2. LITERATURE REVIEW

1. Ramaswamy & Namakumari, 2013

Marketing management means: an art and science, system, practice, process, philosophy and a relationship & many things more. Thus marketing is a much broader concept in today’s business. The marketing task includes: Meeting customer needs, Empathy towards customers, Generating customer satisfaction, Building relationship with customer, Engaging people, Meeting competition and Multi dimensional complex, Dynamics. Marketing of services is again more complex and difficult than that of products. A service is an act or performance offered by one party to another. Although the process may be tied to a physical product the performance is essentially intangible and does not normally result in ownership of any of the factor of production. Services are economic activities that create value and provide benefits for customers of specific times and places as a result of bringing about a desired change in or on behalf of the recipient of service.

2. Christopher Lovelock, 2001

Service marketing is more complex and difficult than product marketing due to the inherent nature of services like intangibility, perishability, simultaneous, non transferable, non storable, heterogeneous and even the involvement of customer in the service delivery process. These peculiarities of services make service marketing a challenging task to service providers. The term financial services are those services which are directly or indirectly connected to finance such all types of activities which are of a financial nature could be brought under the term financial services. In broad sense means mobilizing and allocating savings. It includes all activities involved in transformation of savings into investment.


The financial service can also be called financial intermediation. It is a process by which funds are mobilized from a large number of savers and make them available to all these who are in need of it, particularly to corporate customers. The financial intermediaries can be classified as (1) capital market intermediaries and (2) Money market intermediaries. The capital market
intermediaries include term lending institution which provides long term finance. The money market intermediaries include banks and other agencies which mainly provide short term finance. Financial services cover a wide range of activities which can be classified into two broad categories namely (1) Traditional activities (2) Modern activities. These activities can be further be classified as (1) Fund based activities and non fund based activities. Banks are key financial intermediaries that serve the middle man in the transfer of fund from savers to those who invest in real assets as house, equipment and factories.


The commercial banking system provides a large portion of the medium of exchange of a given country and is the primary instruments through which monetary policy is implemented. Commercial banks make the productive utilization of idle finds and thus assist the society to produce wealth. Berry, Kehoe and Lindgreen’s study (1980) revealed that the most frustrating aspects of bank marketing were lack of management support, lack of interdepartmental co-operation, crisis management and government intrusion. It shows that during the earlier period there was not much focus on marketing of financial services. There was hardly any marketing done by banks but after 1991 there are tremendous changes in the banking sector in India competition among banks emerged due to entry of private sector banks and foreign banks.


The reforms in the financial sector and consequent reforms in the Indian Banking sector have led to setting up of new private sector banks on one hand and greater freedom to foreign sector banks on the other hand. Thus, resulting into the competitive environment for the banking sector. The banks are adapting various new financial services to meet the diverse needs of the customers. Marketing plays a very important role in promoting the services in the right way to the bank customers because of cut throat competition. The satisfaction level of public sector bank customers is much less than to the customers of private sector and foreign sector banks providing their services to the customers.

Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably. – The Chartered Institution of Marketing.

Marketing of financial services is common in all countries of the world. However the nature of the economy differs in some respect depending upon whether it is socialist economy or capitalist economy or mixed economy. A socialist economy is highly regulated economy as the means of production are owned by the government, e.g. China. In capitalist economy there is much freedom as the means of production are owned by private individuals. It is based on the free play of market forces demand and supply, e.g. USA. In a mixed economy the means of production are partly owned by the individuals and partly by the government e.g. India.

The UK is both the leading global financial services center and the single management internationally focused financial place in the world. Financial services in UK include commercial and investment banking, insurance, fund management, securities dealing, venture capital and derivative trading. Also include stock and derivative exchanges, insurance broking, stock broking, regulation clearing and settlement.

7. V.A. Avadhani 2013

Banks face serious problems in marketing of financial services especially among the rural poor. The high transaction cost, geographically distant banking infrastructure and poor communication facilities are the problems in marketing of financial services. Technology can help to overcome this problem.


The electronic banking allows customer to conduct banking activities through internet. The internet banking offers many benefits to banks and customers. The main benefits to banks are cost effects, reaching new segments of population, efficiency, enhancement of the bank’s reputation and better customer service and satisfaction.

Maya Lohani and K K Shukla in their research study Comparative study of customer perception towards services provided by Public sector and private sector bank International Journal of Engineering and Management science (2011) (ISSN 2229 – 600 X) found that the perceived quality of services provided by private sector bank (ICICI) is better than public sector bank (Bank of Baroda). It was evident that though public sector banks have strong presence in the market but they face stiff competition from private sector banks in the range and quality of services offered.

Information technology adds to the relationship marketing and efficient performance of the task.

10. Dr. Parag Pateria, 2015

These include customizing services, promotion and pricing to customer’s requirements, co-coordinating the delivery of services, providing two way communication, minimizing service with added valves etc. The process of relationship development involves getting new customers and making them to more to the higher ladder of loyalty. Relationship marketing is a continuous process in bank’s marketing of services. Customers leave the bank due to various reasons such as price, product, service, market, technology, organization etc. Banks marketing programme involve a large number of marketing strategies which include target customer groups, development of suitable marketing mix and management and administration.

11. Hooman Estelami, 2012

It provides a successful framework of marketing practices for advertising, distributing and pricing financial products and services. Advertising is an important tool of marketing of services so also pricing customers are attracted because of advertising and customer may be defected because of pricing or service quality.


It focused on marketing strategies to win and retain B2B and B2C customers in the field of financial service sectors like banks, insurance companies, investment trusts and stock exchanges.

It covered the changing environment of the UK financial service sector over the last 20 years. Earlier market was characterized by functional demarcation and regulatory restrictions resulting in less competition. This situation has changed today due to deregulation, advancing technology and the impact of globalization, creating stiff competition within the financial services market which in turn has affected the structure and operation of firms within the industry.

Marketing is basically concerned with supplying of products and services which consumers want for their satisfaction and use. Marketing can be successful if marketers understand the needs of the customers and know the motives of consumer decision makings. Thus bankers should understand consumer buying behaviour and make suitable strategies to satisfy customer. The marketing mix includes product, price, promotion and place. The marketing mix provides a bridge between marketing strategy and marketing tactics. Banks were traditionally in the business of banking but today they are in the ‘business of financial services’ with much wider focus on consumer needs and marketing strategies.

Indian economy is gradually moving from product dominated economy to service dominated economy. Today service sector contributes maximum to India’s national income. In service sector people are the key factor in service delivery as services cannot be delivered by machines. Thus the need of market services internally is to make sure that the service provider have through understanding of the customer’s needs and expectations from the services. Thus internal marketing makes sure that the gap between customer expectations and the actual delivery of service is minimum.


‘Public relations’ is one important tool of service marketing. It is the art of projecting the image of the organization to its employees, its customers and public. Public relations in banks reflect the objectives and interest of banks. The task of public relation is also to create banking awareness among the masses and to remove the negative perception of the bank in the eyes of the public. Redressal of complaint is one of the responsibilities of public relation department.

15. Vasant Desai, 2013
In marketing of services quality plays an important role. Service quality is a measure of how well the service delivered matches customer expectations. Excellent service quality is consistently meeting or exceeding customer expectations. There are performance, features, reliability, conformance, durability, serviceability, aesthetics, perceived quality.


The financial services industry in India has changed drastically. Banking which has been originated from temples and royal places, centers have offered a security of deposits of people wealth. There has been huge transformation in the field of banking from Babylonians, to Egypt, to Greece, to Romans and finally Italy grew with banking. In India, the scenario was little different with the transformation taking place from Vedic period to Zaminidari system to Ryotwari system to Shroff’s to Mughal’s, finally making way out for english traders to set up indigenous bankers. The banks namely Bank of Calcutta, Bank of Madras and Bank of Bombay were established. These banks were amalgamated to become Imperial Bank of India which was later referred as SBI.


Customer satisfaction is one of the most imperative ingredients of marketing. Marketing acts as a tool to measure how products and services are offered to them is as per their requirement or not. Also, with the help of customer’s satisfaction, the company can identify the level whether it was able to surpass customer’s expectation. Banking in India originated in the last decade of the 18th century. It has grown from time to time and from point to point. Financial Services are an important tool that uses the different instruments to justify the need for companies in the market. These needs are fulfilled by the Banking industry thereby connecting the savers to the users. The data was collected and has been found for long that Marketing of Financial Services plays a very important role in the success or failure of the business which leads to customer satisfaction.
Marketing is a process of identifying customer needs and making provisions for the satisfaction of their needs and make profit once customer needs are identified then the issue is what process should be used to satisfy customer needs and how to establish the relationship between customer and marketers. The marketing process includes activities such as: Defining business objectives and identifying customer segment, Determining, selecting and Implementing Marketing mix, Market Success.

The Marketing process consist of

- Business Objective
- Customer Segmentation
- Marketing Mix
- Decision
- Implement

The 4 Ps of marketing mix presents different challenges to the marketing process.

The 1st P of Marketing mix i.e. Product is ultimately the customer solution. The marketers must decide the quantity and quality of the product or the solution.

The 2nd P of marketing mix i.e. price is the cost to the customer. The marketing challenge is to fix the price, so as to satisfy customers as well as meet the goals of the organization i.e. profit.

The 3rd P of marketing mix i.e. promotion is the ultimate communication to the customer. The marketing challenge is what and how should be the promotion of the product or services.
The 4th P of marketing mix i.e. Place is convenience to the customers. The challenge is how to distribute the goods or services to the customer.

19. Mihir Dash and Vineetha Rajshekhar, July’2013

The success of any business depends solely on the quality of product and/or service and customer organization relationship. Instead of running after the customer, there is a need to run with the customer. Customer’s active participation and attitude is also essential to project success as quality of service depends upon the customer’s disclosure of his/her exact requirements, cooperation, prompt decisions and actions at every stage. While customer’s attitude and perceptions have changed, many organizations are yet to respond to the change in the desired manner, though, they have recognized the need to be more relationship – oriented. The gap of perceptions among the customers of private and public sector banks is quite wide with respect to the Relationship Marketing implementation, especially in terms of Bonding, Communication, and Conflict-handling. The private sector banks though they have fared better than public sector banks in terms of the different dimensions of Relationship Management; they still have to improve their systems especially in terms of Relationship Quality.

20. Ms. Pallavi Gupta; Dr. Chhaya Mangal Mishra; Dr. Tazyn Rahman, Aug’ 2013

Banks play a very important role in the economic development of every modern state. Banks operate at the heart of the modern economy. Traditionally, banking had been restricted from private participation in India and public sector banks had been enjoying complete protection. This scenario has changed since 1990. The decade of 90s witnessed a sea change in the working of banking in India. Technology made tremendous impact by introducing, anywhere banking and anytime banking. The financial sector now operates in more competitive environment than before and involves relatively large volume of international financial flows. In the wake of greater financial deregulation and global financial integration, the biggest challenge before the public sector banks is to match the market requirement rather than being promoted by Government or any intermediary. With the research conducted by the author it was revealed that private banks seems to have satisfied its customers with good services and they have been successful in implementing tangible factors like modern equipment,
infrastructural facilities, quality of materials used etc. Private sector Banks have been successful in achieving a satisfying relationship with customers however public sector banks have to improve a lot in this area. Most of the respondents felt that the employees of the private banks are very keen to satisfy their customers. On the other hand customers of nationalized banks felt that the employees were least bothered about their customers. Private Banks customers feel that their banks take due consideration about their convenience and are ready to cope up with their preferences of working hours.

21. Dr. V. R. Uttarwar, 2014

The Indian banking regulation act 1949 defines a bank as banking company which transacts the business of banking. Generally, marketing refers to all activities connected with sales and distribution marketing in banking has some uniqueness in other industries. Banking system in India has been put to inappropriate use for far too long as a social instrument to eradicate poverty and to take care of organized labor within the banks. Depositor’s funds are to be held in trust to earn a return. The RBI took a few important steps to make the Indian Banking industry more robust and healthy. This includes de-regulation of savings rate, guidelines for new banking licenses and implementation of Basel Norm III.

22. Saveeta Sagar, 2005

India’s bank management is facing a two faceted challenge their profitability on the one hand and of serving the public in new ways with greater efficiency and effectiveness on the other. In recent times, deterioration of profitability particular that of public sector banks attracted the attention of the economists and bankers alike. In the past, several studies relating to financial performance of banks in India have been conducted and one thing that have been identified is that the profitability of the banks were observed during the nineties specifically when there was huge financial reforms that brought into the development of financial services sector in India as a competitive tool for its success with the help of aggressive marketing strategies by the banking industry to build good relationship between the customers and banks.

Banking has entered the electronic era. This has been due to reforms introduced under the WTO compliances. Private sector banks have been permitted to open their shops in the country. These banks are either foreign or domestic banks with foreign partnerships. Some of them have been set up by Development Financial Institutions in order to embrace concept of universal banking, as practiced in advanced countries. The private sector on the other hand have began their high tech operations from the initial stage and made the elite of the country to taste the best banking practices that happens in the western countries. They have foreseen the digital world and have seen the emerging electronic market, which has encouraged them to have a better customer service strategy that would be able to deliver the things as per customer’s requirement.

24. Renu Bagoria, February’ 2014

Mobile banking is a Technology that allows customers to conduct a number of financial transactions through a mobile device. These days with the help of mobile banking, we can check account balance, transfer funds; pay bills, book bus and flight tickets, and recharge prepaid mobile or DTH connection and do a lot more effortlessly and securely. Most of the banks provide different types of services like mobile banking, online banking etc. The author has conducted research on the basis of both primary and secondary basis where the comparative analysis results shows that the mobile banking’s ratio is very low as compare to other banking facilities like internet and ATM banking. In terms of transaction volume and value, State Bank of India and SBBJ are the most popular mobile payments services provider. ICICI Bank is the next largest player. This indicates that the average value of mobile transactions executed through the public sector bank is far higher than its private sector

25. Dr. Deepak Gupta, Dr. Vikrant Singh Tomar, December’ 2011

The customer orientation of the banking sector has significantly increased in recent times. The introduction of a variety of new products and services with emphasis on quality of services clearly indicate how banks address the issue of customer needs and requirements through a customer centric approach. The Indian banking sector continues to witness domination by the public sector banks. Over the last decade, the banking sector has witnessed the entry of many
new private sector banks, resulting in momentous changes. Private sector banks are oriented toward niche banking, unlike the public sector banks, which meet the mass banking requirements. The strategies adopted by the private sector banks are more in tune with those of the foreign banks, where emphasis is given to establishing superior benchmarks of efficiency, focusing on niche customers, providing impressive customer service and bringing about operating efficiencies by using high-end technology, which generates more customer satisfaction and marketing the financial services to the customers in the best possible manner.

26. Prof. Mrs. Minakshi Dattatray Bhosale, October’ 2012

E-banking is the facility of banking service through e-channels (electronic channels) and the customer can access the data without any time and in any geographical proximity. The development of electronic banking services is still in its promising stages in India, with a huge number of potential customers. In the recent years there has been extraordinary growth of Internet based electronic banking applications. The emergence of new forms of technology has created highly competitive market conditions for bank providers. However, the changed market conditions demand for banks to better understanding of consumers' needs.

27. Ronak Mehta, March’ 2013

In the developing country like India international banks are coming to market, which are competing with local banks irrespective with that they are private sector banks or public sector banks. Various banks are available with new offers, schemes, and services with wide range of products. Customer has range of choices where proper information can be gathered at cheap cost, and can take the advantage of such competitiveness. In the era of globalization customer has more rights to choose right product according their profile, opportunities available for their money. The success of the bank mainly depends on its customers. Being a service industry, all banks should aim at satisfying the customers’ needs by providing maximum features in their services. Gap analysis of customer expectation and actual services should be carried out regularly to measure the current level customer satisfaction. Banks are lagging behind in introducing modern customized products such as investments and tax Advisory Services, cash management service, and so on.

After liberalization, privatization and globalization (LPG) policy enactment, Indian banking industry has undergone tremendous qualitative changes. International banks are coming to market, which are competing with local banks irrespective with that they are private sector banks or public sector banks. Various banks are available with new offers, schemes, and services with wide range of products. Customer has range of choices where proper information can be gathered at cheap cost, and can take the advantage of such competitiveness. Banks should win customers confidence by providing them guidance regarding service charges, services tax, interest rate, penalty if any, etc., at an early stage. All branches of a bank should provide different facilities like parking, seating arrangement, drinking water and sanitary facilities. New investment schemes should also be displayed at appropriate places. Modern technology and innovation are required in every aspect of banking system. To develop the social banking environment, bank officials should maintain good relationship with the customers. As majority of private banks doing aggressive marketing they have succeeded in attracting more customers, but PSU are lacking in these skills so different ways to attract customers must be done like advertisement, workshops, and sales promotion activities.


In the service industry, a long-term relationship with customers is the key success factor that is enormously increasing with the electronic channels. The introduction of new channels and the high demand for differentiated products has presented customers with a wide choice in terms of which service to use in order to profitably interact with the bank. The extended portfolio does not only offer benefits to customers, but also to banks. Banks have now the opportunity to capitalize on the beneficial characteristics of the various products and channels, for example while electronic channels help to reduce the costs of interaction with the customer by substituting labor intensive operations with automated sales processes, the interactivity of a face to face consultation provides various cross-sell opportunities. In era of intense competition, service organizations attempt to differentiate themselves from their competitors. By providing exceptional services that will benefit its target market, service organizations are likely to achieve differentiation. However, mistakes and failures are frequent
occurrences in service businesses. Therefore, service firms seek to provide all the things which can make customer satisfied and that is the leading edge for the organization to its competitor.


Customer relationship management is one of the strategies to manage customer as it focuses on understanding customers as individuals instead of as part of a group. Managing customer relationships is important and valuable to the business. The effective relationship between customers and banks depends on the understanding of the different needs of customers at different stages. The ability of banks to respond towards the customers’ needs make the customers feel like a valuable individual rather than just part of a large number of customers. A greater focus on CRM is only way banking industry can protect its market share and boost growth. With intensifying competition, declining market share, deregulations, more demanding customers, there is competition between banks to attain competitive edge over one another for sustaining survival in competition.