



A study on Marketing Practices of Public Sector Banks

Dr.V.Bhuvaneswari

Assistant Professor & Head Department of Commerce, (e-Commerce), PSG college of Arts and Science

Suganya. S

Department of Commerce, PSG College of Arts & Science.

ABSTRACT

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental Banking services such as accepting deposits and providing loans. There are also non-banking institutions that provide certain banking services without meeting the legal definition of a bank. The banking system in India should not only be hassle free but it should be able to meet the new challenges. Hence a study on marketing practices of Public Sector Banks has been taken up. This study is used to identify the awareness level of various Public Sector Banks and to identify the services which are offered by the Public Sector Banks and also to know the reasons for selecting the Public Sector Banks. The data was collected from 100 respondents using questionnaire. Simple percentage analysis has been used in this study. It was found from the study that the respondents were more aware of public sector banks and they opined convenience is the reason for chosen the public sector bank and also they are highly satisfied towards services which are provided by the public sector banks.

KEYWORDS

Awareness, Bank, Satisfaction, Services.

Introduction

A banking system also referred as a system provided by the bank which offers cash management services for customers, reporting the transactions of their accounts and portfolios, throughout the day. For the past three decades, India's banking system has several outstanding achievements to its credit. The Banks are the main participants of the financial system in India.

The Banking sector offers several facilities and opportunities to their customers. All the banks safeguards the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's cheques. The banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role - accepting deposits and lending funds from these deposits.

The following functions of the bank explain the need of the bank and its importance:

To provide the security to the savings of customers.

To control the supply of money and credit

To encourage public confidence in the working of the financial system, increase

Speed Savings.

To avoid focus of financial powers in the hands of a few individuals and institutions.

To set equal norms and conditions (i.e. rate of interest, period of lending etc) to all

type of customers.

Public Sector Banks

Banking dates back to 1786, the nationalisation of banks in 1969 and the liberalisation of the same since 1991. Before

the steps of nationalisation of Indian banks only SBI was first nationalised. In July 1955 under the SBI Act of 1955 Nationalisation of seven state Banks of India took place on 19th July 1960. The second phase of nationalisation of Indian banks took place in the year 1980. There was a rapid growth in the public sector banks only after nationalisation.

Current scenario of Indian Banking Sector

The industry is currently in a transition phase. On the one hand, the public sector banks (PSBs), which are the important among the Indian Banking System, are in the process of shedding their fat in terms of excessive manpower, excessive Non Performing Assets (NPA) and excessive governmental equity, while on the other hand the private sector banks are consolidating themselves through mergers and acquisitions.

PSBs, which currently account for more than 78 per cent of total banking industry assets, are saddled with NPAs (a mind-boggling Rs.830 billion in 2000), falling revenues from traditional sources, lack of modern technology and a massive workforce while the new private sector banks are building ahead and rewriting the traditional banking business model by the way of their sheer innovation and service.

The private players however cannot match the PSBs great reach great size and access to low cost deposits. Therefore one of the means for them to combat the PSBs has been through the merger and acquisition route. Over the last two years, the industry has witnessed several such instances.

Private Sector Banks have pioneered internet banking, phone banking, anywhere banking, mobile banking, debit cards, ATM and combined various other services and integrated them into the scope of banking sector, while the PSBs are still fighting with its employees to come in line with the private sector banks.

Statement of the Problem

Public Sector Banks play a vital role in the Indian economy. After 1991, the banks have changed its style of operation targeting the customers' satisfaction as their unique objective. This was due to the Private Banks and foreign banks marketing practices. The public sector banks brought a lot of innovations competing the Private sector banks. It improved its

services and aimed for reaching the minds of public. It is interesting to note that they were able to catch the confidence of the customers and the general public.

Hence this study becomes necessary to identify the reasons for preference towards Public Sector Banks by the customer and the various services offered by bank.

Objectives of the study

To study the awareness level of the respondents towards different Public Sector Banks in Coimbatore City.

To identify the reason for selecting Public Sector Bank.

To study the level of satisfaction about various services offered by Public Sector Banks.

To offer suggestion on the basis of the results of the study.

Methodology

Area of the study

The area of the study refers to Coimbatore City.

Sample size

The sample taken for the study is 100.

Sample Design

Convenient sampling method has been used in this study for the purpose of making analysis.

Collection of data

Primary data and secondary data have been used .primary data were collected through the structured questionnaire and the secondary data were collected from various books journals, articles, magazines and websites.

Review of Literature

Semitonut; Ibrahim Erdem (2003) in their study “Customer relationship Management in Banking Sector and a Model Design for Banking performance Entrancement” found that too many Business such as banks, insurance companies and other services providers realize the importance of customer relationship management and its potential to help them to acquire new customers, to retain existing ones and to maximize their life time value. At this point close relationship with customers will require a strong coordination between IJ and marketing departments to provide long term retention of selected customers.

Sharma.k and Nanda.G.L, (2005) in their study “Frauds in credit card business” identified the commonly adopted fraud termed as an “identify theft” where a person may use the identity of another person in a manner that amounts to fraud.

Pavia and et.al(2012) in their study “ Credit card incidents and control systems” stated that credit cards and debit cards have spread and sky rocked all around the world to become the most popular means of payments despite the risk associated with that the study technical also found that the development and e-commerce have exponentially increased internal credit card incidents.

**Table 1
Personal Factors of the respondents**

Personal Factors	Items	No. of Respondents	Percentage%
Gender	Male	45	45
	Female	55	55
Marital Status	Single	51	51
	Married	49	49

Educational Qualifications	School Level	19	19
	Under Graduate	36	36
	Post Graduate	20	20
	Professional	16	16
	Others Specify	9	9
Occupational Status	Employed	56	56
	Agriculturist	10	10
	Home Maker	14	14
	Business	20	20
Monthly Income Level	Below 5000	5	5
	5000 to 10000	16	16
	10000 to 25000	46	46
	25000 to50000	25	25
	Above 50000	8	8
Type of Family	Joint Family	21	21
	Nuclear	79	79
Number of Members in the Family	Upto 2	2	2
	2 – 4	76	76
	4 -6	14	14
	Above 6	7	7

Source: Primary data

Majority (55%) of the respondents are female and are unmarried (49%) having the educational Qualification to Under Graduate Level (36%). They are employed with the Monthly family income level between 10,000 to 25,000 with family size between 2 to 4 and belong to Nuclear families.

Chi-Square Test

Chi-Square Analysis – Personal Factors and Awareness of Public Sector Banks

Hypothesis
H₀: There is no significant relationship between the personal factors of the respondents and their awareness about the Public Sector Banks.

Chi-Square Results

Personal Factors	Chi-square test	p-value	Significant value	S/NS
Gender	8.175	0.017	0.05	NS
Marital status	12.292	0.796	0.05	S
Educational Qualifications	14.122	0.420	0.05	S
Occupational status	21.155	0.002	0.05	NS
Monthly Income	14.261	0.075	0.05	S
Type of family	0.122	0.727	0.05	S
Members in the family	0.60	0.996	0.05	S

Note: S-Significant (p value < 0.05) NS – Not Significant (p value > 0.05)

It is identified from the above table that the hypothesis reject-

ed in 5 cases and accepted in two cases.

It is concluded that the personal factors such as Gender, Marital status, Educational Qualifications, Occupational status, Monthly Income, Type of Family and Members in the family have significant influence on the awareness of Public Sector Banks.

Table 3
Respondents Awareness towards Public Sector Banks

Banks/Awareness	Aware		Not Aware	
	No. of Respondents	Percentage%	No. of Respondents	Percentage%
IOB	98	98	2	2
Canara Bank	100	100	-	-
Central Bank	100	100	-	-
Indian Bank	100	100	-	-
Bank of Baroda	97	97	3	3

Source: Primary data

The above table indicates that out of the total respondents taken for the study 100(100%) of the respondents are aware of Canara Bank, Central Bank and Indian Bank, 98(98%) of the respondents are aware of IOB Bank, 97(97%) of the respondents are aware of Bank of Baroda.

Majority 100% of the respondents are aware of Canara Bank, Central Bank and Indian Bank.

Table 4
Reason for selecting Public Sector Banks

liness and well cared facilities, 23 respondents selected PSB for the reason Efficient service, 20 respondents selected PSB for the reason Availability of information pamphlet.

Majority (55) of the respondents have ranked Automatic Teller Machine is located in convenient locations.

Table 5
Level of satisfaction towards various services offered by Public Sector Banks

Services	Level	Very High Satisfaction	High Satisfaction	Moderate Satisfaction	Low Satisfaction	Very Low Satisfaction	Total	Average Score
		Score	5	4	3	2	1	
Bank draft	No.	12	35	49	4	0	100	3.55
	Score	60	140	147	8	0	355	
Mail transfer	No.	5	33	47	12	3	100	3.25
	Score	25	132	141	24	3	325	
Telegraphic transfer	No.	3	13	68	14	2	100	3.01
	Score	15	52	204	28	2	301	
Traveller cheque	No.	5	38	44	10	3	100	3.32
	Score	25	152	132	20	3	332	
Safe deposit locker	No.	29	39	30	1	1	100	2.94
	Score	145	156	90	2	1	294	
Commercial letter of credit	No.	4	38	50	7	1	100	3.37
	Score	20	152	150	14	1	337	
Financial guarantees	No.	7	34	52	5	2	100	3.39
	Score	35	136	156	10	2	339	
Standing instructions	No.	3	37	46	11	3	100	3.26
	Score	15	148	138	22	3	326	
Internet banking	No.	4	42	36	12	6	100	3.26
	Score	20	168	108	24	6	326	

Reasons	Rank1	Rank2	Rank3	Rank4	Rank5	Rank6	Rank7
Cleanliness and well cared facilities	17	18	29	12	10	9	5
Efficient service	18	19	17	23	13	8	2
Availability of information pamphlet	15	18	20	17	6	18	6
Automatic Teller Machine in convenient locations	55	17	10	5	8	3	2
Convenience	19	45	16	13	1	2	4
Customer service	17	17	18	3	26	9	10
Bank reputation	10	17	12	35	8	11	7

Source: Primary data

It is inferred from the table that out of the total respondents taken for the study, 55 respondents have selected PSB for the reason Automatic Teller Machine is located in convenient locations, 45 respondents selected PSB for the reason Convenience, 35 respondents selected PSB for the reason Bank reputation, 29 respondents selected PSB for the reason Clean-

Demat account	No.	5	24	45	22	4	100	3.04
	Score	25	96	135	44	4	304	
E- Banking	No.	3	27	42	23	5	100	3.00
	Score	15	108	126	46	5	300	
ATM	No.	11	52	29	5	3	100	3.63
	Score	55	208	87	10	3	363	
Smart cards	No.	6	24	50	19	1	100	3.75
	Score	30	96	150	98	1	375	
Digital cash	No.	4	21	52	22	1	100	3.05
	Score	20	84	156	44	1	305	
ECS Electronic Clearing Service	No.	6	23	49	19	3	100	3.10
	Score	30	92	147	38	3	310	
Mobile Banking	No.	10	42	20	15	13	100	3.21
	Score	50	168	60	20	13	321	

Source: Primary data

It is determined from the table that, respondents are highly satisfied with the smart cards service provided by the Public Sector Banks (3.75) followed by ATM service (3.63) and Bank Draft service (3.55).

Most of the respondents are highly satisfied with the smart cards service (3.75) offered by the Public Sector Banks.

**Suggestions
Improving Advertisements**

The banks should improve their advertisements level by the way of giving information about the banks because when compared to the Private Sector Banks the Public Sector Bank has the minimum awareness level of advertisements.

Create Awareness about Electronic -Banking concepts

Now a day the banking sectors are using the E-Banking concepts for easy approach to banks. But in Public Sector Banks E-Banking facilities are very rare and most of the customers are illiterate so, the banks should give awareness about E-Banking facilities to their customers.

Reduce procedure of availing loan

The banks offered many loans for the public at low rate of interest when compare to the other financial institutions. The Public Sector Banks are having rules and regulations for sanctioning the loans to their customers. If they make relations in the rules and regulations more customers can be attracted towards PSB. Hence PSB have to concentrate on their aspect also.

Conclusion

The Public Sector Banks plays major role in the society. Public Sector Banks are providing more loans and other financial facilities and services to the public, but these services are not reaching the public due to many reasons like lack of awareness, poor technological service and regulations for sanctioning several loans by the banks etc. In order to curb this Hindrance Adequate steps should be taken by PSB through advertisement in various Media so that all the Plans & Policies offered by the PSB for the social welfare, will reach then in time & it will be secured for the purpose for which it is framed.

Apart from this banks should concentrate on rural banks by also to educating & exploring the rural people in their banking operations. This job will enable them to concentrate on both the sectors equally and helps to curb the inequality in the societal development.

Reference

1. Kothari, C.R. Research Methodology, New Delhi, Wiley Eastern, 1987.
2. Dr.V.Radha, Banking Theory, Law & Practice, Prasanna Publishers & Distributors, Chennai.2012.
3. Dr.Gupta S.P, Statistical Methods, 18th edition, New Delhi, Sultan Chand & Sons, 1982.
4. Article – “Will Mobile Banking ever take of in Indian”; Business Today, Anniversary issue 2002.
5. Sharma.K and Nanda.G.L “frauds in credit card business”, A Journal of Banking, 2005, vol.49, Issue 2, p 24-26.
6. Coltman Tim, Can superior CRM capabilities improve performance in banking, Journal of financial services Marketing; Nov 2007, vol.12 Issue 2, p 102-114.