MARKETING IN FINANCIAL INSTITUTIONS:
A CASE STUDY OF NATIONAL PROVIDENT FUND

BY

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DECLARATION

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1992

CERTIFICATE

This project titled "Marketing in Financial Institutions: A Case Studv of NATIONAL PROVIDENT FUND by ACHIONYE CHRISTIAN AMAEFULE meets the regulations governing the award of the degree of Masters of Business Administration (MBA) of Ahmadu Bello University, Zaria. and is approved for its contribution to knowledge and literary presentation

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DEDICATION

To my wife Ojiugo and my children namely Uchenna, Chiffoke, Nnaemeka, and Chigozirm I dedicate this research project.

ACKNOWLEGEMENT

My sincere gratitude goes to all staff and officers of National Provident Fund especially those in Kaduna State who assisted me in one way or the other in seeing me through this course

I owe thanks to my late father Clement Achionye and my mother Hannah Achionye who did their best in bringing me up tc be a hardworking person.

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I acknowledge with deep respect the sincere assistance rendered to me by my supervisor A. B. Akpan who refined and realigned my thought that are expressed in this project. His versatility in marketing has immensely assisted me in the application of marketing in financial institutions with National Provident Fund as a case study.

Mention must be made of my office typist Mrs E. Aileme who worked relentlessly to produce this project within a very short time.

I must not fail to acknowledge the encouragement and understanding exhibited by my wife, and my children who had to be denied my presence while the entire course and project lasted.

Finally I thank God Almighty for his marcies and protection through out the period of my studies in Zaria and pray for future guidance and protection.

ABSTRACT

This work is a modest attempt to appraise the adequacy of marketing in Financial Institutions. A Case Study of NATIONAL PR0VIDENT FUND.

My interest to this research was attracted by the non-satisfaction of consumers of the services rendered by the NATIONAL PROVIDENT FUND despite it being a Financial Institution.

Research findings show that among other things that the benefits does not serve the purpose for which it was created inspite of its existence for almost 30years now.

Conclusion and Recommendation in chapter five which were purely based on research findings after a thorough investigation, would guarantee NATIONAL PRCVIDENT FUND and other Financial Institutions a tetter image, achievement of corporate abjective and consumer satisfaction.

ACHIONYE CHRISTIAN AMAEFULE

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CHAPTER ONE

There is an old adage which goes thus "Always save for the raining day". This saying has different meanings to so many people. Literally taken, it means that are one should make provisions for the period when it will not be possible to go out and look for food. To the worker it means his commitments which may include among other things period of unemployment, sickness, old age, incapacitation, death or any other hazards of life which may lead to loss of income.

The question now is, how does he do it? There are so many solution to the question:- Viz

One alternative is to be keeping the money under his pillow which is subject to so many risks i.e. theft, fire, misappropraition and ants.

Another altermative is to give it to someother person to keep for him, here again he may not get the money back when he needs it.

The third alternative is to join a social club, Isusu, or Age grade group which make provision for certain social hazards in their byelaw and regulations.

The Fourth alternative is to go to a bank and keep the money where it will yield interest and its safety guaranteed.

Yet another alternative is to take a policy with an insurance company which will take care of these risks whenever these occur once the premium is regularly paid.

Finally, another alternative is through government Legislation forcing workers to save a certain percentage of their money for the rainny day like the case of the National Provident fund.

In all these situations there is one common denominator making provision when regular income cannot be guaranteed. The next question which follows, is that when this provision has been made, is the safety of the provision guaranteed? What decides which of the alternatives to take if one has an option.

The failure rate of Social Clubs, Age grade, Isusu meetings makes these aLternatives not viable and full of uncertainties. This in effect leaves us with the Banks, Insurance, and Government for it legislations on saving for the rainny day which National Provident Fund is one of them.

The question as to how these financial institutions attract, retain, customers and expand will be fully discussed in my literature review.

The history of these institutions will be tackled in my chapter three.

Chapter four will expose the relevant data, the analysis of the data, and research findings. The assumption stated in Chapter one will at this stage be proved right or wrong.

The last last Chapter will deal with conclussion and recommendations on how effective the organizations have been in reaching it's target.

This work which is a contribution to knowledge in not supposed to be exhustive because since the business world is dynamic so also will be the functional areas that make up the discipline. It will also recommend or suggest areas of further research.

1.10 STATEMENT OF THE PROBLEM.

The Structural Adjustment Programme has lead to Government legislations on financial institutions and this has lead to the growth in the nummber and different types of financial institutions to reap the gains of the Structural Adjustment Programme.

So far almost all these financial houses have been recording huge profits at the end of the year for their owners.

National Provident Fund which is now a financial institution is not enjoying the best of consumer satisfaction and now, the question is; what is responsible for this consumers dissatisfaction?

1.02: RESEARCH HYPOTHESIS

The research hypothesis will be based or whether National Provident Fund has performanced, if it has what is the level of performance satisfactory or nonsatisfactory and whether it has justified the aim for which the Federal Government created it.

1.03: PURPOSE OF STUDY

The purpose of study is to investigate the degree to which marketing is practiced in financial institution with particular reference to National Provident Fund.

In doing this there is need for answers to some basic questions

(1) Is marketing practised in financial institutions.

(11) Is marketing practised in National Provident Fund.

(111) If yes what is the degree of practice.

(iv) Is it yielding the required results.

(V) What is the consumer reaction to the services rendered.

(vi) Are the consumers satisfied and if not why?

(vii) What makes one bank with Commercial bank A not B

(viii) What makes one take an insurance policy in company R instead of D.

1.04: RATIONALE FOR THE STUDY

The rotational for the study is to provide (based on the results of the investigation), suggestions for enhancing the current approach of marketing mix in financial institutions with particular reference to National Provident Fund with a view towards increasing consumer satisfaction, such that these organizations will achieve the aim for which they were created or set up.

1.05: SIGNIFICANCE ON THE STUDY

There is boom in the financial industry Commercial, Merchant, Peoples, Community Banks are increasing in number, hence the struggle for survival and larger share of the market.

Realities in the Financial Industry is that each organization is designing marketing tools or mixes to meet with the competion in the field in order to attract, retain customers and expand her services.

The proper management mix in Financial Institution with particular reference to National Provident Fund will definitely lead to consumer satisfaction. increase in profit and over all achievement of the corporate objective for which the financial institution were set up.

Improvement of the quality of the services rendered by financial institutions will not only be useful to the financial institutions alone, with particular reference to National Provident Fund but Government and the consumers of the services these instituion render.

If Consumers of the service are happy they will be prepared to participate in the scheme; which in effect means more money at the disposal of Government for investment.

Investments will create more jobs and help solve the nations unemployment problems.

If National Provident Fund moves away from investing in loan risk, low return area to high average risk average return, definitely she will create more jobs and help more factories to function.

Consequently investment will lead to higher return (profit) hence more money will be paid to the Contributors when they qualify for their benefits.

The multiplier effect on the National economy will be rewarding, such that despite these "Sappytimes" people will get busy and this will lesson other social problems attributed to unemployment and low capacity utilization, which concommitantly means rapid economic development and of course the Federal Military Government of Nigeria's realization of why the Structural Adjustment Programme was initiated in Nigeria.

1.06: RESEARCH METHODOLOGY

Having defined what the problem is i.e. (Historical research), I employed the survey research method (experimental research) to investigate what is happening to enable me provide solutions/suggestions that will guide future developments.

In doing this I looked all the following

(i) Population

(ii) Samping Method.

(iii) Procedure for data gathering

(iv) Sources of Ppimary and secondary data

(v) Statistical analytical procedure.

1.07: POPULATION

The Population of this study comprises the registered workers both working and umemployed beneficiaries that can be located, and the employers of labour covered by the National Provident Fund scheme in Zaria District office area.

The Fund has 24 state offices, 9 District offices, 6 Zonal Offices and the National Headquarters in Lagos. Zaria District Office is one of them.

She has a total of over 100 employers (current and closed once) and a total workers registration of 3,000 registered members under the Scheme since the office was opened.

Future projections on the turn of things in the next decade in Zaria is a bit difficult because of the volatile nature of the area which affects labour turnover.

1.08 SAMPLING METHOD

The following sampling methods were used in the study.

(i) Simple random sampling

(ii) Stratified sampling

(iii) Double sampling method.

An unbiased randomly selected sample representative of the entire population were served with the questionaire and interviewed where necessary such that each member of the entire population had an equal chance of being included.

In stratified sampling, the entire Population was divided into the following subgroups:

(i) Financial house workers

(ii) Manufacturing outfit workers

(iii) School workers

(iv) Agricultural workers

(v) Hospital workers

(vi) Others

Each of this strata was treated as a seperate population for which a representative sample was obtained.

Due to the fact that the rate was of contribution to National Provident Fund is N4 for everybody, there was no need to base the sample on such variable as senior or junior, male or female, however effort was made to represent the different groups.

Oral interview was carried out in some case either due to nonreturn of questionnaire or inability to comprehend the questions.

1.09: INSTRUMENTATION

The major technique employed for data gathering in this investigation include

(i) Questionnaire

(ii) Interview

(iii) Observation

Questionnaire serves as a foundation for both empirical and behavioural research and realising that a bad instrument implies a wrong data, wrong result and wrong conclussions.

I took my time to construct the questionnaire based on the strong knowledge of the scope of study in very simple, consistent and straight forward language with the necessary details to confirm validity.
The instrument was compiled putting into consideration such issues as age, educational background, marital status, awareness of the services rendered by Financial Institutions and National Provident Fund.

There was also the use of open ended, closed questions and multiple choice questions.

Those who were too busy or were not literate enough, oral interview was conducted.

1.10: PROCEDURE FOR DATA COLLECTION

Due to the proximity of the entire population (respondents) in Zaria, it was possible for me to go round personally to collect the data directly to ensure a valid analysis, although these were not achieved without difficulties. For this reason their was no need to train and use research assistants.

1.11: SOURSE OF PRIMARY AND SECONDARY DATA

Since I work with the organization and I am disposed to Journals Publications Gazettes Collection of secondary data was not much of a problem.

The others which could not be collected by secondary data were done through primary data.

1.12: STATISTICAL ANALYTICAL PROCEDURE

The raw data was ordered and broken down into constituent parts which also consists the base for the performance of Statistical calculations to enable me provide answers to questions initiating the research.

This was used to test the hypothesis to be able to accept or reject HO (null hypothesis).

1.13: LIMITATIONS AND DELIMITATIONS OF STUDY

Like any other research work there is little or no doubt that there were limitations to the techniques employed which include.

(i) Time constraint

(11) Cost of the research in terms of producing more copies of the questionnaire. Area of coverage and delimitation of the country.

(111) The human error although controlled cannot be ruled out.

1.14: RESEARCH ASSUMPTIONS

(i) National Provident Fund has performed above average.

(ii)National Provident Fund benefit has served the purpose for which it was created

(iii) National Provident Fund has renered satisfacory service.

1.15: DEFINITION OF TERM

Benefit: Means any benefits payable under this ACT.

Contribution: Means contributions of the employer or the worker as the case may be, payable under this ACT.

The Director: Means the Managing Director of the National Provident Fund under this ACT.

Employer: means a person with whom the worker entered into a contract of service or apprenticeship, and or he who is responsible for the payment of these workers.

Fund: means National Provident Fund established under this ACT.

Incapable of work: and cognate expression in relation to any person, an incapacity for work by reason of some specific disease or bodily or mental disablement and include person under this Act deemed to be so incapable.

Member of the Fund: means any person to whose credit there is an amount

standing in the Fund.

Paid: Means paid in money or money's worth and where it has reference to date of payment means the date on which the payment was made in cash, or as the case may be the Bill of Exchange or promisory note was met.

Survivors: means any person who on the death of member of the Fund may be entitled to a survivors benefit under this Act.

Wages: Means remuneration in money paid to a worker under his contract of service or apprenticeship as the case may be and whether agreed to be paid at fixed date or determineable intervals of time.

Worker: means any person not being a child -

(a) Is employed in Nigeria under any contract express or implied of service or apprenticeship with an employer whether by way of manual labour, clerical work or otherwise and however paid, such contract not being one of employment as a member of the crew of any ship or

(b) is a permanent resident in Nigeria and is employed under a contract of service or other agreement entered into in Nigeria as a member of the crew of any ship, the owners of which have a place of business or have agents, in Nigeria or

(c) is a permanent resident of Nigeria and is employed outside Nigeria under a contract of service with an employer in Nigeria and by whom he is paid.

Investment Committee: means the National Provident Fund Investment Committee.

Pay point: point at which payment of benefit to beneficiaries are made.

SAP. Structural Adjustment Programme

CHAPTER TWO

LITERATURE REVIEW

Financial Institutions are Organizations established by Legislation, Decree or Incorporated for monetary purposes or transactions and to render financial services.

The evolution of financial institutions in Nigeria started from Currency Board System introduced by British Colonial Masters in line with the British colonial monetary system to West African Currency Board, to the setting up of the Central Bank of Nigeria on 1st July, 1959 as a result of Mr. J.B.Loynes recommendation.(1)

Financial institution in Nigeria are grouped under the following:-

(1) Central Bank of Nigeria

(2) Commerical Banks

(3) Merchant Banks

(4) Development Banks

(5) The Insurance Industry

(6) Other financial houses.(2)

CENTRAL BANK OF NIGERIA

The Central Bank of Nigeria is the apex of all the financial institutions in Nigeria (3) (Appendix A).

Tt's duties includes among others as follows:-

(i) Issue of Legal tender currency in Nigeria

(ii) Maintaince external reserve in order to safe guard the international value of the Nigeria currency.

(iii)Promote monetary stability and a sound financial structure for Nigeria.

(iv) Organization and Provision of development finance

(v) Development and control of the financial system of the country.

(vi)Advicer to the Nigeria Government on monetary policies. (4)

COMMERCIAL BANKS

Commercial banking in Nigeria has faced alot legislations from the time it was branches of our colonial masters Banks, to the period when they were 2 types. viz-

(1) Wholely owned by Nigerians

(2) Mixed ownership

This was the situation until the indegenization decree of 1974 (5) (Appendix B)

Today due to Government policy on financial institution the number has increased astronomically. Although experts still maintain and claim that the country is still under banked. There are over 47 Commercial Banks registered with the Nigerian Deposit Insurance Corporation. (6)

MERCHANT BANKS

Merchant Banking started in Nigeria around the 1960's with two small merchant Banks- Philip Hill (Nig) Ltd, and Nigeria Acceptance, (7) although the two merged in 1969 to form Nigeria Acceptance Ltd. (NAL). (8)

Today thanks to Structural Adjustment Programme the number has grown to above 34 (9) (NDIC annual report 1989). This number shows only those who have registered with the Nigerian Deposit Insurance Corporation as at 1989.

DEVELOPMENT BANKS

Development banks started in Nigeria as a results of "gaps" in the financial system in Nigeria and the need to plug those gaps. (10) The offshoot of these gap filling are as follows:-

(a) Nigerian Industrial Development Bank

(b) Nigeria Bank for Commerce and Industry

(c) Nigeria Agricultural Bank

Now Nigeria Agricultural & Co-operative Bank. These Development Bank have been making reasonable impact on the economy; and is responsible for so many developmental projects in the country since their inception.

THE INSURANCE INDUSTRY

The banking industry provides the safe custody of funds and organises means of exchange. This involve risks and the Insurance Industry provide against the risk by spreading the losses of the unfortunate few when it occur over many people.

Insurance started in Nigeria in 1921 with the establishment of Royal Exchange Assurance Company of Britain. (11) The number continues to grow as there is need for them. There are over 100 registered insurance companies as at December, 1990. (12)

OTHER FINANCIAL INSTITUTIONS

Other financial institutions includes Pension and Provident Funds, Mortgage Banks, Community Banks, Peoples Banks, Investment Houses, Security Houses etc. (13)

These Banks, Insurance and other Financial institutions have been on the increase.

The ripples caused by the Nigeria Government policy on financial institutions is continuing and the list of innovations cannot be said to be static, hence the number of commercial Banks, Merchant Banks, Insurance and other financial institutions continue to grow in number in as much as there are needs to be satisfied and profit to realize.

MARKETING IN FINANCIAL INSTITUTIONS

"A Major rational for the existence of credit or financial markets, infact, lies precisely in the imbalance between planned savings and investment with economy units (14)

As we have seen, if all units in the economy were always content to be balanced budgect units, lending and borrowing would never take place and consequently credit markets or financial institution will never emerge.

Given the existence of financial markets, surplus and deficit units can be brought together either through external financing directly or indirectly through financial intermediation.

"Any business that choose to stay in business does so continually responding to the changing needs desire of customer and prospectives customers at a profit. (15)

The nature of banking in Nigeria started changing since 1960's And this change or response was essentially a marketing response doing what the customers wanted. This could be evidence in

(i) Banks (Financial institution) are beginning to organise themselves in terms of market segments instead of in terms of operational functions.

(ii) More College and University graduates are being hired by financial institutions especially those with marketing backgound or degree in marketing in contrary to yester years.

(iii) Armchair Financial Managers are giving way to articulation of operations to take advantage of Government policies on financial matters. These are all achieved through marketing strategies.

The Financial market is not static, as every other non static institution responds to stimuli and this is why the financial institutions are daily devising ways through marketing strategies to meet the changes in economical, technological sophistication and even changing Government Policies as they affect their institution.

Marketing helps to distinquish one financial Institution from the other ie

(i) Union Bank - Big strong and reliable

(ii) First Bank - Truely the first

(iii) Universal Trust Bank - in case of the unexpected.

These are banks which render same service but they use marketing strategy and advertising jingle to diffrenciate themselves. (Appendix CI-11).

Marketing in common palace deals with products and service with the sole aim of making profit in terms of monetary reward or satisfaction for services rendered.

Philip Kotler described marketing thus "the human activity directed at satisfying needs and wants through exchange processes". (16)

William Staton in his own contribution defines marketing as involving the following "Finding out what the consumer wants then planning and developing a product or service that will satisfy these wants and then determing the best way to price promote and distribute that product or service". (17)

John Baily described marketing as "the set of human activities directed at facilitating and consumating exchange". (18)

Marketing is said to have developed from buyer orientation to seller orientation and marketing orientation. The change is still continuing and have now gone from marketing, marketing strategies and marketing opportunity. (19)

"The customers satisfaction at a profitable volume in an integrated efficient frame work and in a socially responsible manner". (20) This is now the watchward of financial institutions.

"A banker has to attract customers to sell deposits to him and has to attract them to buy loans and advance from him. (21) Thus a bank has to develope marketing strategy to sell this service, it will also develope thos with which to buy, and to retain customer.

The Insurance Company has to do the same to justify why a customer has to take life insurance policy or motor insurance in one Insurance company instead of the other.

This affect a Mortgage Bank, Bureau De Change and other financial institutions.

These situation brings us to look at certain tools which the financial institutions will use to achieve set objectives or corporate goal.

MARKETING CONCEPT

William Staton described marketing concept as a Philosophy of business that states "what the consumer's want is satisfaction in the economy and social justification for a firms existence". (22)

Philip Kotlier is his own contribution said that marketing concept"Is a management orientation that holds that the key to achieving organizational goals consists of the organizations determining the needs and wants of target markets and adopting itself to delivering the desired satisfaction more efficiently and effectively than its competitors. (23)

Financial institutions are in the service industry and going by the contribution of eminent Scholars in this area some of which have described service as follows:-

William Stanton described service marketing as "service that are seperable, indentifiable, essentially in tangible activities that provided want satisfaction" (24) Philip Kotlier defines it as "service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything". (25)

The reason for the continued existence of a product or service is it's ability to satisfy the consumers of the product or service. If the consumer is dissatisfied with the product or service there is no repeat purchase and in the case of a financial institution it may lead to the loss of that consumer and this might have a spill over effect on the relationship of the financial institution and her other customer depending on the size and influence of the constomer concerned.

The principal role of the firm becomes that of "change maker"; "innovator"; "Doer"; in continous search for a new product, or new uses for old products or for new market and new Market segment.

Whether it is attracting deposit, or selling life policy or mortgage loan or granting a loan, the financial institutions satisfying a need, just like the producer of goods. Their effectiveness and efficiency can only be measured through the use of marketing strategies. In other words, to satisfy the consumer and justify the existence of the firm or department or financial institution, the concept of marketing should be the key word. The acceptance of product or service after introduction means that the organization has realized her objectives of going into business.

A close study of the service industry of which the financial institutions are one, reveals that a lot of them are introducing changes to meet changes in their environment; such as the new demand of their products, consumers and customer and changes in Government financial policies and guidelines.

This reaction or response is due to the application of marketing mix?

Marketing mix is the particular blend of controllable marketing variables that the firm users to achieve its objectives in the target market". (26) - Philip Kotler.

Marketing mix is the combination of the 4p's of marketing ie product/service, price, promotion, place (distribution) which make up the marketing variable.

A further study of the 4 p's will reveal the extent to which they are applicable to financial institution of which National Provident Fund is one.

PRODUCT

Philp Kotler described product as "Anything that can be offered to a market for attention, acquisition, use, or comsumption that might satisfy a need". It includes physical objects, services, persons, places, organization and ideal". (27)

Any consumer who buys a service or product does not buy the service or product for its sake but for the benefit derived by the consumer is called the "core product".

Therefore financial institutions design their product/service in such a way that it appeals to the consumer either through services, high interest rate or other addition which makes one different from the other and this can only be done through marketing.

PRICE

The price of a product/service is what a consumer wants to forgo to use the product or service. (28)

Financial institutions price for their service is what one can forgo to save one's money in a bank, or have a life insurance policy from company A or mortgage loan or National Provident Fund contribution and the return on investment is also a major issue in "take it or leave it" decision.

Here again the financial instituion has to package it in such a way that the consumer derives satisfaction for the decision taken to do business with that financial insxtitution.

PLACE

The chance of distribution of a service depends on the product and the place where it could be got. The place has to be accessible and easily reached when needed or necessary.

Financial institution by locating themselves all over the country has conformed to this aspect of marketing mix.

PROMOTION

Promotion is one of the components of the marketing mix set, some authors use communication and promotion interchangably or together.

Philip Kotler described the four major tool of marketing communication as advertising, sales promotion, publicity and personal selling. (29)

John Wilmshurst described promotional mix "as personal selling, advertising, sales promotion and public relation". (30)

While Engel, Warshaw and Kainear described promotion as the communication function of marketing. (31)

Financial institutions use this tool also by either sponsoring a project, a debate or using certain artistic things to denote their organization eg.

(i) First Bank uses Elephant

(ii) Union Bank uses stallion.

In the same vain insurance companies use different logo or artistic symbols to denote their organization (Appendix D)
and these are parts of the package that makes a person patronize an organization. These are the stimuli that occassion patronage.

Before a service is packaged, there is another important aspect that has to be considered before it's lunched. What is the behaviour of the target market? This leads us to another aspect of marketing concept and that is consumer behaviour.

CONSUMER BEHAVIOUR

William Stanton in describing marketing, said that it includes finding out what the consumer wants, then planning and developing a product or service that will satisfy these wants.
This means that a producer has to study the consumer behaviour, his "dos" and don't" recorded and then the product or service in designed to meet these creteria, definitely the product or service will be a success when introduced for sales.

This explain why some financial institutions are in commercial banking, others in merchant banking etc; by so doing the need of each of segment is considered and as years progress new needs arise. and new marketing strategies to meet these new needs eg.
(i) First Bank a commercial Bank establishing a Merchant bank. (ii) Nigeria Insurance Corporation of Nigeria and others investing in NICON Nuga Hotel Abuja.
(iii) National Provident Fund buying Nigerian Engineering construction company.

These action are done to diversify and meet the needs of the consumers of their services, who need higher return on investment and to ensure the continuity of the parent industry or organization in business.

SCHEMATIC MODEL

The Study of the consumer behaviour or group of individuals exposes the marketer to a variety of responses and countless environmental variables. These responses could be classified into a chart of schmatic model of the behaviour of the consumer.

(i) it permits the marketer to intgregate the pyschological and socialogical factors motivating consumer into a general explanation of the purchase cycle.

(ii) It helps to identify the variable that play key roles in the acceptances or rejection of the firms products or service.

(iii) It provides a check list of items that should be considered in preparing his marketing strategy. (32)

In order to develop a schematic model that will be applicable to a specific marketing problem, we need to identify the following:-

(a) Potential customer and specific factors associated with the general variable in the scheme.

(b) Quantificable techniques that can measure the relative intensity and their distribution in prospective market(s).

When a firm wants to introduce a product or service in a target market; it should know the potential customers, their financial status, and other factors that are likely to influence their percetive bais of the product, their objective and subjective selection criteria. (33)

This action could be in response to a stimuli - which could be advertisement, a symbol or comment of a friend or peer group. (Appendix E)

A close study of these will show how each bank is presenting its product or service. The intensity created by the desire, extent of previous learning and the intensity of the stimuli decide the consumer reponse to a product or service.

If the intensity of the stimuli is high, drive strong, and the consumers previous knowledge of the product, its service and ability to satisfy his needs. When physically possible, then the will to make a purchase immediately or in the case of a financial institution enlist for the service so projected. In order to understand this, it will useful to note that the consumer behaviour pattern follows one of the following three paths or a combination of thew three. (34)

(i) The prospect may seek information from personal source

(ii) He may evalute his past experience as it relates to his purchase options

(iii) He may seek informatioin from impersonal source. "People can emerge with different percetion of the same stimuli object because of three perceptual process viz Selective exposure, Selective distortion, and selective retention" - Philip Kotler.

While Nigeria's financial policies change and continue to repond to the environmental changes, the financial institutions respond to these changes eg.

(i) Universal trust Bank attaching raffle draw and insurance service to its depositors packages.

(ii) Insurance companies being asked by the Federal Housing decree to invest a certain percentage of its life policy premium in housing.

(iii) The National provident Fund being asked to move from investing in "guilt edge" Securities and Stock to investing in other sectors of the economy by Decree on the partial commercialization of the National Provident Fund.

(v) The Government policies that lead to establishment of other financial houses such as Mortgage Banks, Building, Bureau De Change and other investment houses all over the Federation.

The initiators of these financial institutions, have studied the environment, which includes the government Policies and discovering that there are untaped areas, hence the setting of these institutions. These Institutions are set up to fill gaps in the finanical markets of the country.

In financial marketing the customer is the "core" as can be seen, a business can operate for some time without profit but it cannot survive without customers. Therefore marketing strategies and concept helps finacial Institutions to attract and retain customers. It also help them to study the untapped ares of the customer's and design service/service to meet such demands. In conclusion "It could be seen that marketing has transversed all facet of the human life (35)

Since then marketing concept has spread to all businesses as a necessary impetus for development and survival. It has even extended to non-profit organizations such as Goverment, Hospitals, Colleges, Musemums etc. (36) It is no longer limited to marketing of product and services only.

NATIONAL PROVIDENT FUND

Prior to the establishment of National Provident Fund in Nigeria, the reward for long service was decided by rule of the thumb; it was not fair and reward was based on the Masters judgement. While one gets a gold wrist watch and undisclosed cash, the other gets cash only or gold watch only.

This discripancy coupled with need to make provision for the future lead to the Government creating National Provident Fund, by an Act of parliament in 1961.(37)

The Government in setting up National Provident Fund made it compulsory due to situation prevalent then, by this action the Government has acted in cognizance with Marketing Concept; ie identifying a need and taking action to provides that need.

The Fund covers all private employers with 10 (ten) workers and above. The provision of the partial commercialization intend to move it to all employers in the private sector. This is another application of marketing concept. The rate of contribution is 6% of the total salaries or 3 (three kobo) on every complete 50k)fifty kobo) up to a maximum deduction of N4:00 (Four naria). (38) from the worker to which the employer adds equal amount and both sums are credited in the Fund to the account of the worker for the month.

The Fund invests the money so collected in favour of the worker till when he has qualified to draw under the Act.

The Fund as its presently consisted is now headed by a Managing Director who now has more powers to take decisions unlike before where the

Director hadn't such powers. These are innovations that point to the same fact, practice of marketing concepts.

MAKETING PRACTICE

The Fund at it's inception in 1961 was a division of Federal Ministry Of Labour and this means that decision must be approved by the Mminister, The Marketing concept definition which includes, finding what the consumer wants and designing a product or service to satisfy that need, hence in 1974 the Federal Military Government of Nigeria in Decree No. 39 placed the National Provident Fund under Management Board which means that decisions could now be reached faster and innovations carried out without undue bureaucracy.

As a result of this marketing innovation so many changes were effected viz

(i) Payment of benefit was discentralized from Lagos to State capitals so that instead of beneficiaries applying to Lagos for their benefit and in some cases travel to Lagos, they now go their state capitals.

(ii) Unemployment benefit which was paid after two years of unemployment was rendered to one year.

(iii) As a follow up to this, the recent commercialisation and privatisation provides that the organization further becomes self accounting and be run on profit.

Here again these are marketing innovations to meet with the action of the competitors, and changes in the environment.

Earlier on I said that for a market to take place their has to be a product/service, price, promotion and place (distribution). Does National

Provident Fund fit in to the above? Yes, National Provident Fund is a saving scheme established for the benefit of the workers, here the product/service is a compulsory saving scheme establised for the benefit of the workers. The price of the product/service is the defered comsumption of N8:00 every month till a later date ie which is either when his appointment is terminated, or he is retired, dead, or incapacitated, sick or leaving the country.

Place in marketing emphasises the accessibility of a product or service and this the National provident fund has done by having offices in the formers 21 state capitals and 14 other urban towns all over the country. Recently she has established 6 area/zonal offices in Lagos, Ibadan, Port-harcourt, Kano, Abuja and Maiduguri.

Promotion is regarded by definition enumerating above as either personal selling, advertising, public relations etc.
Here again the services of National Provident Fund are marketed by personal selling, by paid representatives who go from employer to employer explaining to them the provision of the Fund and enforcing the Act and decree setting up the National Provident Fund. This action conform with the definition of marketing mix and therefore the practice of marketing in financial institutions of which National Provident Fund is one of them.

The consumer behaviour of the Nigeria lead to the design of a package that will meet the needs of workers of the country.

At the inception of the Fund matters were decided in Lagos but it is hoped that with the recommendation of the TCPC (Technical Committee on Privatisation and Commercialization). Zonal offices opened in Kano, Abuja, Maiduguri, Port-harcourt, Ibadan and Lagos will be given responsibility and

authority. This action is a response to the yearnings of whom the Fund is serving or is made to serve.

The need to follow the trend and changes in environment lead to the decision of the present Military Government to set up a committee to work out the modality for converting the Board into a Social Security Scheme or Social Security Insurance.

Every year the Fund prints Calendars and by this action they help to educate, inform and remind her customers of their presence and the services they render.

Due to the fact that return on investment was low, ie. investing in low risk portfolio, the Managing Director has been given the approval to invest in high profit yeilding ventures with the hope of increasing the return on investment on the workers money from the present 7% to something higher.

Those innovations point to one thing ie application of marketing concept by the National Provident Fund and the reaction of the Fund to the consumers of her services.

Comparison of the information on (Appendix F-6) shows that as result of these changes, there are increase in all the operations of the Fund. There are increases in the number of Registered employers, employee (Workers), contributions invested, yeild on investments and benefits paid.

In the words of Pechman Aaron Transic, "Yet the important question remain as to the adequacy and equity of its benefit and financing question, which must be faced as the nation pursues the objectives of all citizens. (39).

It is hoped that as the Society is changing, environment changes

therefore with the aid of current marketing tools, concept and consumer behaviours, National Provident Fund should continue to adjust to the realities of the present times.

This chapter will be concluded with the words of an author on social security - Victor George - "Yet earning related benefit are no where near the earning they replayed because other consideration have played a part.(40) This therefore means continous application of marketing strategies and concepts until benefits are able tc cover the earning they replace.

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CHAPTER THREE

HISTORICAL BACKGROUND OF FINANCIAL INSTITUTIONS AND NATIONAL PROVIDENT FUND

The history of Financial institutions in Nigeria could be said to have evolved from the barter system, community ownership of land means of production, introduction of cowries and other medium of exchange to the coming to of our colonial masters with their Banks, Insurance and other Financial Institutions.

Prior to 1986 the Financial Institutions in Nigeria were the masters of the game, they dictated the pace and their customers were at their mercy.

Between 1986 (when SAP was introduced) and March, 1992, Financial Institutions witnessed an unprecedented boom.

The prolification of Financial Institutions has in return increased competition that has led to improved services, delivery and innovation. Financial Institutions now accept the supremacy of the customers and are prepared to go the extra mile to ensure customers satisfaction.

The deregulation of interest and exchange (1)
rate ushered in a banking and other financial institution boom that aided the industry's ability to attract and retain the services of the brightest and the best.

Although the boom was good for the Industry it also created several other problems for it; some of which are:

(1) The guaranteed income from foreign exchange business. distorted reward system.

(2) The relatively high minimum capital requirement and over-regulation paved the way for mushrooming of Financial Houses.

(3) Banks and other Financial Institutions were attracting customers due to availablility of foreign exchange and high return on investment. (2)

(4) The system corrupted Financial Institutions and their staffers and this lead to sharp practices

(5) This environment lead to increased stakes for ownership and control of management of Financial Institutions.

Although these problems have been noticed in the system some group of scholars are of the opinion that if there is the elimination of foreign exchange subsidy. this will mark the beginning of development and growth of modern Financial Institution practice in Nigeria. And since the system has helped the industry to develop a competent and innovative professionals. it will now devote her energy and talents to real Financial Institutions practices.

Another side effect of Structural Adjustment Programme on financial institutions is the proliferation of finance houses. The banking boom. in the wake of interest and exchange rate deregulation and liberalization encouraged the growth of non bank financial institutions. This could be attributed to the following:-

(1) The suspension of issuance of banking licences lead to setting of other Financial House to bridge the gap.

(2) The low capital base required for setting up such Institutions.

(3) The ability to tap the market created by the legislations.

It is argued by this school of thought that, with the banks and other financial institutions Decree No. 25 of 1991, (3) sanity will be restored to the system. Illegal operations outside the regulation, discouraging existing institution from engaging in sharp and unprofessional practice will enhance effectiveness of the regulation. The Central Bank should give financial institutions greater scope to operate and reduce or simplify its documentation requirement therefore making it possible for them to reap the fruits of marketing practise.

Financial Institutions are very sensible and critical to the health and growth of an economy. (4) It is therefore necessary to ensure that only financially strong and competently managed institutions are licenced and allowed to practice.

The temptation to control the number of licences should be left to the market. This will ensure that new players and marketing tools are ejected into the system regularly to keep the industry vibrant. It will ensure that new Investments in the Industry reflect the risk adjusted return on capital.

Secondly barriers to exit ie where banks are not allowed to fail has lead to inefficient and poorly managed Banks to continue to receive life support at the expense of the tax payers and ecomonic development. (5) It is argued that if this is amended it will lead to better management because the public will now prefer a well managed Bank or Financial Institution to an insolvent one that is offering an interest rate one point higher than the avarage rate. Therefore the fear of failure will lead to free enterprise and practice of marketing to achieve corporate objectives.

"A system that lacks a mechanism for healing the afflicted and prevents the afflicted from dying is unlikely to be able to boast of healthy element. (6)

In order words a system whereby inefficient enterprises and industries die and are replaced by newer, healthier and more vibrant ones is very vital for ensuring the good health of the financial system.

Therefore the present system whereby the Nigerian Deposit Insurance Corporation (7) insures a Bank should be deregulated giving the NDIC powers to reject or accept a Bank for insurance.

Secondly the present system of succour or provision of funding support to distressed banks at interest rates below the rate of which healthy ones fund themselves through interbank and the use of stabilization securities encourage banks to be illiquid. (8)

This is dangerous for the Financial Institutions Industry.

If these are checked, financial institutions will be at freedom to develop niches based on their individual strategies. Financial Institutions will be free to position themselves in any segment of the market they feel comfortable with and enjoy total discretion over the asset structure and liability subject only on prudence requirement including the need for liquidity and solvency.

The above will lead to the best application of marketing tools, competition will be intense. Technical competence and professionalism will be demanded by customers of financial institutions as a matter of right. Management competency, capital adequacy and quality of personel will seperate the "men from the boys".

Application of marketing concept will definitely be the fad in the financial institutions.

The industrial revolution of the nineteenth century brought with it opportunities for work, employment and consequently unemployment. The agricultural societies were transformed into wages earning society and concentration of workers in the Urban centres. With these development there arose the need to look seriously at ways and means of alleviating the problem of unemployment, sickness and old age - these factor of course hindered the continous wage earning capacity of the citizen.

Germany was the first to device schemes to look after the aged, the unemployed and the worker when he is unable to carry on with his normal wages earning activities. (9)

England in the early days of industrial revolution saw the springing up of trade guilds to look after their members in times of incapacity but as the work force grew these guilds found it difficult to cope. (10) Hence the Government introduction of Social Insurance schemes for their workers.

In America, the great depression of 1930's brought with it, same problems of uncertainties of employment and social risk of the future. The first social security law was passed in 1935 in American. (11)

The advent of the colonial powers in the West African region, the various colonial powers brought with them some of their home countries economic and social organizations. For instance, the French regarded all their overseas possessions or colonies as part and parcel of the metropolitan France hence the wholesale importation of the French social security system to their colonies.

On the other hand the Anglo-phone countries contented with National Provident Fund scheme which differ in fundamental respect from social

security schemes of the French colonies. Hence the establishment of National Provident Fund scheme in 1961 in Nigeria. (13)

National Provident Fund prior to its partial commercialisatioin is a social security organization set up by NPR. Act 1961. (14)

This Act set up a Fund to which the worker and the employer contribute equal amount in the interest of the worker. The Fund covers all private employers with ten (10) workers and above. There is a proposal for it extension to all workers employed in the private sector of the economy.

The rate of contribution is 3k (Three kobo) on every complete 50k (Fifty Kobo) up to a maximum deduction of N4.00 (four naira) (15) from the worker to which the employer adds equal, amount and pays to the Fund.

The National Provident Fund has the following benefits.

(a) Main Benefit is Old age, Survivor's and Invalidity

(b) Subsidary Benefit in respect of sickness

(c) Withdrawal benefit in respect of emigration and withdrawal from the Fund. (16)

MAIN BENEFITS

An old age benefit is payable to any person who being a member of the Fund attains the age of 55 (Fifty-five) years and satisfies the Director that he has retired from regular employment. The application for old age benefit claim is made on form 17 and the member is entitled to all outstanding in his favour with the NPF.

Survivors benefit is paid to the next-of-kin of a member on the death of a member of the Fund. (17)

The payment of survivor benefit is made on form 18. Under this class of benefit, the next-of-kin is paid all that is oustanding in the account of the deceased member.

Invalidity benefit is payable to any person who is a member of the Fund and is subject to such physical or mental disability as to be unemployed save in work approved by the Minister (18). The application for this class of benefit is made on NPF 17. The applicant is paid all outstanding in his account with the Fund.

SUBSIDARY BENEFITS

Sickness benefit is paid to a member of the Fund who has contributed for more than one year and he shall, if the period of his incapacity for work is more than one month be entitled a to sickness benefit at the rate prescribed in the NPF
act 1961 (19). Application for this benefit is made on NPF. 20.

WITHDRAWAL BENEFITS

Emigratioin benefit is payable to a member of the Fund if he/she satisfies th Director that he is emigrating or has emigrated from and has no present intention of returning to Nigeria. (20)

Application for this benefit is made on NPF. form 19. The applicant is entitled to all that is outstading in his account.

Withdrawal benefit is payable to a member who is less than 55 years and is out of job for more than years. (21)

Applicatioin for this benefit is made on NPF. form 19.

The applicant is entitled for his own share of the contribution only; the employer sharesplus the cummulative interest is paid to him when he is 55 years of age.

MANAGING DIRECTOR

The day to day administration of the Fund is under the Managing Director under whom are team of officers, Managers, Assistant General Managers, General Manager. (Table 1)

The Fund has 40 offices throughout the federation made up of 6 area offices. 21 Sate offices and 12 District offices with headquarters at 9 Ijora Causeway Lagos.

OPERATIONAL SERVICES

The operational department of the Fund is incharge of the registration of employers and workers, collection of contributions and rendition of returns. This section is the most vital arm of the fund b ecause its them that go to the employers to enforce the NPF ACTS. REGULATION. and DECREES. This is headed by an Executive Director Operations.

FINANCE & ADMINISTRATION

This department as its name implies is charge of the Finance and Administration of the Fund. It is also headed by an Executive Director Adminstration.

INVESTMENT & TREASURY

This department is incharge of the investment of the all Funds of the NPF and Treasury duties. It is headed by an Executive Director.

COMPUTER

This section is in charge of all computer jobs of the Fund which includes, issues of prelisted NPF.15, Registration numbers and Certificates. Statement of Account, Interest Demand Note. This section is headed by a General manager.

LEGAL

The section is inchage of all aspects of the Funds operations. It is headed by a General Manager.

ZONAL OFFICE

The country is devided into 6 zones viz - Kano zone made up Kano, Katsina, Sokoto, Kebbi, Jigawa & Kaduna State.

2. Abuja zone is made up of Benue, Plateau, Niger, Kwara and Kogi States.

3. Maiduguri Zone made up of Bauchi, Adamawa, Borno, Yobe and Taraba States.

4. Port-harcourt zone is made up of Rivers, Akwa Ibom, Cross River, Enugu, Imo, Abia and Anambra states.

5. Ibadan zone made up of Ogun, Oyo, Oshun, Ondo, Edo, and Delta states.

6. Lagos Mainland zone made up of Island, Apapa & Ikeja. Each zone is headed by an Assistant General manager.

STATE OFFICES

The State offices as the name implies are the offices of the Fund in the state capitals of the federation.

The State Office is headed by a State Manager. His duties include administrative, benefits, accounts, operational services & supervision of the District Office under her if any.

DISTRICT OFFICE

This is the "grass root" office of the Fund. It is the "contact Man" between the Fund, the employers of labour, worker, and the Fund.

The Instrument setting up the NPF is under constant review, the recent being the partial commercialization of the Fund in 1990.(22)

RELATIONSHIP WITH OTHER FEDERAL GOVERNMENT ORGANIZATION

The ACT setting up the National Provident Fund provided for some co-operation between the National provident Fund and other Federal Government Organisations viz

(1) The Federal Ministry of Labour

(2) The Federal Ministry of Finance

(3) The Federal Ministry of Establishment

(4) The Federal Ministry Economy Development

(5) Central Bank of Nigeria.(23)

The Funds position as at December, 1990 is as follows: (24)-

(1)	No. of employers registered	18,000
(2)	No. of Workers registered	2,750,000
(3)	Benefits Paid	100,000,000
(4)	1989 Cummumulative Investment	1,1000,000,000
(5)	1990 Cummulative on Investment	140,000,000
(6)	Contributions (1990)	60,000,000

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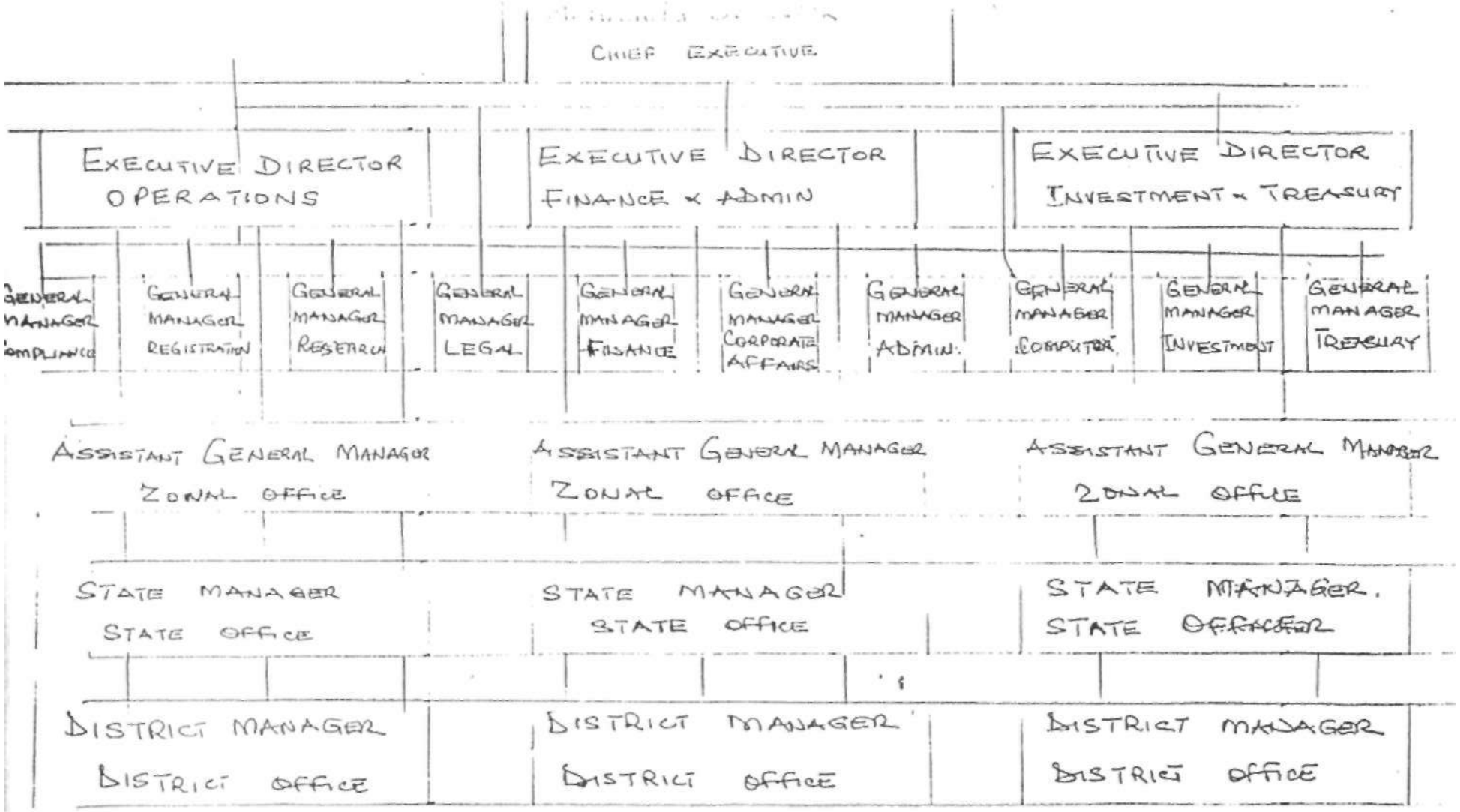
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ORGANIZATIONAL CHART

SOURCE: NATIONAL PROVIDENT FUND

CHAPTER FOUR
DATA ANALYSIS

The study shows that there is an increase in the rate of Social Security risk in the country, which the National Provident Fund, Insurance, Social Clubs, Age grade and other institution take care of. Of all these institutions it is only National Provident Fund that is compulsory for all workers in employment in the private sector. The depressed economy lead to young people lossing their jobs, due to retrenchment, redundancy, or rationalization; old people retired prematurely and some die without making provison for such uncertainties thereby creating social problems for the society.

These problems are compounded further by the fact that even those who are presently working are not paid enough: coupled with the extended family system and its attendant problems and responsibilities let alone save or make provision for the rainy day, social risk and uncertainties.

As far as the public is concerned the problems of National Provident Fund, if even known or appreciated are not sufficient reason for their inefficiency and unsatisfactory services.

This chapter examines and analyzes the divers opinions of a random sample of 150 respondents in Zaria about what they think or feel about the services rendered by the National Provident Fund.

Out of the 200 questionnaire that were administered 150 were retrieved.

The following were collated from the questionnaire returned.

4 1.1 RETURN OF QUESTIONNAIRE

	RESPONSE NO	RESPONSE %
No. Administered	200	100%

No. Returned	150	75%
No. Not returned	50	25%

This shows that 25% of the respondent refused to return the questionnaire.

On further inquiry most of them claim that they do not like to hear about National Provident Fund.

Some others and even most of those who returned their own when interviewed claim that given the option they will opt out of the National Provident Fund scheme due to its unsatisfactory services, the Funds inability to achieve its corporate objectives and not serving the purpose which it is created.

Appendix A is a format of the researchers questionnaire.

4 2.1 IMPORTANCE AND RELEVANCE OF THE NPF

	RESPONSE NO	RESPONSE %
Aware of the services	120	80%
Not aware of the services	30	20%
Total:-	150	100%

80% of the respondents admitted that they are aware of the services rendered by the National Provident Fund. While 20% of the respondents claimed they are not aware of the services rendered by the Fund to employers and employees.

Further analysis shows that out of this 20% which is 30 respondents 40% of it were people below 30 years and not yet future

conscious, just out of school and or just started working and are assumed to have no serious responsibilities such as a family of their own etc. Therefore do not understand what social security is all about.

4. 3.1 LEVEL OF PERFORMANCE

	RESPONSE NO	RESPONSE %
Below Average	60	40
Average	70	47
Above Average	20	13
Total:-	150	100

Hypothesis Testing

Using chi2 to test the data at 5% significance level

H0 = .6 NPF has performed above average

H1 = .6 NPF has performed below average

Chi2 formular

$$z = \frac{X - U}{\sigma}$$

$$U = NP$$

$$\sigma = \sqrt{NPQ}$$

Where n = Total No. of respondents = 150

p = Probability that the event will occur = .6

q = (1 - .6) = .4

Solution: $z = \frac{X - U}{\sigma}$

$$+ 1.96 = \frac{X - 150\ (.6)}{\sqrt{150\ (.6)\ (.4)}}$$

$$= \frac{X - 90}{\sqrt{36}}$$

$$= \frac{X - 90}{6}$$

$$\pm 1.96x6 = x - 90$$

$$\pm 11.76 = x - 90$$

$$x = \pm 11.76 + 90$$

$$x = + 11.76 + 90$$

$$X = 101.76$$

OR $$X = -11.76+90$$

$$= 78.24$$

Since 70 is less than 78.24 and 101. 76 we reject the Ho hypothesis which state that NPF. has performed above average and accept the alternative hypothesis that NPF. has performed below average.

4 (4.1) LEVEL OF CO-OPERATION WITH NPF

The study shows that 90% of the respondents were willing to co-operate with the National Provident Fund towards making her services efficient. This group is made up of mostly those who are between 30 - 50 years of age.

The 10% of those not willing to co-oporate is made up of mostly those below 30 years and those above 50 years. Their reason for non co-operation is because of delay in payment of benefits and non issue and or irregular statements of account. They are however of the opinion

that if the services improve they will co-operation to make it a success.

4 (5.1) BENEFITS

	RESPONSE NO.	RESPONSE %
Survivors	15	15%
Withdrawal	50	50%
Old Age	30	30%
Invalidity	5	5%
TOTAL:-	100	100%

The result of the collation show that out of the 150 questionnaire returned 100 had previously applied for their benefits as shown above.

A further breakdown of this shows that the benefits were paid to the applicants as shown below:

4 (6.2)

	RESPONSE NO	RESPONSE %
6 months after	27	27%
9 months after	60	60%
12 months after	10	10%
Not paid at all	3	3%
TOTAL	100	100%

4. (6.1) Does NPF SERVE THE PURPOSE FOR WHICH IT WAS CREATED

	RESPONSE NO	RESPONSE %
Served completely	5	5%
Served partially	80	80%
Not at all	15	15%
TOTAL:-	100	100%

Hypothesis testing

Using ch2 to test the data at 5% significant level.

H0 = .6 NPF. Benefit served the purpose for which it was created complete

H1 = .6 NPF. Benefit did not service the purpose for which it was created completely.

$$z = \frac{X - U}{\sigma}$$

$$\pm 1.96 = \frac{X - 100\ (.6)}{\sqrt{100\ (.6)\ (.4)}}$$

$$= \frac{x - 60}{\sqrt{24}}$$

$$= \frac{x - 60}{4.899}$$

$$\pm 1.96 \times 4.899 = x - 60$$

$$\pm 9.60 = x - 60$$

$$x = \pm 9.6 + 60$$

$$x = + 9.6 + 60 = 69.6$$

OR - 9.6+60 = 50.4

Since 5 is below 69.6 and 50.4 it means we shall reject H0 and accept H1 which says that NPF. benefit did not serve the purpose completely.

4 (7.1) ISSUE OF STATEMENT OF ACCOUNT

Results of the collation of the response of the respondents is as follows:-

	RESPONSE NO	RESPONSE %
2 Years after	10	7
3 Years after	120	80
Non at all	20	13
TOTAL :-	150	100

4 (7.2) ACCURACY OF STATEMENT OF ACCOUNT

A breakdown of the respondents shows:

	RESPONSE NO	RESPONSE %
Correct	30	20
Partially correct	50	33
Not correct at all	70	47
TOTAL:-	150	100

4 (8.1) RELATIONSHIP OF NPF STAFF WITH PUBLIC

	RESPONSE NO	RESPONSE %
Rude & Bossy	5	3.3
Easily irritated/Impolite	10	6.7

No comment	135	90
TOTAL :-	150	110

4 (9.1) WHOSE INTEREST IS NPF SERVING

The respondents response on the question shows that

	RESPONSE NO	RESPONSE %
Serving workers interest	125	83.33
Serving Govt. interest	20	13. 3
Serving NPF self interest	5	3. 3
TOTAL:-	150	100

4 (10.1) HOW WOULD YOU ACCESS THE SERVICES RENDERED BY NPF A

Breakdown of the response is as follows:-

	RESPONSE NO	RESPONSE %
Not satisfactory	110	73
Satisfactory	30	20
No comment	10	7
TOTAL:-	150	100

Hypothesis Testing.

Testing a 5% significance level and .8 probability.

H0 = .8 NPF. has rendered satisfactory service

H1 = .8 NPF. has not rendered satisfactory services

$$z = \frac{X - U}{\sigma}$$

$$\pm 1.96 = \frac{X - 150\ (.8)}{\sqrt{150\ (.8)\ (.2)}}$$

$$= \frac{X - 120}{\sqrt{24}}$$

$$= \frac{x - 120}{4.899}$$

$$\pm 1.96 \times 4.899 = x - 120$$

$$\pm 9.60 = x - 120$$

$$x = \pm 9.6 + 120$$

$$= + 9.6 + 120$$

$$= 129.60$$

OR $= - 9.6 + 120$

$$= 110.4$$

Since 30 is below 129.60 and 11.4 reject H0 which state that NPF. has rendered satisfactory services and accept the alternative Hypothesis H1 which states that NPF. has not rendered satisfactory services.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

The term marketing could be defined as the set of human activities aimed at facilitating and accomplishing exchange of transaction which could be goods and or services, especially things of value viz - money, ones attention etc. A market exists when individuals or groups obtain what they need and want through creating and exchanging products and value with others.

A situation whereby somebody saves money with the aim of enjoying services or reward in future is a marketing situation.

Marketing concepts emphasises the importance and domineering role which the consumer enjoys wether in economics, political, social, and cultural environments. The consumer is the pivot or hub of any business. He is often refered to as the "tough boss" rather than the servant; and all resources are just there to serve and please him

Marketing is practised knowgly or unknowlingly, wittingly or unwittingly in all organizations wether profit making or non-profit making like Financial Institutions and National Provident Fund.

The chances of achieving corporate objectives and or success are slim unless marketing concepts are made the "corner stone" or "solid foundation" of such an organization.

The National Provident Fund as it is presently operated in Nigeria is established to provide old age, invalidity, survivors and unemployment benefits to the contributing members when the qualify for such benefits.

The society is made up individuals with conflicting interest those who are interested in making provision for the rainy day or social risk and those who believe that God will provide for us the next day or tomorrow. The aim of Government in setting the National Provident Fund is to marry these two opinions.

The services rendered by the National Provident Fund have been seriously critisized even in papers and National dailies. The question as to wether these criticisms are justified or not is another issue, but that there are critisms at all should be something of concern to the officials and the authorities of the National Provident Fund. The adoptation of National Provident Fund to its environment and to interpret and identify itself with the environment is an objective National Provident Fund authorities should seriously strive to attain.

Change is a fact of life, which will always constitute a serious threat to any organisation that fails to provide for a periodic examination of the proper aims and objectives or the purpose of their existence. The management of National Provident Fund in fairness has been alert to these changes and has been adjusting to these changes periodically as they arise but the degree and timing of the change response is another issue.

While the consumers of the services rendered by the National Provident Fund are not satisfied; the management of National Provident Fund, staff and contributors to the scheme, since all are partners in progress, should search their minds and ask why these shortfall are observed and probably put heads together and come up with suggestions and modalities that could enhance its operations.

A great majority of the people interviewed while acknowledging the fact that National Provident Fund was established to serve the workers, claim that in reality the National Provident Fund was serving Government and themselves. This is contrary to the concept of marketing.

An alarming 73% assessed the National Provident Fund services as unsatisafactory and as far as they are concerned if National Provident Fund has been optional they would opt out.

But the question which this reseacher could not answer is "wether alternative sources of taking care of social risk in the Nigeria context such as social club, age grade, extended family system, are better than what is provided for by the National Provident Fund Act as it is presently constituted and enforced.

This researcher feels that it is more humane and realistic to search for or suggest solutions to the short comings of the National Provident Fund rather than opt out which is a defeatist approach because of unsatisfactory service. Granted that the consumers interest should be supreme, we should for the time being look at the environment in which human factors operate with other resources to satisfy the needs and wants of the consumers.

It is a fact that the consumer is the essence of any venture and recent researchers have shown that the consumer's expectations have constantly been on the increase. In the present era of Structural Adjustment Programme (SAP) depression has lead to may people loosing their jobs unprepared. The consumers of the services rendered by National Provident Fund expect a better and satisfactory service or the National Provident Fund will not be achieving its corporate objectives.

The National Provident Fund since 1986 has been engaging in nation wide campaign to educate and enlighten the consumers of here services and the public about what National Provident Fund is all about. The discussions and questions that will follow will help to enlighten the public, employers, and employees on the provisions and operations of the National Provident Fund. The impact of this and the recent pronoucements by the Technical Committee on Commercialization and Privatisation is yet to be assessed and felt by the operators of the National Provident Fund.

RECOMMENDATIONS

PURPOSE OF CREATION:

That as much as 80% of the respondents who have claimed their benefit are of the opinion that the National Provident Fund has not served the purpose for which it was created is an indication that; that aspect of the ACT or REGULATIONS or DEGREE or LEGISLATION needs to be looked into if possible amended.

This could be achieved in so many ways viz:-

(1) Increasing the rate of contribution to the National Provident Fund from N4.00 to something higher.

(2) Increasing the rate on interest credited to the contributors from the present 6% to something higher such that what will accrue to the workers will be near the going interest rate.

(3) Allowing National Provident Fund to limit or leave investment in "gilt edge" and venture into other areas with greater rate of return and low risk like secured bonds and fixed deposits.

(4) Making the benefits accruing from the National Provident Fund contributors to serve dual purpose as a terminal benefit as well as insurance for the worker.

(5) Encouraging Governement participation since the revenue generated by the contributors to/of National Provident Fund are invested by the Governement in development purposes through development bonds etc, one expects the Government to plough back some of the huge profit of these investment to the credit of the workers who make these monies available through the National Provident Fund.

ACCURACY OF STATEMENT OF ACCOUNT

The issue of statement of account needs a thorough review with the sole aim of finding out why it is not issued in time, not correct in some cases, and muddling up of names and numbers when issued.

The problem or short coming of the computer unit should be studied extensivlely and adequate and lasting solution recommended to Government on the issue.

Efforts to inject capable and efficient hands should be encouraged and pursued even if it means bending some of the rules of recruitment and promotion in the National Provident Fund organization.

Incentives should be given to the employers that rendered their NPF.15 schedules - (return of combined contributions) as at when due and in the appropriate format. These could be in form of gift or commendations

SERVICES RENDERED

A staggering 73% of the respondents were not satisfied with the services rendered by the National Provident Fund because of the following:-

1. Benefit claims are not paid in time, in some cases not paid at all.

2. Statements of Account are not issued yearly at it is supposed to be; even when issued a times after 3 years, are not correct.

3. Duplicate cards are not issued unless police report and other irrelevances are produced by member whose card is lost.

4. Registration/issue of membership certificates take time.

5. Decentralization is not fully implemented.

6. Communication gap between the contributors and the National Provident Fund as to what and what is happening in the organization should bridged.

The solution to the above problems are tripartite ie

Workers - Contributors

Employers

Government

The worker when completing NPF. 13 card "employees registration card" should try as much as possible to fill in the true personal date ie names, date of birth etc. When this is done the registration number will be issued promptly and correctly, claims will be paid with ease and on time.

The emplover when completing the NPF.15 (combined contribution return) should use the prescribed form, properly completed and sent in as at when due making compilation easy therefore issue of inaccurate statement of account will be a forgone matter.

The Government/Management of National Provident Fund should grant the paypoints more powers to handle certain issues ie registration of

new workers, and issue of duplicate card instread of referring it to Lagos.

PERFORMANCE

The below average performance of the National Provident Fund as it is presently constituted could be traced to bureacracy ie District Office cannot take decision on issues unless refered to the State and probably Lagos Headquarters.

One discovers that before these round about way of treating issues is done, the decision has been overtaken by events ie when the Fund was first set up Inspectors could prosecute cases at the nearest High Court, but with the introduction of Federal Revenue Courts and the Legal Department in the Fund, it takes a long time before a case goes to court, because of through the State Manager, through the Zonal Legal Department, to the legal Department.

The solution to poor performance could be achieved from so many directions:

1. The education of the employer to be more carefull in handling NPF. matters, ie quoting correct infcrmation in respect of her workers when needed to do so.

(2) Paying contributions as at when due, not waiting to be taken to court before doing something towards complying with the provisions of the National Provident Fund ACT.

(3) Putting sanctions on Chief Executives whose companies default in compliance with the NPF.

(4) The workers should be educated from time to time about what and what is required at each time, be it registration, complaint or benefit payment.

The National Provident Fund will surely be battling to cope with enthusiatic new companies and workers who will be streaming to her offices all over the Federation to participate in the scheme.

There are a lot yet to be done in Nigeria and the developing countries towards provision for Social risk. These areas could further be delved into and can make a bases for further research work ie.

(1) Effects of Social Clubs, Age Grade, Insurance and Staff welfare benefits on National Provident Fund provisions.

(2) National Provident Fund and depressed economy.

(3) Is National Provident Fund serving the purpose for which it was created in Nigeria?

APPENDIX

APPENDIX A - Structure of Central Bank of Nigeria

Source - Financial Institution in Nigeria

B - Structure of Central Bank of Nigeria

after Indeginization Decree 1974

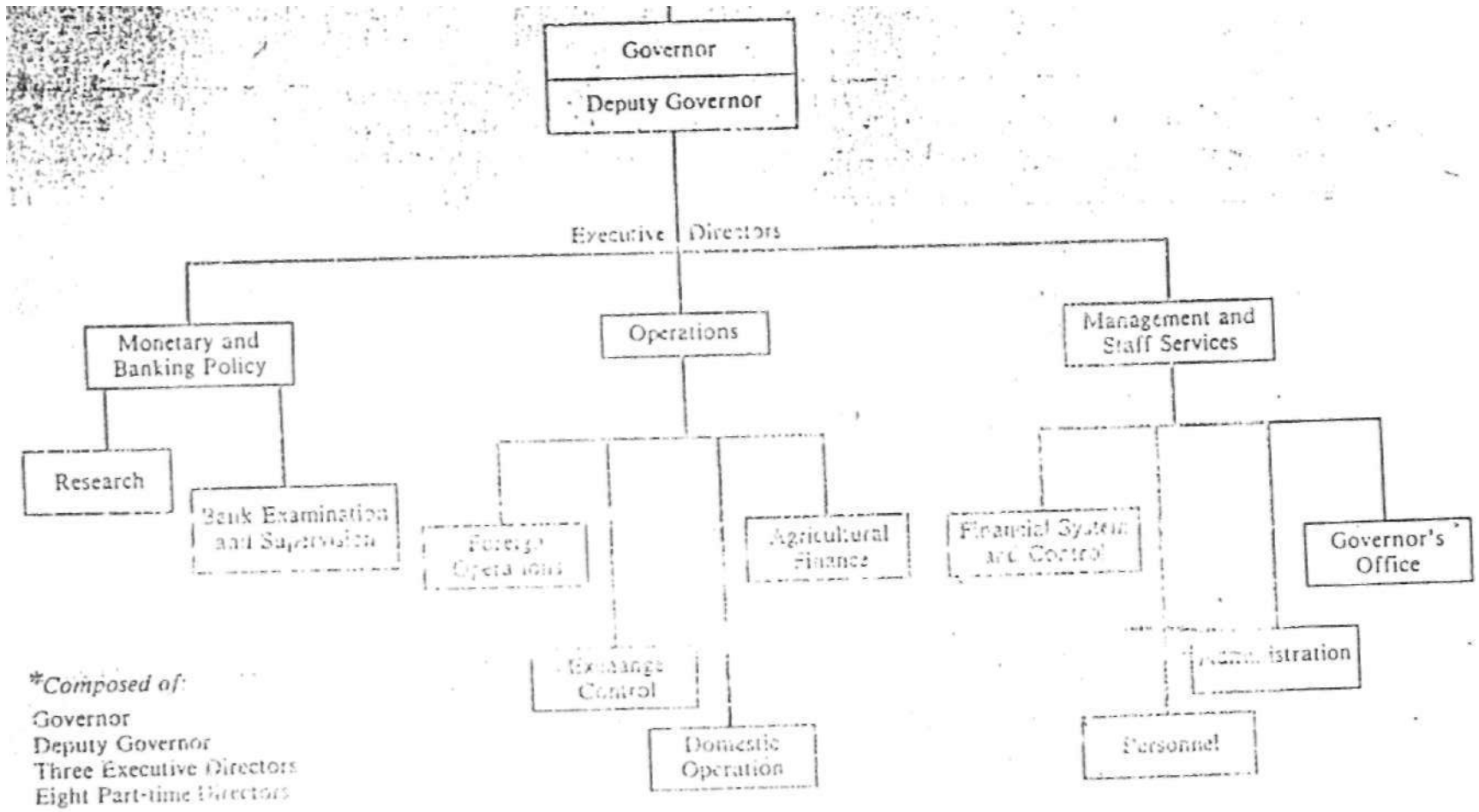
C - Strategy for effecting Bank Marketing

D - Nigerian Insurance Corporation of Nigeria

E - Advertisement of other Financial Institutions

F - Extractd from National Provident Fund Calendar

1992.



Composed of:
Governor
Deputy Governor
Three Executive Directors
Eight Part-time Directors

Figure 1 The structure of the Central Bank of Nigeria

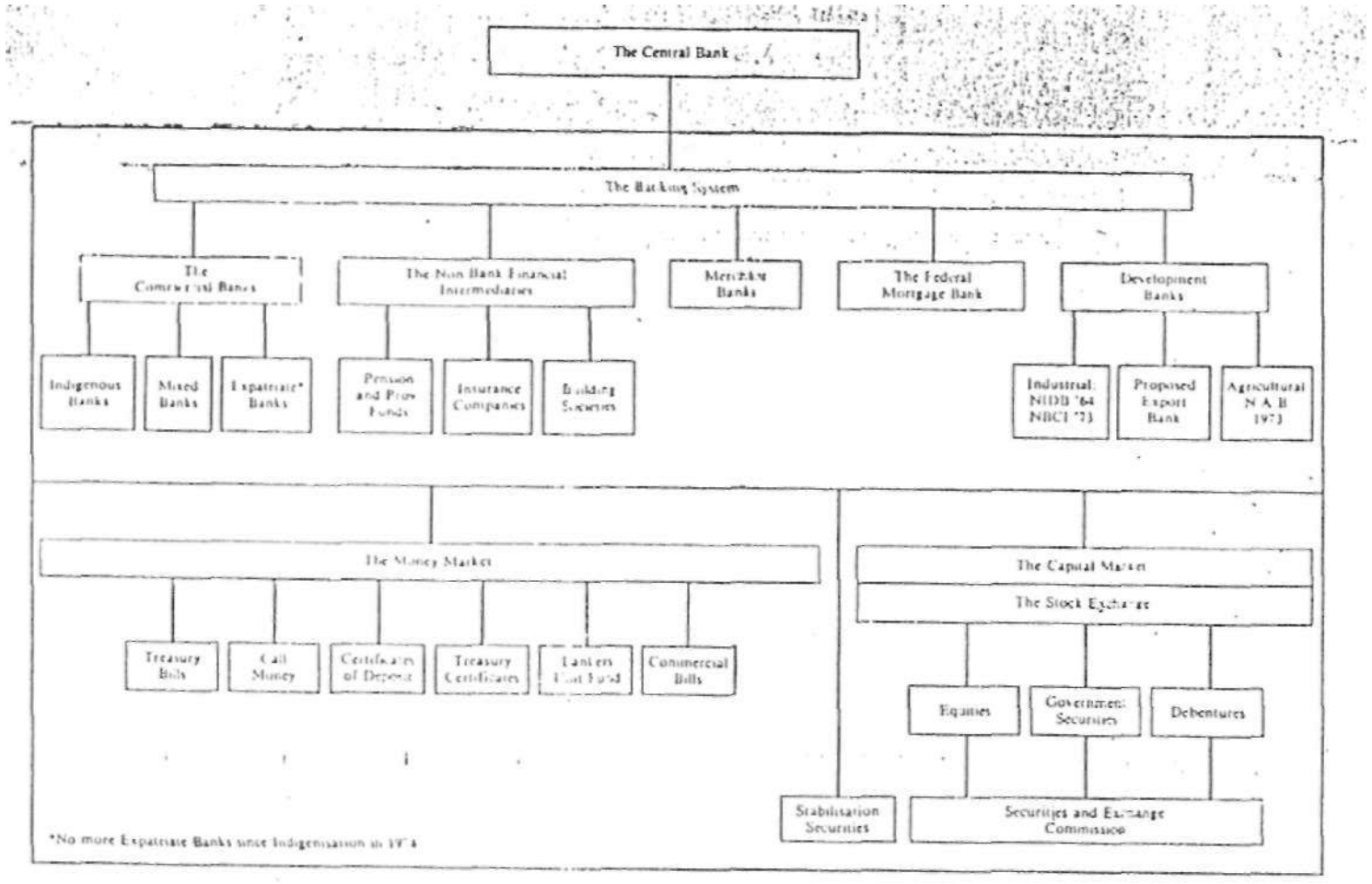
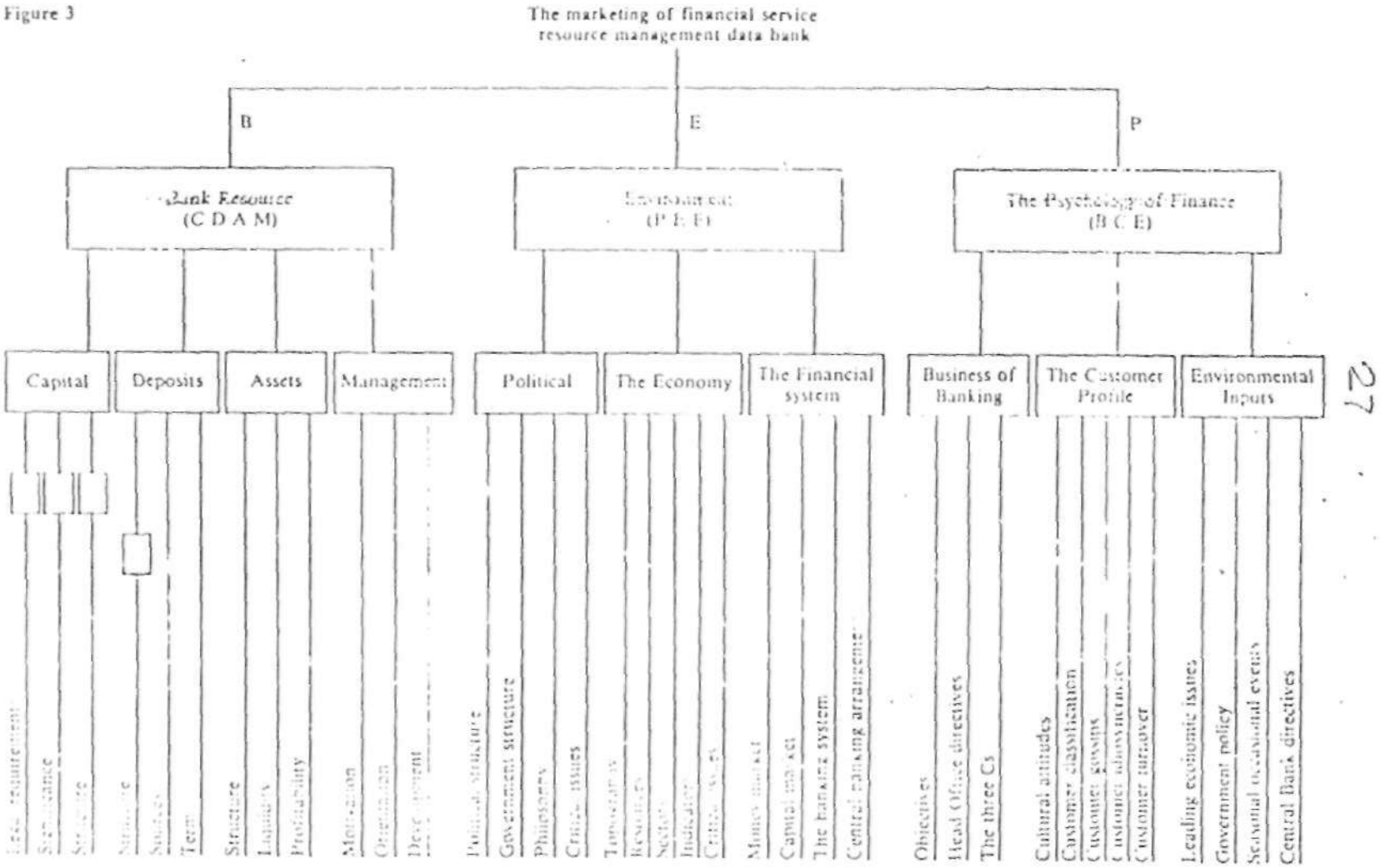
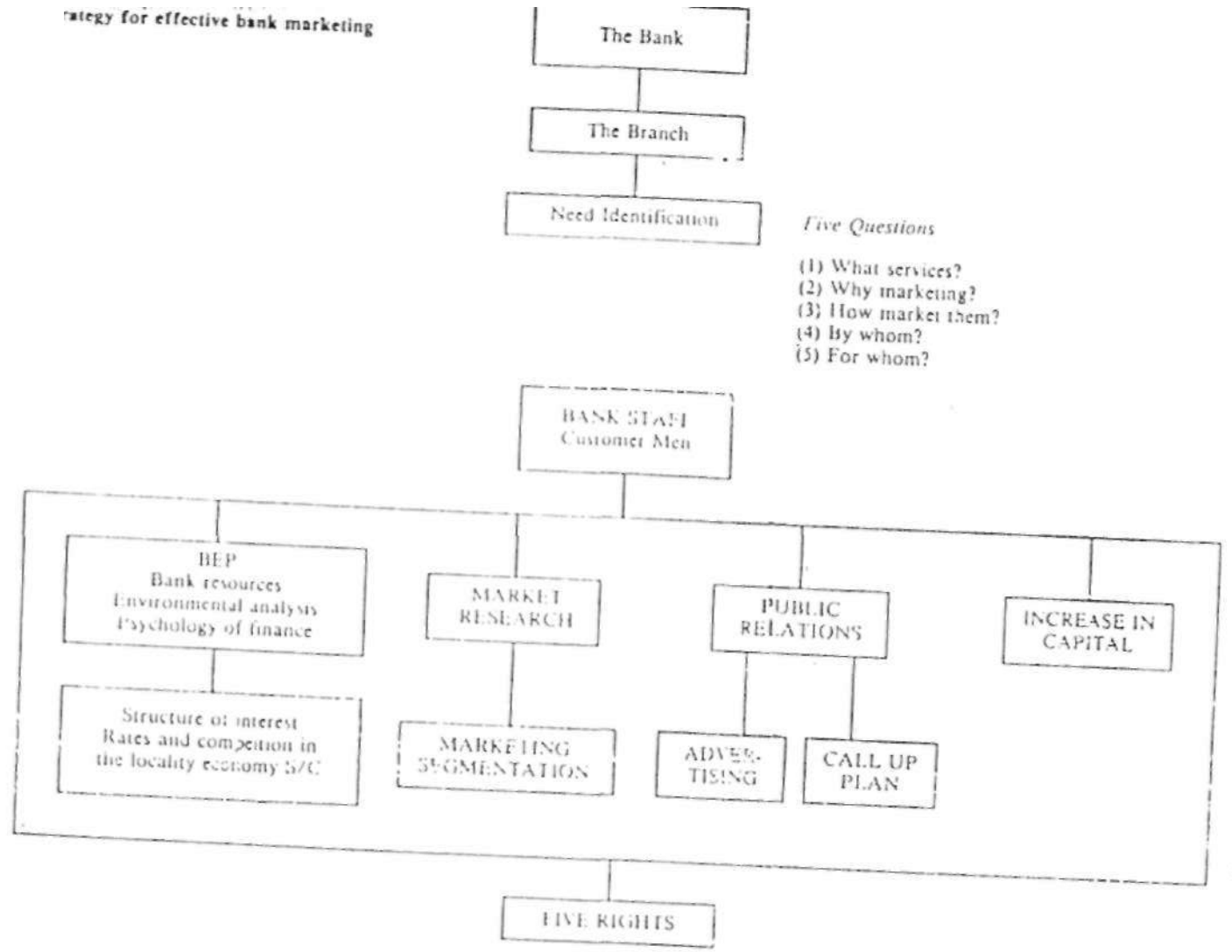

The Central Bank
The Banking System
The Commercial Banks
The Non Bank Financial Intermediaries
Merchant Banks
The Federal Mortgage Bank
Development Banks
Indigenous Banks
Mixed Banks
Expatriate* Banks
Pension and Prov Funds
Insurance Companies
Building Societies
Industrial: NIDB '64 NBCI '73
Proposed Export Bank
Agricultural N.A.B 1973
The Money Market
Treasury Bills
Call Money
Certificates of Deposit
Treasury Certificates
Commercial Bills
The Capital Market
The Stock Exchange
Equities
Government Securities
Debentures
Stabilisation Securities
Securities and Exchange Commission
*No more Expatriate Banks since Indigenisation in 1974

Figure 3


The marketing of financial service resource management data bank
B
E
P
Bank Resource (C D A M)
Environment (P E E)
The Psychology of Finance (B C E)
Capital
Deposits
Assets
Management
Political
The Economy
The Financial system
Business of Banking
The Customer Profile
Environmental Inputs
Loss requirement
Size of issue
Structure
Maturity
Liquidity
Profitability
Motivation
Objectives
Development
Political structure
Government structure
Philosophies
Crisis issues
Taxation
Revenues
Sector
Indicators
Money market
Capital markets
The banking system
Central banking arrangements
Objectives
Head Office directives
The three Cs
Cultural attitudes
Customer classification
Customer groups
Customer characteristics
Customer turnover
Leading economic issues
Government policy
Seasonal or cyclical events
Central Bank directives

ategy for effective bank marketing



(1) Right service (2) Right time (3) Right price (4) Right customer (5) Right place



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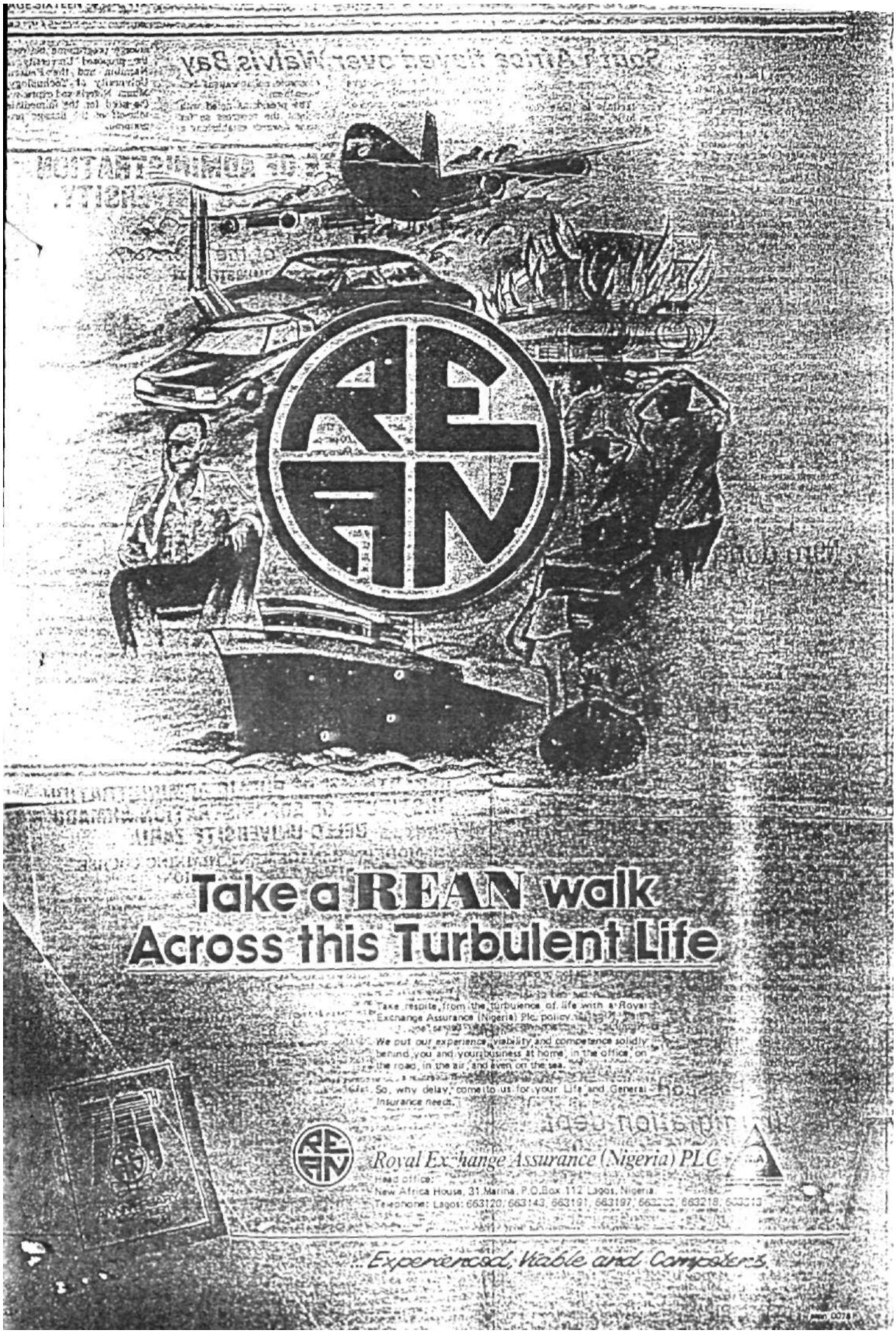
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Now the times are hard; but not so hard for us and our forward-looking customers. With over 11,000 dutiful staff to offer courteous, efficient and prompt service, in over 200 branches and our pace-setting achievement as the first Nigerian bank to hit the ₦1 billion mark in its savings account balances, there is clear proof that more and more people trust that their money is safe with us.

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UNION BANK ...Big, Strong, Reliable

Head Office: 40 Marina, Lagos. Telephone: 665439, 665441

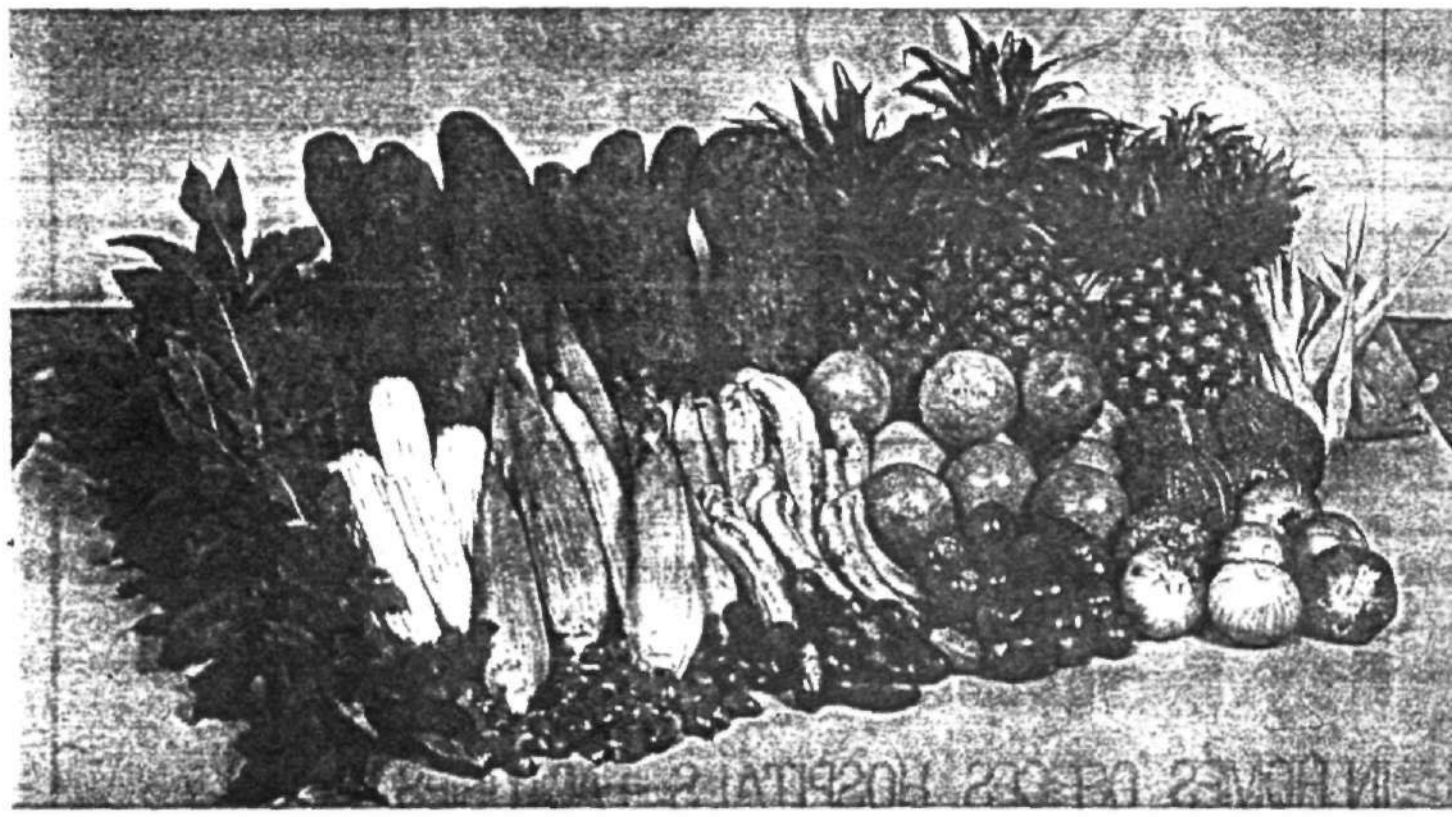


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UNION BANK OF NIGERIA LIMITED

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Union Bank



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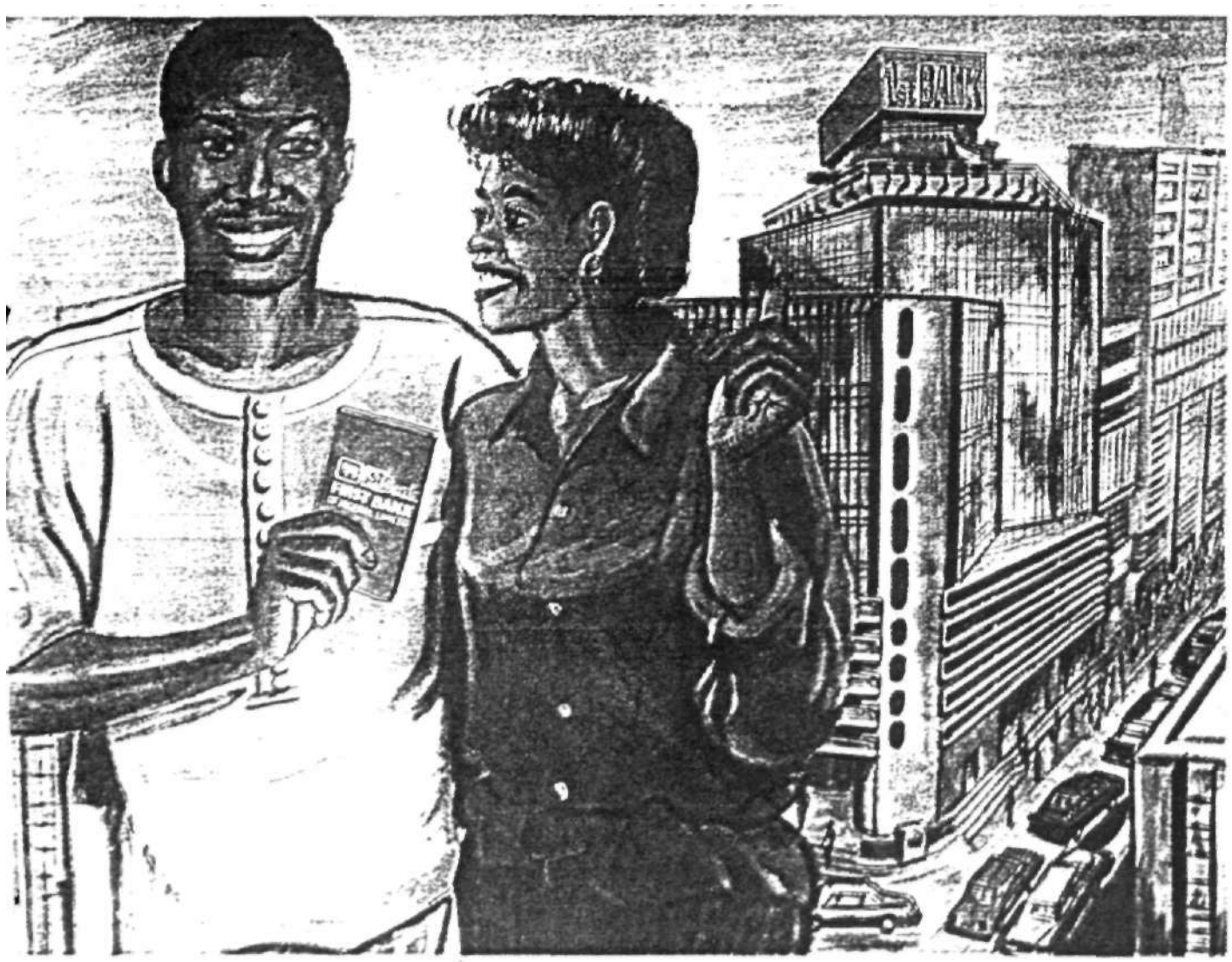
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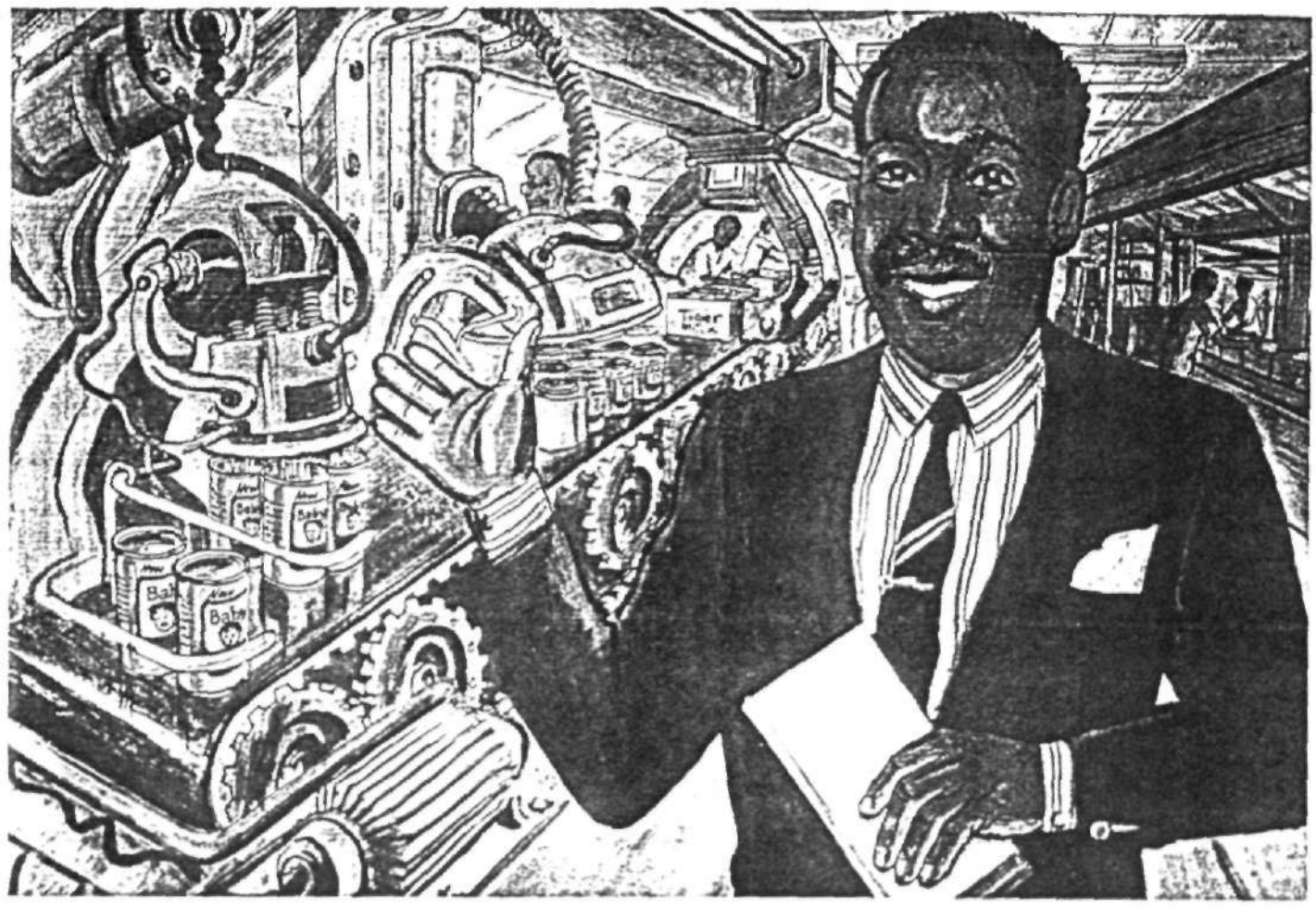
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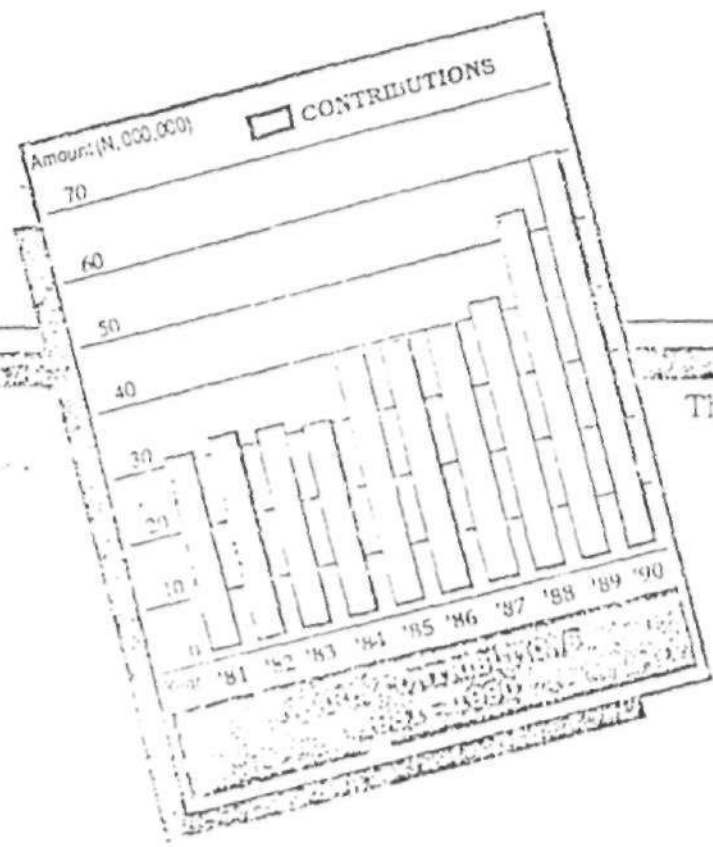
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		7	14	21	28



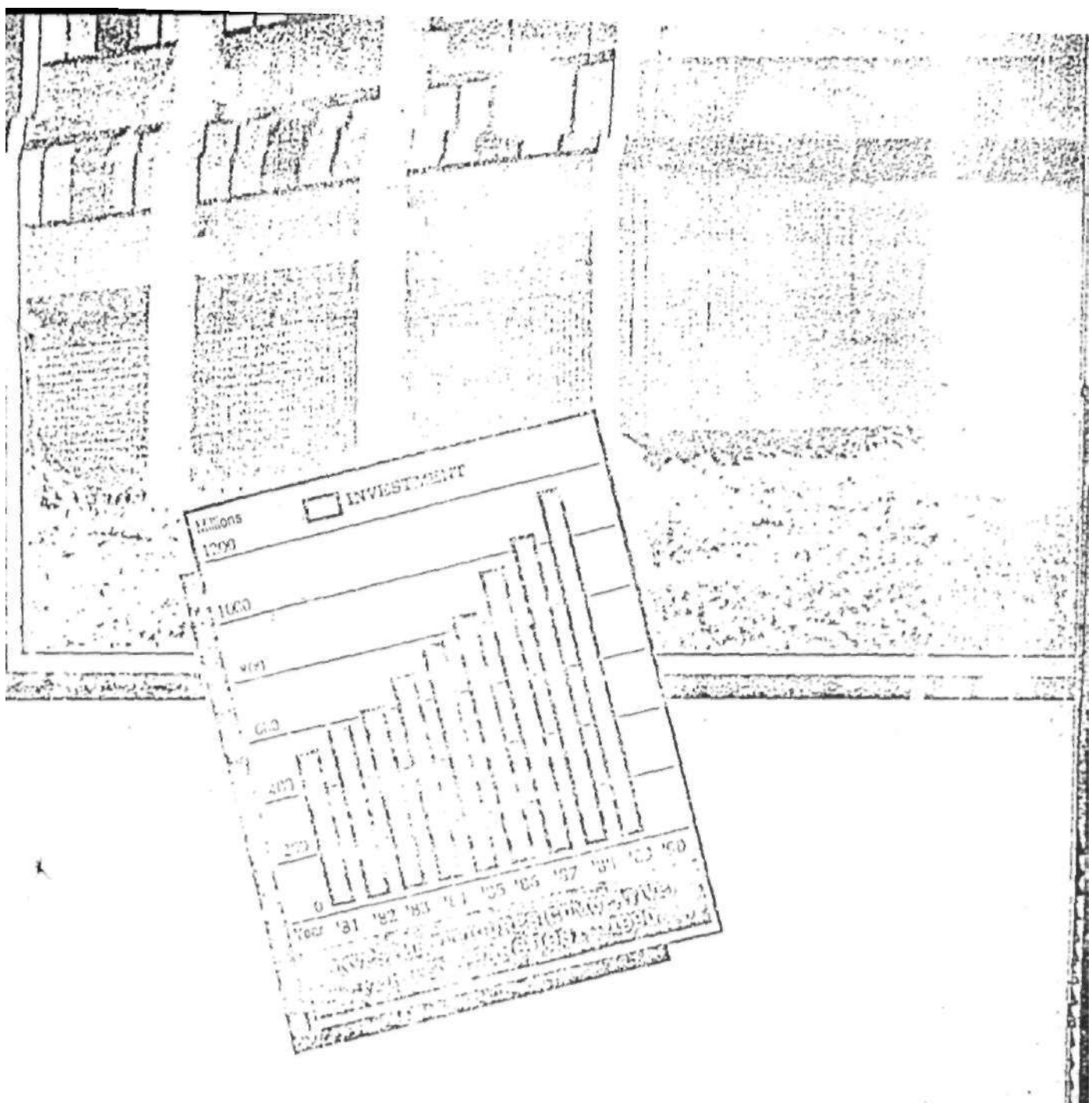
The Director, Muhtari Dangana ex

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h		6	13	20	27



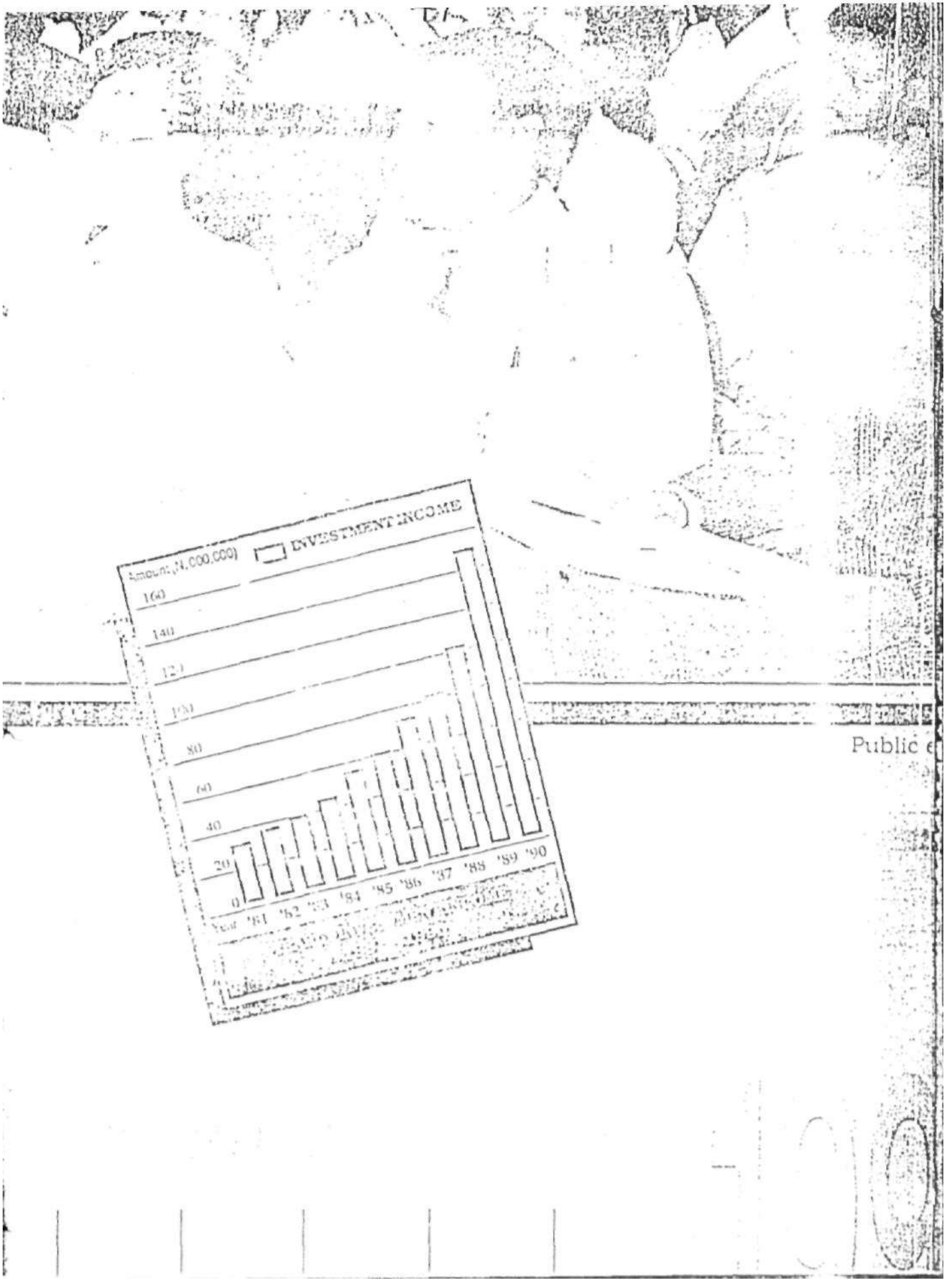
WORKERS REGISTRATION (CUMULATIVE)
1981 – 1990

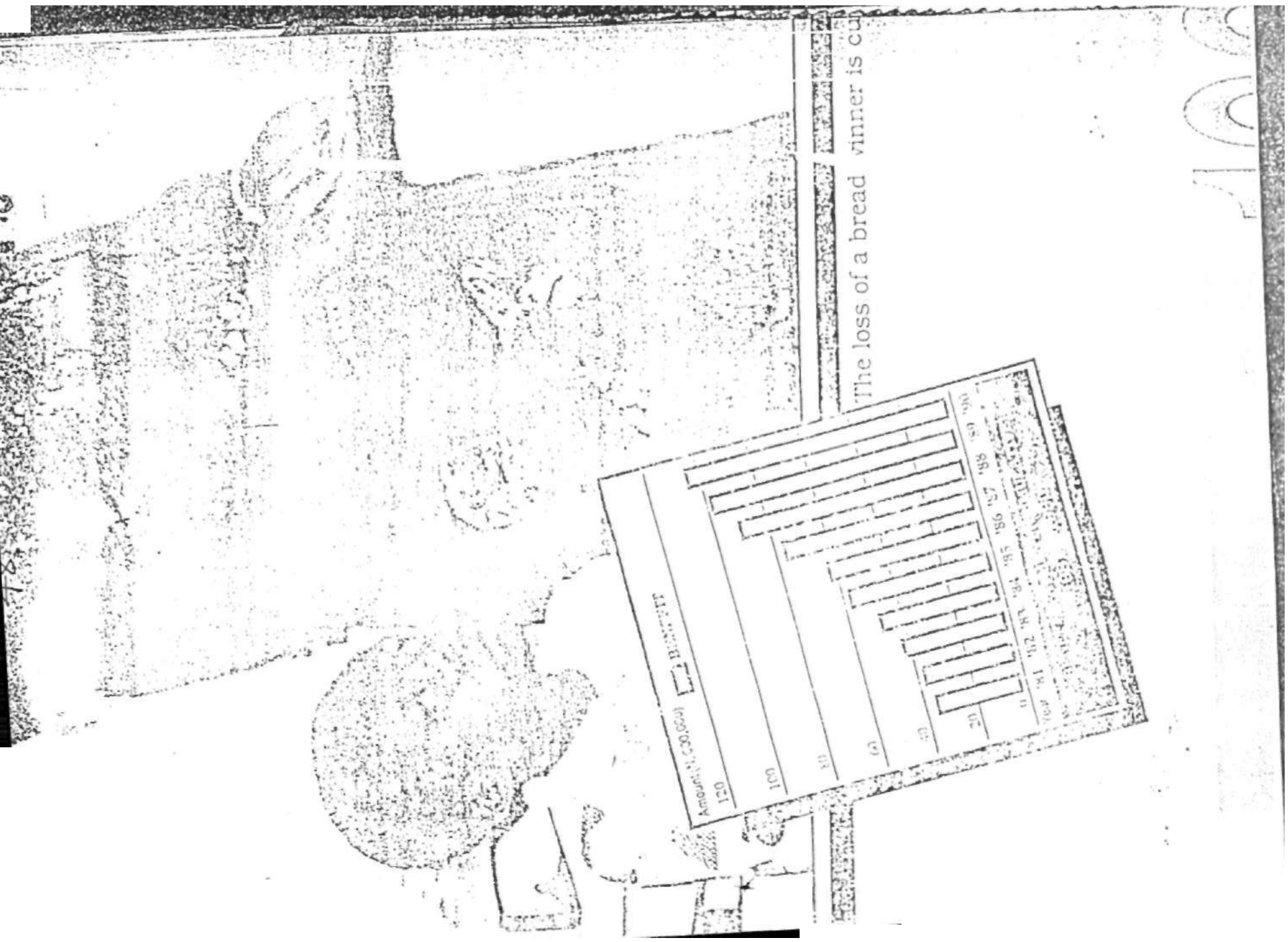


May

...n	31			17	24
...on		4	11	18	25
...ue		5	12	19	26

19


INVESTMENT INCOME
Amount (¥1,000,000)
160
140
120
100
80
60
40
20
0
'81
'82
'83
'84
'85
'86
'87
'88
'89
'90


The loss of a bread winner is cu
Amount 1,00,000
120
100
80
60
40
20

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

Dear Sir/Madam,

MARKETING IN FINANCIAL INSTITUTION:
A CASE STUDY OF NATIONAL PROVIDENT FUND

I am a Master of Business Administration student of Ahmadu Bello University Zaria. untaking the study of the above topic in partial fulfilment for the award of a Masters Degree in Business Administration.

Financial Institutions are established to render financial services.

National Provident Fund is established to provide old age, invalidity, Survivor's and unemployment benefit to the contributing members when they qualify for such benefit.

This research is therefore aimed at identifying the reaction of the beneficiaries to the services rendered by the National Provident Fund.

This is strickly an academic exercise.

You are therefore, please requested to complete the attached questionaire by ticking the appropriate box by the side of each question and offer your suggestion as to the improvement where necessary of the services.

Your honest opinion will be treated with utmost confidence. You need not give name please.

Thank for your co-operation.

I remain,

Yours faithfully,

C. A. ACHONYE.

(8) Are you aware of the National Provident Fund and its services to employers and employees?

Yes

No

(9) How would rate the performance of National Provident Fund?

Below Average

Average

Above Average

(10) Would you co-operate with National Provident Fund towards making the services efficient/effective?

Yes

No

(11) If no please state why

(12) Have you ever applied for any NPF benefit refund?

Yes

No

(13) If yes which of the benefit

Old Age

Invalidity

Survivors

Emigration

Withdawal

(14) How long did it take before you were paid?

3 months

6 months

SECTION 1

(1) Occupation

(2) Status

(3) Age

Below 30 years

Between 30 and 50 years

Above 50 years

(4) Sex:

Male

Female

(5) Educational Qualification

Primary Six and below

WAEC/GCE

OND/HND

1st Degree and above

Others

(6) Marital Status

Single

Married

Divorced

Widow/Widower

SECTION 2

(7) Are you aware of the services rendered by Financial Institutions like Banks, Insurance etc.

Yes

No

9 months

12 months

Not paid at all

(15) How does the benefit paid to you serve the purpose for which it was meant

Completely

Partially

Not at all

(16) If not completely why?

(17) How have you been getting your Statement of account from National Provident Fund.

Regularly

Yearly

2 years interval

3 years interval

None at all

(18) When you get them are they correct?

Completely

Partially

Not at all

(19) How do you rank the behaviour of the National Provident Fund staff to the public

Rude & bossy

Easily irritated and impolite

No comment

(20) Is this conviction of yours based on

Personal experience

Mass media

What friends say

(21) Whose interest should the National Provident Fund be serving

Workers interest

Government interest

Their (NPF) self interest

(22) Whose interest is it actually serving

(23) How would you assess the services rendered by the National Provident Fund

Satisfactory

Not satistory

No comment

(24) If not satisfactory what are your reasons?

(25) What are your suggestion to improve the services:

Thanks for your co-operation and God bless.

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