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Strategic Marketing of Banking Services in Select Public Sectors Banks in the Post Liberalization Era

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ABSTRACT

The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the recent technology and several related external factors. For the past three decades India's banking system have bestowed with several outstanding achievements to its credit. The Indian Banking industry has undergone radical changes due to liberalization & globalization measures undertaken since 1991.

DEVELOPMENT OF BANKING SECTOR IN POST-REFORM PERIOD (1998 ONWARDS)

This phase has introduced many more products and facilities in the banking sector in its reforms measure. In 1991, under the chairmanship of M Narasimham, a committee was set up by his name which worked for the liberalization of banking practices. The competitive pressures to improve efficiency in the banking sector has resulted in a switch from traditional paper based banking to electronic banking, use information technology and shift of emphasis from brick and mortar banking to use of ATMs.

Marketing of Bank Product/services

Marketing of bank products refers the various ways in which a bank can help a customer, such as operating accounts, making transfers, paying standing orders and selling foreign currency Customers are offered innovative products to redefine banking convenience. With bank's expertise, customer can rest assured that your wealth is protected and nurtured at the same time. This study has generated a pool of items from literature on different service quality dimensions.

Different banks from the four banking sectors such as private, public, foreign and co-operative banks were measured on these items by customers of the respective banks to identify whether they rate all the service parameters similarly or not. The study also throws light on how customers rate the banks of their choice on these service quality dimensions allowing a comparison among them.

Products

Transactional accounts. Checking accounts (American English) Current accounts (British English)

- Savings accounts.
- Debit cards.
- ATM cards.
- Credit cards.
- Traveler's cheques.
- Mortgages.
- Home equity loans.
- Personal loans
- Certificates of deposit/Term deposits

In some countries, such as the U.S., retail bank services also include more specialised accounts, such as:

- Sweep accounts
- Money market accounts
- Individual Retirement Accounts (IRA's)

Debit Card and Credit Card

Debit Cards or Credit Debit Cards are electronic plastic cards that are used as a substitute for cash.

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Bank Debit Cards help reduce the need for carrying cash and checks. Debit cards are directly linked to a cardholder‘s bank account. Whenever a card holder withdraws money from an ATM or uses the debit card for making payments, his/her account balance is automatically reduced. Debit cards and credit cards differ in some significant ways. In the case of a credit card, the issuer offers credit and overdraft facilities.

ATMs

Automated Teller Machines (ATMs) have gained prominence as a delivery channel for banking transactions in India. Banks have been deploying ATMs to increase their reach. As at the end of December 2007, the number of ATMs deployed in India was 32,342. From first day of April 2009, entire ATM network is now available to customers from any bank for transactions for no fee at all, irrespective of the banks in which they have their accounts, Now Customers will not be levied any fee on cash withdrawals using ATM and debit cards issued by other banks. This will in turn increase usage of ATMs in India. ATM (Automated Teller Machine) facilitates the customer to do Banking transactions such as Cash withdrawal, balance enquiry, obtaining mini-statement, transfer of funds between his/her own accounts etc.

Electronic Fund Transfer (EFT)

Electronic Funds Transfer (EFT) is a system of transferring money from one bank account directly to another without any paper money changing hands.

Electronic Bill Payment (EBP)

By using EBP service you can bid goodbye to queues and paper work. Electronic/Online bill paying services offer a variety of bill management and payment features to make your life simpler and more efficient.

Payment Features

Online bill paying services include a variety of payment features. Some pay anyone you would normally pay with check and others only pay those who accept electronic payments.

e-Cheque

E-cheques are a mode of electronic payments. Centre to the clearance centre, reducing both time and cost.

Internet Banking

Internet banking allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank. The common features fall broadly into several categories Transactional (e.g., performing a financial transaction such as an account to account transfer, paying a bill, wire transfer, apply for a loan, new account, etc.), payments to third parties, including bill payments and telegraphic/wire transfers

Tele-banking

Telephone banking is a service provided by a financial institution, which allows its customers to perform transactions over the telephone.

Mobile Banking

Mobile Banking is otherwise known as M-Banking, M-banking, or SMS banking and more. It is a mobile service that is used to check the account balance, payments, transactions, etc using mobile devices like Mobile Phone or PDA (Personal Digital Assistant Transfers, deposits, payments & withdrawals: It includes handling of micro payment, fund transfer in domestic & international, mobile recharge, process of bill payments & commercial payment, banking agent withdrawal & deposit, and peer payments.

Companies

Digicash

Digital cash is a system of purchasing cash credits in relatively small amounts, storing the credits in your computer, and then spending them when making electronic purchases over the Internet.

Net Cash

Net cash is a new way to buy and sell online.

M-cheque

'M-cheque' facility that would enable its customer to transact using mobile phone. Plastic cards will not be the only mode for cashless transaction; mobile phones are set to catch up the same.

e-Invest

E-Invest account is more than a brokerage account. It offers you a unique 3-in-1 feature, which integrates your Brokerage, Bank and one or more Demat accounts.

REVIEW OF LITERATURE

2.1 Thematic Review of Literature

Till date limited efforts have been made to study the impact of online banking services in Indian banking. The existing literature has been reviewed for understanding different concepts and variables related to internet banking as well as to find out the research gap for the present study. A lot of discussion has appeared in various researches pertaining to various dimensions that affect the adoption of internet banking and in measuring its impact on customer satisfaction and business performance.

Therefore, in order to concretise the research gap for the present study, the related literature has been reviewed as under:-

As already stated, online banking primarily introduced in the early 1990's, uses the computer technology to give users the ability to manage their transactions on their own more quickly and efficiently from anywhere around the world by just a click of the mouse. Tulani et al., (2009) examined the extent of adoption and usage of internet banking by commercial banks in Zimbabwe and found people using internet banking for checking account balances, payment of bills and fund transfer. They also found perceived benefits of using internet banking as cost reduction, increased loyalty and attracting new customers. Singhal and Padhmanabhan (2008) determine utility request, security, utility transaction, ticket booking and fund transfer as the factors influencing users to adopt e-banking channel. Quereshi et al., (2008) evaluate factors that manipulate the nature of customer's towards online banking and found almost 50% of the clients shifted from traditional banking to online banking system because of perceived usefulness, security and privacy provided by online banks. Likewise, Azouzi (2009) also examined the adoption of electronic banking in Tunisia and found majority of respondents (95%) having an access to internet, but only few of them using it as a primary banking channel. Auta (2007) empirically examines the impact of e-banking in Nigeria's economy and found customers are satisfied with e-banking system which provides convenience and flexible advantages such as easy transfer, speedy transfer, less cost and time saving benefits. Lichenstein and Williamson (2006) also provide an understanding of how and why specific factors affect the consumer decision about internet banking in an Australian context and found convenience as the main motivator for consumers to bank online.

Flavian et al., (2006) analysed how perceptions of consumers about traditional bank influence their decision to adopt the services offered by the same bank on the internet and found consumer trust in a traditional bank as well as income, age and sex of the respondents as the major factors that influence consumer decision to work with the same bank via the internet. Thus, online banking service has recently become very effective offering sophisticated tools, including account aggregation, stock quotes, rate alerts and portfolio managing programmes to help their customers manage all their assets more effectively and on time (Tan and Teo, 2000).

The researchers have also focussed on various factors affecting adoption of internet banking (Ashtiani and Iranmanesh, 2012; Eze et al., 2011; Yaghoubi and Bahmani, 2010; Oii et al., 2010; Kashier et al., 2009). Tat et al., (2008) revealed trust as the most important factor influencing intention to continue using the internet banking services followed by compatibility and ease of use. Bander and Charter (2006) also measure impact of trust on acceptance of online banking and found trust playing an important role in increasing the usability of online banking.

Wang et al., (2009) investigated whether consumer perception of risk (perceived risk) in transacting on the internet would have an influence on e-banking website (specific trust) and customer's willingness to use e-banking and found perceived risk having a direct influence on consumer willingness to use e-banking and specific trust having a positive moderating influence on the relationship between perceived risk and willingness to use e-banking.

In addition to this, there are numerous studies conducted by Hassan et al., 2012 Ravichandran et al., 2010; Dixit and Datta, 2010; Baskar and Ramesh, 2010; Ganguli and Roy, 2010; Khurana, 2009; Haque et al., 2009, Yang and Peterson, 2004 indicating that service quality of banks also affects intention to use internet banking as well as their satisfaction. Also, Lee and Lin, 2005; Siu and Mou, 2005, You and Donthu, 2001, Wong et al., 2008, Parasuraman et al., 1985, Parasuraman et al., 1988 develop various dimensions of online service quality.

Moreover, Muhammad and Rana (2012) found perceived ease of use, perceived usefulness, compatibility, innovativeness and perceived credibility influencing customer's intention to adopt internet banking. Similarly Wu, Chang and Lin (2012) found trust, perceived usefulness and perceived ease of use and relative advantage having a significant effect on customer's behavioural intention to adopt internet banking. Chang and Hamid (2010) also explored two factors viz. perceived ease of use and perceived usefulness influencing behavioural intention of customer's to adopt internet banking in Taiwan. In the same manner, Yiu et al., (2007) also make an attempt to know the adoption of internet banking by retail customers in Hong Kong and found constructs such as perceived usefulness, perceived ease of use, perceived risk and personal innovativeness on information technology having a positive relationship with internet banking adoption. Satisfying a customer in any banking business is the ultimate goal and objective. Researchers have also focussed on impact of internet banking on customer satisfaction (Alam and Soni, 2012; Musiime and Ramadhan, 2011; Singh and Kour, 2011). Ma (2012) finds privacy, reputation and price as the key factors affecting customer satisfaction in online banking in China. Alam and Soni (2012) find satisfaction of customers being generated through quick services, affordable service charge, easiness of depositing and withdrawing money, ATM booths, account statement over SMS/e-mail services and error free records. Zafar et al., (2012) observed tangibility, reliability, competence and conflict handling as the constructs of service quality generating customer satisfaction and customer loyalty. Musiime and Ramadhan (2011) found a positive significant relationship between internet banking adoption and customer satisfaction. Dai et al., (2011) determined the antecedents of online service quality, commitment and loyalty in internet mediated environment (IME) and found service content quality and service delivery quality as two important antecedents of consumer service enjoyment, affecting their commitment and loyalty.

Muhammad and Alhamadani (2011) claimed five service quality dimensions viz. reliability, responsiveness, empathy, assurance and tangibility as important antecedents of customer satisfaction. Nupur (2010) examined e-banking and customer satisfaction in Bangladesh and found the same service quality dimensions which were found by Muhammed and Alhamadani (2011) as core dimensions of customer satisfaction. Lin and Sun (2009) studied factors influencing satisfaction and loyalty in online shopping on the basis of technology acceptance factors viz. perceived usefulness and perceived ease of use, website service quality and specific hold up cost factors and conclude that customer's e-satisfaction will positively influence customer's e-loyalty directly, technology acceptance factors will positively influence customer e-satisfaction and eloyalty directly, website service quality can positively influence customer e-loyalty directly, but cannot positively influence customer e-satisfaction directly. Floh and Treiblmair (2006) identified satisfaction and trust as important antecedents of customer loyalty.

Li et al., (2006) examined the relationship between user and website with commitment and trust as key mediating variables and find significant association between intention to stick with a website and commitment and trust in the website. Further, Fock and Koh (2006) conceptualise trust and commitment relationship in context of internet banking and revealed higher level of trust and commitment as significantly associated with willingness to try internet banking facilities. Luarn and Lin (2003) observed customer satisfaction and perceived value are indirectly related to loyalty through commitment. Riquelme et al., (2009) also examined which customer service and online attributes predict overall satisfaction and found that satisfaction has been generated through improving courtesy, content timeliness and product and services offered. Khan and Mahapatra (2009) concluded that customers are satisfied with the reliability of services provided by banks but are not satisfied with the dimension of user friendliness. Thus, the studies indicate the necessity of measuring the impact of trust, perceived ease of use, perceived usefulness, service quality provided by banks online on customer satisfaction and customer commitment.

The effectiveness of organisations in fulfilling its purpose can be described as business performance (Opara et al., 2010). In fact it represents an input/output relationship, is two dimensional concept based on objective and subjective performance (Hasan et al., 2010). Some researchers have focussed on measuring impact of information technology on objective basis (Karim and Hamdan, 2010; Onay and Ozsoz, 2007; Malhotra and Singh, 2007; Siam, 2006; Guo et al., 2004). Whereas, others have focussed on measuring impact on the basis of subjective criteria (Ahmad et al., 2010; Shaukat and Zafarullah, 2009; Hajri and Tatnall, 2007; Jham and Khan, 2005; Lee and Hwan, 2005). Also, Kaleem and Ahmad, 2008 observed bankers in Pakistan considering internet banking as profitable because of minimising inconvenience, reducing transaction costs and saving time. Uppal (2011) analyzed the performance of Indian banks in terms of productivity and profitability in the pre and post e-banking period and found bank's performance better in post e-banking period than pre ebanking period. Similarly, Kour (2012) examined the impact of IT on branch productivity and Kashap and Sharma (2012) examined the impact on branch productivity, labour productivity and profitability in pre and post e-banking period and found performance of banks improving after implementation of information technology and more particularly, mobile banking and internet banking. Thus, on the basis of literature reviewed, there is a need to measure the impact of internet banking on business performance on the basis of both objective and subjective criteria in pre and post e-banking period. The objective performance will be measured with the help of ROA, ROE and Net Profit margin whereas the subjective performance will be measured through customer satisfaction, service quality offered by banks, perceived ease of use, perceived usefulness and customer commitment.

Research Gap

Internet banking is changing the whole banking industry, having effects on banking relationships and its performance. So this aspect cannot be undermined and need to be researched thoroughly. The aforesaid review of literature reveals that so far impact of internet banking on customer satisfaction and using of banking services such ATM ,CREDIT CARDS AND DEBITS CARDS together with business performance has not been studied extensively. The most of the studies have focussed on extent of adoption of internet banking (Tulani et al., 2009; Azouzi, 2009; Qureshi et al., 2008), some have studied factors affecting continued usage of internet banking (Kashier et al., 2009; Ashtiani and Iranmanesh, 2012; Eze et al., 2011). Similarly, some studies focussed on dimensions of service quality (Lee and Lin, 2005; Siu and Mou, 2005; You and Donthu, 2001), some have examined influence of trust and its antecedents on the adoption of e-banking (Wang et al., 2009; Bander and Charter, 2006). In the same manner , some have focussed on measuring impact of internet banking on customer satisfaction and commitment (Ma, 2012; Singh and Kour, 2011) and some on business performance (Hajri and Tatnall,2007; Malhotra and Singh, 2007;

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Onay and Ozsoz, 2007). Thus, most of studies were limited to either one or two aspects of internet banking.

The proposed study aims to fill up this research gap by studying the impact of internet banking on customer satisfaction and using of banking services such ATM ,CREDIT CARDS AND DEBITS CARDS .

1.To trace the origin and growth of marketing of banking services in public sector banks.

2.To study the marketing of Bankimg services sector in the economic development of India.

3.To review the profile of sample banking orgin in detail.

SBI AND CORPORATION BANKS

Origin of SBI

The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2nd June 1806.

108 branches in Hyderabad

As on 31st march 2018 SBI had 22,414 branches and 59,541 ATMs as declared by SBI in its annual report 2017–18.

SBI to Reforms

The State Bank group had to face a tough challenge when the new private sector banks made their entry in early nineties. The new banks had the benefit of starting on a clean slate and had started with state-of-the-art technology which in turn helped them save on man power costs and provide better services. On the other hand, the older banks had not kept up-to-date with technology and were facing competition of this kind for the first time. SBI launched an array of products and services, especially on the retail front, to match the competition. Some of the new products include Debit cards, Credit cards, International cards, Special deposits, Sweep-in accounts, Demat accounts and Any-where-banking. Some of the new services include round-the-clock phone-banking, Automated Teller Machines (ATMs), inter-city, inter-branch banking, net-banking and bill payment services. The bank has even launched their own asset management companies to offer mutual fund services to their customers.The following marketing strategies implemented by SBI.

Corporation Bank

Corporation Bank came into being as Canara Banking Corporation (Udipi) Limited, on 12th March, 1906, in the temple town of Udupi, by the pioneering efforts of a group of visionaries. The Bank started functioning with just Rs.5000/- as its capital and at the end of the first day, the resources stood at 38 Rupees-13 Annas-2 Pies.

The initial growth was consciously cautious and need based. The first branch of the Bank was opened at Kundapur in 1923, followed by the second in Mangalore in 1926. The Bank stepped into the then Coorg State in 1934 by opening its seventh branch at Madikeri. In 1937 the Bank was included in the second schedule of Reserve Bank of India Act, 1934. Prosperity to All:

In 1939, the Bank’s name changed from Canara Banking Corporation (Udipi) Ltd., to “Canara Banking Corporation Ltd.,” and strongly put forth its vision with the motto-“ Sarve Janah Sukhino Bhavantu” which means“Prosperity to All ”

The second change in the name of the Bank occurred in 1972, from ‘Canara Banking Corporation Ltd.’ to ‘Corporation Bank Limited.’ and finally ‘Corporation Bank’ following its nationalization on 15th April, 1980.

A Big Leap to the Big League:

As on 30th September 2017, the Total Business of the Bank was Rs.3,29,300 crore. The Total Deposit stood at Rs.2,01,488 crore and the Total Advances were at Rs.1,27,812 crore. The Networth rose to Rs.11,737 crore.

From 38 Rupees-13 Annas-2 Pies to a business level of Rs.3,29,300 crore and from a Networth of Rs.5,000/- to Rs.11,737 crore, the evolution of the Bank from a Nidhi to graduate as a Premier Public Sector Bank and from

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the early days of Swadeshism to post-Liberalisation days has been a corporate success story.

Corporation Bank[5] is a public-sector banking company headquartered in Mangalore, India. The bank has a pan-Indian presence. Presently, the bank has a network of 2,600 fully automated CBS branches, 3,040 ATMs, and 4,724 branchless banking units across the country.[6]

The Bank has operationalized 7 new branches during the financial year 2017-18 and the number of branches stood at 2,440 as on 31.03.2018. The Bank has pan India presence covering 26 states and 5 union territories out of 29 states and 7 union territories respectively. • Number of ATMs stood 3,122, out of which 690 are in Metro, 768 are in Urban, 977 are in Semi urban and 687 are in Rural. E-Lobbies increased to 345 as on 31st March, **24 branches in hyd**

SBI AND CORPORATION Banks Using ATMsfor the year ending 2011to2019

year	STATE BANK OF INDIA			STATE BANK OF HYDERABAD			CORPORATION BANK		
	ATMs	Credit Cards	Debit Cards	ATMs	Credit Cards	Debit Cards	ATMs	Credit Cards	Debit Cards
2018	26579	141238	365769871				2351	2090	7449603
2017	23161	92846	307490694				2306	2124	5458928
2016	20403	84905	308423127				2195	2141	6270369
2015	16384	75158	258184051	1844	0	17113550	1900	1185	5305598
2014	23042	52102	233020443	1792	0	16195538	1293	1118	4581254
2013	15037	34924	190639000	1079	0	13989302	836	1040	3896547
2012	2198	29110	73401000	1060	0	8006583	726	1335	4138244
2011	10962	21508	144809000	997	0	10962067	688	1474	38787262

SOURCE:RBI

Conclusion:

In the above table Iit is very clear the utilisation of information technology has magnificently increased in Indian banking industry. From the year 1ST April 2015 SBH BANK has merged with SBI So the data SBH is not showed separately. All commercial banks have shown an impressive growth in ATM installation. Notwithstanding such remarkable achievement, it is noted that India still lags far behind other countries. The reason behind the slow growth in ATM expansion is the high installation costs. Further at a disaggregate level, technology revolution in Indian banking industry has been introduced by private and foreign banks and to compete public sector banks followed it. The public sector banks have been followers in terms of number of ATMs in the beginning but by their size and spread advantage; they have a wider coverage at the present. In terms of number of computerized branches, the public sector, both SBI and its associates and nationalized banks together, form the major share in Indian banking. The public sector, by its size and scale advantage has been able to do the computerization of braches on a very large scale. The SBI have a unique advantage over their competitors in terms of their branch network and large customer base. When this gigantic computerization is viewed in terms of number of customers served, as compared toSBI, the CORPORATIONare very small players in this context.

Number of credit cards has been experiencing an upward trend for the entire period.. Bank-wise growth of credit cards is evenly distributed among the banks but the SBI in particular and public sector banks in general have a major chunk of customer by virtue of their wider customer base.. However, the number of public sector banks offering internet banking has been increasing exponentially. Keeping in view the customer segment served by public sector bank(SBI)s, the availability of hardware and security software for internet banking at the customer end is still in queue, but the culture of internet banking is picking up in urban Indian segment.

It is proving to be an impediment and resulting in delayed response in adoption of new technologies. This needs elaborate customer awareness and change in the mind set of banking staff. The broad conclusion that emerges from analysis of technology parameters is that Indian model of banking is characterized by opening up of traditional public sector and old private sector banks to a stiff competition from new private and foreign banks armoured with state of the art technology.

This competitive environment served as a catalyst for public sector and old private sector banks to go for up-gradation of technology base and their size, scale and spread gave them the advantage in this regard. The system is in its transitory mode in adoption of technology; back-end technologies have already been adopted, the front-end orientation of the system is in progress.

It contributes positively only to those banks where some preconditions conducive to performance are existing, e.g., trained manpower, size and scale of business. It shows that bank's performance is related not just to its technological stance but to other areas of competencies. Banks which gave greater stress both to use of advanced IT and human resource strategies, experience superior performance gains; whereas in some other banks, higher IT investments are not associated with higher level of performance. This implies that every investment decision relating to technology must be evaluated in the light of its interaction with other inputs and its contribution to performance.