marketing department.

4.3 HANDLING OF MARKETING FUNCTION IN THE ABSENCE OF MARKETING DEPARTMENT

TABLE 4.2 ALTERNATIVE DEPARTMENT

FIRST BANK	UNION BANK	UBA	AIB
Commercial Department	-	Commercial Department	

Source: Questionnaire

COMMENTS:

The marketing function are either carried out in marketing departments (Union Bank and AIB), or placed under other department like commercial departments (First Bank and UBA).

4.4 COPING WITH COMPETITION

TABLE 4.3 COMPETITION

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Through market research		Yes		Yes
ii	Through Promotion			Yes	yes
iii	Designing New services to match the change	Yes	Yes	Yes	Yes
iv	Other (specify)				Yes

Source: Questionnaire

COMMENTS:

All four banks cope with change and competition through different strategies in one way or the other, or a combination of many (AIB). All have embarked in designing new services in order to cope with the competitiveness of the banking industry, such new services include Western Union (First Bank), Money transfer

(Union Bank), UBA Money Gram, Save for school etc. (UBA), Phoenix system (ability to collect money in any of the branches within the country as long as you have an account in one of the branch (AIB).

4.5 GROUPING OF CUSTOMER

TABLE 4.4 GROUPING

VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
Yes	Yes	Yes	Yes	Yes
No				

Source: Questionnaire

COMMENT:

It was discovered that all the banks group their customer into distinct categories for effective marketing.

4.6 CATEGORIES USED IN GROUPING CUSTOMER

TABLE 4.5 CATEGORIES

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Educational qualification				
ii	Level of income		Level of income		
iii	Occupation				
iv	Others (specify	Corporate and individual customers		Bus.Vol.	Level of income

Source: Questionnaire

COMMENTS:

The four banks sampled agreed to grouping their customers into distinct categories for effective marketing, wherein in addition to the conventional banking services, personalized banking services tailored to meet these individual customer segments. These are all geared towards seeing customers needs.

4.7 STAFF TRAINING AND DEVELOPMENT

TABLE 4.6 TRAINING AND DEVELOPMENT

VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
Yes	Yes	yes	Yes	Yes
No				

Source: Questionnaire.

COMMENTS:

All banks send their staffs for training of diverse kinds in either one or a combination of areas to meet relevant banking needs, marketing inclusive. First Bank has training centres at Ibadan, Lagos, Jos and Enugu, and the training ranges from one to two weeks, but atmost two weeks. AIB also has a training centre at Kano.

4.8 PROMOTION METHOD USED BY BANKS

TABLE 4.7 PROMOTION METHOD

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Advertising	Yes	Yes		
ii	Personal selling		Yes	Yes	Yes
iii	Sales Promotion				
iv	Public Relation		Yes	Yes	

Source: Questionnaire

COMMENTS:

All the promotional methods are employed severally and collectively, some or all of the banks. Personal selling particularly featured prominently in three out of the four banks sampled, indicating a desire for contact with customers which tends to reveal more the personal requirements of each customer/customer groups and as such aid the bank in matching the right kinds of services to their needs.

When further asked which promotion methods the bank prefers and why, three out of the four banks sampled preferred personal selling being that it gives the ability to put pressure on customers face to face until a satisfactory response is reached (First Bank, UBA and AIB). While Union Bank prefers media because of its wide outreach. AIB also uses papers (print media).

4.9 OBJECTIVES OF PROMOTION ACTIVITIES

TABLE 4.8 OBJECTIVES

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Profit maximization	Profit maximization			
ii	Customer's patronage		Customer's patronage		Customer's patronage
iii	To publicize the services of the bank				
iv.	Promotion of Banks image			All variables	

Source: Questionnaire

COMMENTS:

First Bank agreed that the objective of their promotional activities is profit maximization. Customer's patronage featured prominently in Union Bank, UBA and AIB indicating that the banks are aimed at recognizing the needs and wants of the

KASUIM IBRAHIM LIB

customers ignored to provide services that will satisfy these needs. UBA on the other hand agreed that apart from customer patronage the objectives of their promotion activities also include, profit maximization, publicizing bank's services and promotion of bank's image. All these activities validate these objectives. This is in line with our discussion of marketing and human relation in banking.

By publicizing the bank's services and promoting the bank's image, customers patronage is increased, all things being equal profit maximization is enhanced.

4.10 TYPE OF MEDIA USED

TABLE 4.9 MEDIA TYPE

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Television/ Radio				
ii	Bill Board (outdoor)				
iii	Newspapers, Magazines and Journals				Newspapers, Magazines and Journals
iv	Any other	All variables	All variables	All variables	

Source: Questionnaire

COMMENTS:

Out of the four banks sampled, three used all the media mentioned above. The exception is AIB which uses only Newspapers, magazines and journals (print media). Therefore it can be concluded that the banks use available means considered necessary to reach the customers scattered all over the country, that is, television and Radio are used for customers who listen to electronic media. For those who prefer print media, Newspapers, magazines and journals are used.

First Bank, AIB and Union Bank realized the importance of Billboard, so that people are reminded about the services of the banks as they walk/drive on the street.

4.11 ENGAGEMENT OF CONSULTANT

TABLE 4.10 CONSULTANT

VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
Yes	Yes	Yes	Yes	Yes
No				

Source: Questionnaire

COMMENT:

Three out of the four banks sampled (First Bank, Union Bank and UBA) engage the services of Consultants.

4.12 ASPECT OF PROMOTION HANDLED

TABLE 4.11 ASPECT

	VARIABLES	FIRST BANK	UNION BANK	UBA
I	Advertising		Advertising	
ii	Public Relations	Public Relations		
iii	Personal selling			
iv	Others (specify)		Rationalization	All variables

Source: Questionnaire

COMMENTS:

Union Bank in addition to advertising also involves itself in rationalization. While First Bank handles public relations. UBA handles all the variables that is, Advertising, public relations and personal selling. Under personal selling in UBA they send latter of introduction to customers and potential customers telling them

about their management, performance review and their products and services.

4.13 FOCUS OF ATTENTION

TABLE 4.12 FOCUS

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Students			Students	
ii	Businessmen	Businessmen	Businessmen	Businessmen	
iii	Government	Government			
iv	Institutions	Institutions		Institutions	Institution
v	Civil Servants				

Source: Questionnaire

COMMENTS:

From the responses above we can see that the focus of the banks attention is on high networth customers (Businessmen, Government and institution). This is because household and students are less profitable, as their transactions with banks are small scale in nature. This does not mean that they are neglected or not considered as bank customers, the distinction is only related to the limited transaction.

4.14 SEARCH FOR PROSPECTIVE CUSTOMER

TABLE 4.13 SEARCHING FOR PERSONAL SELLING

VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
Yes	Yes	Yes	Yes	Yes
No				

Source: Questionnaire

COMMENTS

The four banks sampled agreed that they perform personal selling function, by sending their staff out to search for prospective customers, and meet existing ones to tell them about the banks services. This function is said to be carried out within the banks premises (First Bank and AIB), in the prospective customers house (Union Bank and UBA), their places of business that is, prospective customers premises (UBA and AIB) and other opportune places like social events 9UBA e.g clubs, ceremonies etc.). This is in consistence with our discussion of marketing of banking services and public relation in banking under chaper two.

4.15 WHERE PERSONAL SELLING FUNCTION TAKES PLACE

TABLE 4.14 PERSONAL SELLING FUNCTION

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Within the banks premises	Within the banks premises			Within the banks premises
ii	In prospective customers house		In prospective customers house	In prospective customers house	
iii	In prospective customers premises			In prospective customers premises	In prospective customers premises
iv	Any other place			Social events	

Source: Questionnaire

COMMENTS:

On further inquiry as to whether the four banks sampled perform after sales services, they responded in the affirmative that they send their staff to meet customers after transacting business

with them to help identify where they need further assistance, and where there is any problem to help in solving it. This function is said to be performed by the savings officers, credit officers and commercial officers (UBA) of the banks.

UBA added that in their effort to gain new customers and maintain existing ones, they send a letter of introduction to both prospective and potential customers so as to keep them informed about the bank, its management, performance and products and services offered by the bank.

These practices validates the theory of call-up plan we discussed in chapter two.

Thus effective marketing of banks services is required to ensure survival and growth of the banking organisation.

4.16 TYPE OF GIFT ITEMS

TABLE 4.15 GIFT ITEMS

	VARIABLE	FIRST BANK	UNION BANK	UBA	AIB
I	Calendars/ Diaries		Calendars/ Diaries	Calendars/ Diaries	Calendars/ Diaries
ii	Keyholders			Keyholders	Keyholders
iii	Ball pens			Ball pens	
iv	Others	All variables		Cups, trays	TV, Video set based on the type of customer

Source: Questionnaire

COMMENTS:

All the four banks present different types of gift items to their customers as they deem fit for the individual purpose. The gift items have the bank's name printed on it so that the customers

continue to remember the bank anytime he uses the item. Presenting gift items is another method of the banks services, at the same time appreciating the business transactions with customers. This is inconsistence with the discussion under customers relation and corporate image.

4.17 SOCIAL RESPONSIBILITY TO SOCIETY

TABLE 4.16 WELFARE OF SOCIETY

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Healthcare				
ii	Education (e.g. Scholarship donation of books etc)	Education (e.g. Scholarship donation of books etc)	Education (e.g. Scholarship donation of books etc)	Education (e.g. Scholarship donation of books etc)	Education (e.g. Scholarship donation of books etc)
iii	Community development				
vi	Any other				

Source: Questionnaire

COMMENTS:

All the four banks sampled contribute one way or the other to Education (e.g. scholarship, donation of books etc.), in addition UBA also contribute in other areas like healthcare and sports. Therefore assistance to welfare enhance their image.

4.18 FREQUENCY OF PROMOTION OF SERVICES

TABLE 4.17 PROMOTION OF SERVICES

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Daily	Daily	Daily	Daily	Daily
ii	Weekly				
iii	Monthly				
iv	Yearly				

Source: Questionnaire

COMMENTS:

All the four banks promote their services on a daily basis. Daily promotion of services according to them is not limited to the electronic media, print media, and billboards. It includes among other things, provision of speedy services, courtesy to customers, conducive atmosphere and friendliness of the staff towards customers. All these are necessary as they lead to customer satisfaction. If customers are dissatisfied, no amount of promotion will save the situation. This goes in the same line with our discussion under customer relation in chapter two.

4.19 COMMUNITY RATING

TABLE 4.18 RATING

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Very high	Very high	Very high		
ii	High			High	High
iii	Average				
iv	Low				

Source: Questionnaire

COMMENTS:

As the importance of good corporate image are so many, the staff of the four banks sampled rate their image in the community above average. Although two of the banks rated theirs very high (First Bank and Union Bank), while the other two rated theirs high (UBA and AIB). They all realized that any organisation with bad image in the community is not likely to survive in that community. Therefore they know that bad corporate image of their banks will affect them adversely in many ways as a result they rate their concern high or very high-whether they are working towards improving their banks' image is another matter entirely, as they were not specifically asked such question. But the fact that they are concerned about their banks' image is a step in the right direction.

4.20 HANDLING OF CUSTOMER COMPLAINT

TABLE 4.19 COMPLAINT

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Interview			Interview	Interview
ii	Suggestion box	Suggestion box	Suggestion box	Suggestion box	
iii	Telephone				
iv	Correspondence			Correspondence	

Source: Questionnaire

COMMENTS:

Customers' dissatisfaction is very disastrous to any organisation except if it is a monopolist. As banks operate in a

competitive environment dealing with customers' complaint is given on utmost attention.

First Bank, Union Bank and UBA deal with customer complaints by providing suggestion boxes at strategic points. At the sametime UBA makes provision for correspondence and interview between the bank and the customers. AIB uses only interview to deal with customer complaints.

4.21 EFFECT OF PROMOTIONAL ACTIVITIES ON CUSTOMER

TABLE 4.20 EFFECT OF PROMOTION ACTIVITIES

NO.	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Increase in patronage	Increase in patronage	Increase in patronage	Increase in patronage	Increase in patronage
ii	Decrease in patronage				
iii	No effect				
iv	Any other (state please)				

Source: Questionnaire

COMMENTS:

All four banks responded that their kkpromotional activites result to increase in their customers patronage.

4.22 PROBLEMS ENCOUNTERED ON PROMOTION ACTIVITIES

TABLE 4.21 PROBLEM OF PROMOTION

	VARIABLES	FIRST BANK	UNION BANK	UBA	AIB
I	Low level of budget	Low level of budget			
ii	Inadequate provision of mobility of staff				
iii	Lack of qualified staff				
iv	Poor banking habit of the people		Poor banking habit of the people	Poor banking habit of the people	Poor banking habit of the people

Source: Questionnaire

COMMENTS:

Three out of the four banks sampled (Union Bank, UBA and AIB) identified poor banking habit of the people as the major problem facing their promotion activities. First Bank identified low level of budget as its own promotion activities problem. AIB also included problems like customers being used to their old banks and not wanting to leave them for others, distressed banks which has discouraged people from saving with banks.

When further asked during interview session, the marketing problems facing the marketing program, the responses are summarized together as follows:-

A. After a particular bank had laboured and invested large resources in product/service research and development, it will later discover that another bank has copied its new product/service without restriction.

B. The infrastructural limitations of the society as a whole, like power failures and communication inadequacies, hamper rapid modernisation and quality strategy development.

C. Central Bank regulations that controls product/service innovations are too restrictive.

D. Line staff who deals directly with customers are not given sufficient authority to use their innovative and discretion.

E. Above all, the general political instability and erratic changes affects the marketing programs adversely.

In addition to those mentioned above, the researcher observed other problems such as product or service promotions and campaigns limitation mainly due to the fact that they are not systematic and all encompassing strategically.

Furthermore, most of the so called new products seem to have short life span as they do not provide the desired and sustainable long term competitive advantage necessary to increase service quality, market share and profitability.

Finally, ignored to enhance promotion activities marketing decisions are handled by manager and other staffs. First Banks marketing decisions are carried out by Manager, Assistant

Manager and quality control officer. While UBA's marketing decisions are handled by the Regional supervisor. Lastly AIB's marketing decisions are handled by Manager, operations manager, officer remittance, officer advances and customer service officer.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

Marketing services is very fundamental to banking and infact, it is the pivot around which banks resolves for survival. The term service is very broad in meaning and include among other things cheerfulness and politeness at the counter, respect for the fair treatment of customers. The fundamental premise of marketing starts with the identification of customers needs and is oriented to help the bank provide what services interest the customer rather than having the customers take what services are convenient to the bank.

In the course of the study of the selected banks, the analysis shows that they render a wide range of traditional bank services one expects to find in any commercial bank and some personalise services. Whether or not these services fully satisfy the needs and wants of the customers is another matter entirely.

This study covered the brief history of commercial banking in Nigeria from Colonial era to the present day, its objectives and structure; and focus on strategy for effective marketing. We also took a brief glance at developments and innovations in marketing of banking services in Nigeria. In addition, the research covered customers relation and corporate image in banking and pointed out the reason why banks should make customers the centre of their policies.

In carrying out the research, secondary and primary sources of data were used as research methodology. The secondary

sources were principally library materials, while primary sources include the use of questionnaire and personal interview.

The data analysed in chapter four covered all the aspects of the write up in which the marketing of banking services involves specific action programmeds such as research, market segmentation, product/service design, packaging, market communication (advertising, personal selling, publicity) good customer relation and contribution to public welfare.

In the course of the research work, the researcher faced some constraints which made it possible to fully achieve the intended aims. These problems are summarised below.

The major problem is the uncooperative attitude of importance or reasons for the research. The staff rather viewed the research mission as spying efforts into their activities thereby showing indifference to the researcher.

Another problem is that of administrative beauracracy. It was insisted that certain information must be given by a specific officer, who may not be on seat or very busy to attend to the researcher. As a result of this, the researcher had to make frequent visits to the banks, which added to the research cost, and also delayed information gathering.

The nature of banking business itself is another limiting factor. Since banks are always busy, the staff were not able to give the researcher the desired attention to be able to speed up the research work.

With the limitations not withstanding, the researcher tried to cover all the necessary areas in the marketing of bank services.

5.2 CONCLUSION

From the research findings, it is evident that banks are marketing efforts to get customer deposits through the packaging of specially designed products. It is therefore obvious that banks are now embracing the marketing functions as explained in chapter two, that the marketing tools and techniques are applicable to the banking business like any other business that deals with tangible products. It is now fashionable among banks to give a distinct name to their services like First Banks Western Union, Union Banks, UBA's Money Gram and African International Bank's phoenix system. For other instances, the products bear resemblance to the banks name e.g. UBA card (Unicard) etc., as a way of selling their services to target markets. Marketing principles are therefore largely applicable in banking business and Nigerian banks have since been applying them despite the imperfections. There has therefore been improvement in banking services and alot more improvements are on the way as bank's customers become more sophisticated.

On a critical note, some of the banks' products are nothing more than different deposits with varying terms. In effect, there were cases of branding conventional bank product with enchanced interest payments or the up front payment of the interest. Another related point of criticism is that while the banks are showing innovations in product delivery, the desired improved services to customers have continued to elude the nation.

On the other hand, while commercial banks realise that the profit motive is the life blood of any business, they must also recognise the fact that there can be no profit without the customers. Since the customer is sovereign, commercial banks must not only recognise the kinship in every customer but also be

47129

seen to respect the "golden crown" on his head unless this is done, they will be playing a different ball game.

Therefore commercial banks should love the consumer and not the product, by finding, the consumers needs and wants, and making what will sell and not trying to sell what they can make.

5.3 RECOMMENDATIONS

In line with the stated problems, the following are suggested by way of recommendations on how commercial banks can improve their efforts to fully integrate marketing principles and techniques into the banking business more effectively and efficiently.

What is most needed in our society is stability that could create enabling environment for strategy development and implementation. Although most banks now have strategic planning units, but any strategy that is not implemented is as good as not developed in the first place. It should be mentioned that operator should ddnot hide under the quise of erratic economic changes and do nothing. In any dynamic corporate environment, new strategies and tactics, based on new conditions must be developed if objectives are to be achieved.

In business, change is a significant and often inevitable characteristic. The banking industry operators should continue to identify the changing needs of customers with a view to provide cost effective service and quality delivery. Adaptability is a key to success in this regard.

Furthermore, in every service business like banking competition, presently going on in various industries, for the organisation with the best architectural design in the offfice. This is one effort to boast the image of the company. Cleanliness also

comes under this category. For an architectural masterpiece that is poorly maintained, or not maintained at all by the officers is a bane on the image of the organisation.

The last but not the least, prepackaging of services by life cycle could be applied by classifying the customers according to their stages in the life cycle. This way, the various financial needs of various classifications based on their stages in the life cycle will be satisfied. Above all, customers should be well educated about the existence of the services and they should be assisted in choosing the one that is most appropriate for their needs.

QUESTIONNAIRE ON MARKETING OF BANKING SERVICES

INSTRUCTION: Please tick [ ] the appropriate answer to the questions and write where necessary.

1. Name of Organisation: .....

.....

2a. Does your bank have a marketing department?

Yes ☐ No ☐

b. What function does the department perform?

I. Research ☐
ii. Production designing ☐
iii. Promotion ☐
iv. Others (specify) ☐

c. If the bank does not have a marketing department, which department handles the marketing functions?

.....

3. How does your organisation cope with the dynamic and competitiveness in the banking industry?

I. Through market research ☐
ii. Through promotion ☐
iii. Designing new services to match the change ☐
iv. Others (specify)

4a. Does the bank group its customers into distinct categories?

Yes ☐ No ☐

b. Which of the following categories does your bank group its customers?

I. Educational qualification ☐
ii. Level of income ☐
iii. Occupation ☐
iv. Others (specify)

c. What type of services do you specially package for the customer based on the grouping?

I. Safe custody of valuables ☐
ii. Business advisory ☐
iii. Guarnatees and Indeminities ☐
iv. Others (state please)

5a. Does your bank normally send its staff for training?

Yes ☐ No ☐

b. What sort of traning?

I. Human Relations ☐
ii. Skill Development ☐
iii. Administrative Training ☐
iv. Any other .....

6. What are the promotion methods used by the bank?

I. Advertising ☐
ii. Personal selling ☐
iii. Sales Promotion ☐
iv. Public Relations ☐

7. What are the objectives of your bank's promotion activities?

I. Profit maximization
ii. Customer's patronage
iii. To publicise the services of the bank
iv. Promotion of bank's image

8. Through which of the following media does your bank reach its customers?

I. Television/Radio ☐
ii. Bill Board (outdoor) ☐
iii. Newspaper, Magazines and Journals ☐
iv. Any other .....

9. Apart from the promotion activities carried out by your marketing department, do you engage the services of consultants?

Yes ☐ No ☐

b. If yes what aspect of promotion do they handle?

I. Advertising ☐
ii. Public Relations ☐
iii. Personal selling ☐
iv. Others (specify) .....

10. What group of customers constitute your focus (attention)?
    I. Students ☐
    ii. Businessmen ☐
    iii. Government ☐
    iv. Institutions ☐
    v. Civil servants ☐

11. Does the bank search for prospective customers with the aim of selling banking services to them?
    Yes ☐ No ☐

b. Where does your bank carry out this personal selling function?
    I. Within the banks premises ☐
    ii. In the prospective customer's house ☐
    iii. In the prospecitive customer's premises ☐
    iv. Any other place .....

12. Which of the following gift Items do you present to your customers?
    I. Calendars/Diaries ☐
    ii. Key holders ☐
    iii. Ball pens ☐
    iv. Others .....

13. Which of the following areas does your bank contribute to the welfare of the public? ☐
    I. Health care
    ii. Education (e.g. scholarship, donation of books etc) ☐
    iii. Community development ☐
    iv. Any other .....

14. How often do you promote your services?
    I. Daily ☐
    ii. Weekly ☐
    iii. Monthly ☐
    iv. Yearly ☐

15. How do you rate your concern about the image of your bank in the community?
    I. Very high ☐
    ii. High ☐
    iii. Average ☐
    iv. Low ☐

16. How does your bank deal with customer complaints?
    I. Interview ☐
    ii. Suggestion box ☐
    iii. Telephone ☐
    iv. Correspondence ☐

17. What are the effects of your promotional activities on customers?
    I. Increase in patronage ☐
    ii. Decrease in patronage ☐
    iii. No effect ☐
    iv. Any other (state please) .....

18. What are the major problems facing your promotion activities?
    I. Low level of Budget ☐
    ii. Inadequate provision of mobility for staff ☐
    iii. Lack of qualified staff ☐
    iv. Poor banking habit of the people ☐

REFERENCES

1. **Adekanye Femi (1986):** The Elements of Banking in Nigeria, (3rd edition) F & A Publishers Limited Lagos, Nigeria.

2. **Afolabi Y. O. (1988)** Marketing Commercial Banking Services" The Nigeria Banker (Vol. 8 No.2)

3. **Akposo E. N. (1988)** "Banking Services" First Banker Vol. 4, No. 4

4. **Baker, M. J. (1979)** Marketing: An Introduction Text. The Macmillan Press Limited London.

5. Central Bank of Nigeria Annual Report and Statement of Account 1987 and 1992.

6. **Dauda M. I. (1991):** The Marketing of Banking Services in Nigeria: A case study of selected Banks. An unpublished M.B.A. Project submitted to the Department of Business Administration Ahmadu Bello University, Zaria.

7. **Derek, F. C.** Bank Strategic Management: Institute of Bankers, London (1970)

8. **Emis B. M.** "Deepening the concept of Marketing" Journal of marketing. Vol. 37 October, 1973.

9. **James B. G.** Integrated Marketing. Penguin Books Limited, London, 1972.

10. **Hanson D. G.** Services banking. The institution of Bankers, London (1979

11. **Jonah S. S. (1989)** The Application of the marketing concept in the marketing of commercial banking services. An unpublished MBA project submitted to the department of Business Administration, Ahmadu Bello Universtity, Zaria.

12. **Kotler P. (1980)** Principles of marketing. Pentics Hall Inc. Englewood Chief M. J. 07632.

13. **Musa Fatima (1994)** The need for marketing concept in Nigerian Commercial Banks. A case study of Diamond Bank, Kano Branch. An Unpublished MBA project submitted to the Department of Economics, Bayero University, Kano.

14. **MODERN A. R. (1991)** Element of marketing (2nd edition). The Gregory press Co. Ltd., Guersery, Channel Island.

15. **Muwankwo G. O. (1980)** The Nigerian Financial System, Malmillan International College Editons (MICE).

16. **Osnala E. C. (1993)** Introduction to research methodology, (New Edition) African 7Up Publishes Limited, Onitsha, Nigeria.

17. **Okigbo P. M. C.** Nigerian Financial System. (1991)

18. **Perry F. E. (1978)** The Elements of Banking (2nd Edition). Richiad day (The chance pays) Limited, Bungay Suffolk, Britain.

19. **Jadi M. (1994)** Effective marketing of banking services a survey of selected commercial banks in Bauchi State. A project submitted to the Department of Business Administration, Ahmadu Bello University, Zaria.

20. **Usman S.** "Merchant Bank: The challenges of marketing" the Nigerian Banker Vol. 8 No. 2 1988.

21. **Usman E. A. (1986)** The Marketing of Banking Services in Nigeria: A case study of few selected Banks. An Unpublished MBA project submitted to the Department of Business Administration, Ahmadu Bello University, Zaria.

22. **Yusuf B. G. (1991)** A "Resume of Banking Services Hudahuda Publishing Co. Ltd. Zaria.

NEWSPAPER AND JOURNALS (APPENDIX A)

1. Business Concord April 17, June 5, and November 20, 1990
2. Financial Guardian of September 28, 1992
3. Business Times of June 19 and November 22, 1993
4. Business Concord of January 26 - 31, 1998.

OTHER PUBLICATIONS (APPENDIX B)

1. UBA Annual Report and Accounts 1997
2. UBA Dialogue, UBA House Magazines on vision to be the undisputed leading and Dominanat full services bank in Nigeria"
3. A write up by Union Bank.

APPENDIX C

INTERVIEW QUESTIONS

1. The marketing of banking services involves tow fundamentally different functions that is, attracting deposit and borrower/users of the deposits. How do you go about doing these?

2. The baker is expected to be innovative while his operations is highly regulated (Central Bank of Nigeria guidelines which regulates products designing) How do you reconcil these?

3. Do you provide after sale services that is, call up plan?

4. From the numerous services that your bank offer to its customers which one do you place emphasis on and why?

5. Which of the promotion methods does your bank prefer most and why is it so much preferred?

6. What are the problems facing your marketing programme?

7. From the different kinds of training that you send your staff or which one does the bank categories as most important and why?

8. Who is/are responsible for your marketing decisions?

9. How do you think these problems can be solved?