

Marketing of Bank Products with Special Reference to Higher Education Loan

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Abstract

The application of modern marketing principles in the banking industry will no doubt enhance the quality of service, increase the level of efficiency, establish leadership and finally maximize profits. Traditionally, Indian banks have not really paid adequate attention to marketing and market research. But recently marketing as a key word to make the entire banking organization customer oriented. This paper develops the conceptual framework of bank marketing with reference to higher education loan. Education has become a costly affair recently. Most of the students find it difficult to just enter into the field of education. The problem of finance for education has been prevailing matter now. Higher education involves creation of intellects of world standards and also training of skilled human power at mass level without compromising on quality. Hence, this paper focuses on how education loan service provided by banks to their customers.

KEYWORDS -Market research, Bank marketing, Education loan, and Customer oriented.

INTRODUCTION

Bank marketing is the application of marketing Principles in the banking Services. It is the conceptualization of marketing in the decision making process of banking organizations. Bank marketing is related to the Product, Promotion, Place, Pricing, Process Physical evidence and people decisions of the banking organizations which simplify the task of restructuring their decisions in tune with the changing business environment. Bank marketing is related to the behavioral profile of the customers and the marketing information system so that the marketing decisions coil more dynamism in its nature and move with the customers and market. Bank marketing is a managerial approach. The qualitative transformation in the process is quite natural since the market is competitive and the customers are receptive. It is a Social Process since the strategic decisions make a call for assigning due weightage to social interests. The core or peripheral services are designed in the face of social transformation programmes and policies.

Marketing is the crucial connection between banks and customers, no bank can expect to succeed without putting substantial investment in its marketing efforts. Banks are focusing heavily on building long term relationship with their existing customers. Hence marketing becomes very important for the banks. It is concerned with mapping out all the touch point and evaluating what services are provided, by whom and when, and how, and what is expected by customers. Bank marketing is the aggregate of functions, directed at providing services to satisfy customers 'financial' and other related needs and want, if more effectively and

efficiently than the competitors keeping in view the organizational objectives of the banks.

Objectives of the paper

1. To understand the concept of bank marketing
2. To understand the concept of higher education loan marketing.

Bank marketing enhances the quality of service, increase the level of efficiency, establish leadership and finally maximize profit of service industries. The banking industry is undergoing a revolution caused by deregulation. This scenario is reflected in the evolution of bank marketing. Banking system may vary in different parts of the world; the reasons for the variation may be due to features like social banking, low degree of technological sophistication and cumbersome legal systems. The evolution of bank marketing in India can be classified in three phases. They are:-

1. Traditional banking period- When banking was high accounting oriented rather than marketing oriented. The bankers were concerned with meticulous maintenance of accounts and transacted business with customers in lines with the rules and regulation. In spite of this situation, there was a strong bond of banker customer relationship for some select group of customers. That was the reason it was also called as ‘class banking’

2. Development banking period - The orthodox and tradition bound banking changed with the nationalization of 14 major commercial banks in 1969. The socio economic objective of nationalization drove the public sector banks to expand the banking activities and extend it to larger group of customers. This stage was thus called as ‘mass banking’. The bankers adopted the selling concept to mobilize deposits; they did not find the needs of the customers but offered to them what was available.

3. Bank marketing Period - The causes for bank marketing can be seen as:-

- Rising customer needs and expectations due to improvement in general standard of living
- Entry of foreign and private sector banks in India
- Economic liberalization of Indian economy
- Phenomenal growth competition due to economic liberalization
- Rise in the Indian middle class with considerable resources
- Government intervention in protecting the interest of customers

Relevance of Marketing in Banks

Marketing principles if practiced in a right fashion bear the efficacy of generating enriching and tapping the business potentials, satisfying the customers and sub serving the social interest

1. Understanding the customers.

In an age of information explosion, the banking services depend substantially on the marketing information system. With the help of different sub-systems and to be more specific the marketing research, the bankers get an opportunity to understand the expectations of prospects /customers. Since we segment the market and intensify research, it is easy to identify the magnitude or the emerging trends in expectations. The lifestyles, likes and dislikes, hopes and aspirations or the behavioral Profile all are perceived in a right fashion.

2. Satisfying the customers

If the marketing Processes help us in understanding the customers, the task of satisfying them is found easier. The formulation and innovation processes of the

marketing mixes move in a right and desired order. The customers get the services in tune with their exportations which help banks in mobilizing saving and deposits by transforming the prospects into actual customers and the actual customers into habitual customers.

3. Excelling competition

Like other organizations, even banks have also been facing numerous problems due to fierce competition. The need of the hour is to enrich the peripheral Services so that the mobilization Process is activated. Here it is important to mention that competitive banks have been using technology for improving the quality of services and the Indian public sector commercial banks have been facing strong opposition on that account. Thus, marketing practices would also help banks in optimizing our requirements for the use of technology.

4. Formulating and innovating the mixes

Formulating or innovating the product mix, we assign due weightage to the needs and requirements of customers. While promoting, we need to use the sophisticated Prints, telecast, and broadcast media to influence the impulse of prospects. This requires professionalism and the marketing principles are found helpful in the very context while fixing interest and commissions, we need to turn our eyes on competitors strategies and to incorporate necessary changes. We also need special emphasis on developing the human resources for banks. Since the customers are now more sensitive, the bankers behavioral management need a new look. The recruitment and training facilities the motivational plans, the performances appraisal need a new vision. The motive is to create a quality gap by improving the quality of our mixes.

5. Social orientation

It is not only sufficient that we offer to the conformer quality services. In addition it is much more impact generating those policy makers arranges an overriding priority to the magnitude of social costs.

Features of Banks Marketing

The application of modern marketing principles in the banking industry. Bank professionals are careful to the decision. Making processes and keep in minds the features to upgrade the quality of their decisions.

1. Intangibility : The bank professionals a bit difficult since they are not in a position to present physically the services product. This is due to intangibility that we cannot touch them albeit cannot smell them. It has not a physical object. It has mental connotations. Services carry a combination of intangible perception. A service by nature is an abstract phenomenon. Thus the intangibility makes it essential that bank professionals improve the quality of their services and attempt to create a quality –gap.

2. Inseparability: Services are not separable. We create the services and supply them. The Services are sold and then produced and consumed. The services and their providers are the same. If the frontline staff in a bank offer the services to customers the services and offering of services both depend on the efficiency and instrumentality of bankers engaged in this task. The provisions maybe the same but some of the bankers fail in satisfying the customers whereas some others succeed. This is due mainly to the inseparability. The bankers or bank professionals need more professionalism to satisfy the customers.

3. Non transferability: The services cannot be transferred. We always find a direct deal between the providers and the receivers. A service is any activity or bereft that

one party can offer to another that is essentially intangible and does not result in the ownership of anything. Services are those separately identifiable, essentially intangible activities which provide want satisfaction and that are not necessarily tied to use sale of a product or another service. To produce a service may or may not require the use of tangible goods. However, when such use is required, there is no transfer of permanent ownership to these tangible goods.

4. Simultaneity : Services do not move through the channels of distribution. Hence, either users are brought to services or providers go to the users. The bank account, the core or peripheral services offered by a bank cannot be brought to the customers. If we are interested in using the services, we have to approach or have to move through the defined provisions determined and defined by the providers.

5. Rating the quality: The quality of services can measure in terms of service level. The providers have more scope to discriminate the services. In the banking services, it is not possible to grade since all the users are supposed to make available uniform services. We talk about the services that can be offered to different users in a different way.

6. Documentation : Our promises regarding the services fulfilled or not fulfilled cannot be documented. If the bankers behave decently, but the users are based and complaints are lodes then the concerned bankers find it difficult to prove. This is of course, complicated the task of both the bankers as well as the users of services.

7. Sensitivity: The marketing of banking services is influenced by the use of a particular moment. If the banker fail in using the moment and the customers remain dissatisfied because a degeneration in business starts gaining momentum.

Higher education loan

Education is central to the human resources development and empowerment in any country. Cost of education has been going up in recent times and since the student has to bear most of the cost, there is a clear case for institutional funding in this area. This model education loan scheme is an attempt to bring out a viable and sustainable bank loans scheme to meet the aspirations of our society.

Knowledge and information would be the driving force for economic growth in the coming years. The current rate of economic growth of the country demands technically and professionally trained man power in large numbers. In this backdrop loans for education are seen as investments for economic development and prosperity. The model education loan scheme was developed by the Indian Banks Association to help meritorious students pursue higher education in technical and professional courses. As the focus on development of human capital, repayment of loan is expected to come from future earnings of the student after completion of education. Hence assessment of the loan will be based on employability and earning potential of the student upon completion of the course and not the parent income/family wealth.

Marketing Strategies of higher education loan

Following trends have been observed in the marketing strategies of banks to education loan:-

- Advertising remains the undisputed promotional tool for banks so for among the other promotional tools.
- Consumer expectation are growing with the increase in the education of the consumers, they are how demanding more and more value added services and more to pay premium for it.

- Mobile banking in the need for today. It has become the blessing for the consumers who don't have the time to visit the bank personally.
- Social media is also a tool for marketing the banking services.
- Due to increased use of technological bases has increased the operational efficiency of the Indian banks.

CONCLUSION

Bank marketing is not just advertising and promotion campaign but a managerial process by which services are matched with markets. This indicates evolving a suitable marketing strategy which suits the needs of the customer. Bank provides different services to their customers. Education loan is one of the services provided by the bank. The main emphasis is that a meritorious student, though poor is provided with an opportunity support from the banking system with affordable terms and conditions.

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