

Marketing of Financial Services

Unit IV

Merchant Banking and Financial Services

Marketing is the process of creating ,distributing ,promoting, and pricing goods, services and idea to facilitate satisfying exchange relationships with customers and to develop and maintain favourable relationships with customers and to develop and maintain favourable relationships with stakeholders in a dynamic environment.

Financial Services are the services provided by the financial institutions eg., bank , insurance, NBFCs

Customer: who are buyers of organization's products, they are the focal point of all marketing activity.

The essence of marketing is to develop satisfying exchanges from which both customers and marketers benefits.

Organizations generally focus their marketing efforts on a specific group of customers or target market.

Marketing of financial services is the process through which the financial service institutions reach out to their customers and ensure their satisfaction. They use different strategies to promote and price their financial products eg. Banks, insurance , mutual funds

Characteristics of Services

- 1-Intangibility
- 2-Inseparability or simultaneous production and consumption
- 3-Heterogeneity
- 4- Perishability

Components of Service Marketing

- **Product Element**-The features of the core offering and the bundle of supplementary service elements that surround it . The benefits of the services must be of value to the customer.
- **Place and Time**-These elements represent the way in which the services is delivered to the customer.
- **Promotion and education**-Refers to marketing communications, of which retail financial services make great use of Education informs how the services can benefit customers and ways in which they can derive additional benefits.
- **Price and user costs**-Customers pay for their financial services either directly or indirectly , although pricing is highly competitive.
- **Physical evidence**-A traditional means of overcoming the intangibility of most services by providing some element of tangible evidence
- **Process**-This refers to means through which the services is created and consumed .The consumer plays a significant role in the process or creation of the services.
- **People**- The days of the local bank manager have passed but branch staff, call centre staff and back office staff are vital for the creation of new services ,developing systems, selling the services, building and maintaining relationships investments in training and career development ,remuneration and appropriate incentives all form part of a loan but effective workforce.
- **Productivity and quality**-Productivity refers to the way in which the inputs of the service are translated into outputs that are valued by the customer. In financial services where economics of scale are considered to be critical in driving down costs, efficient production has to be central.

Application of 7 p's to financial services:

- **PRODUCT:** Some examples of the products delivered under the banner of financial services are Mutual Fund Schemes, Transferring funds, Lease Contracts, Credit card
- **PRICE:** In India, banks adopt administered pricing structure to some extent as the deposit & lending rates are prescribed by RBI.. The other services are also based on factors like availability , demand , need , target customers and regulations imposed
- **PROMOTION** All the promotional tools are essential right from the stage of new product. The objective is to make people aware of new product, to persuade customers, to remind customers, build image of the bank. An advertisement in bank is a promise. E.g.:

newspaper, radio, television, magazines & hoardings. Sales promotion: brochures, calendars, diaries, pen stand. Customers tends to believe a news paper rather than an advertisement. Word of mouth an important promotional too

- **PLACE** Making the banking service available & accessible to the customer. Selection of suitable location for the branch. Should have sound availability of transportation, communication, electricity & other necessary facilities for the smooth functioning of the branch
- **PEOPLE** Banking product cannot be separated from the people who markets them .Banks adopt internal marketing in order to make the whole business customer-oriented.
- **PHYSICAL EVIDENCE** Imagine designs of bank brochures, flashy cheque books. Attractive brand names, logos, symbols. Customers perception of service quality. The product is known to the employees before they are effectively marketed to the customers.
- **PROCESS** Accounting procedure for putting through a transaction. Through automation of transactions, accounting procedures & data handling. E.g.: loan application, clearance of cheque. etc