DEVELOPMENT DIMENSIONS OF BANK IDENTITY AND IMAGE

Ermina Smajlovic

Faculty of Economics, University of Tuzla, Tuzla, Bosnia and Herzegovina

ermina.mustafic@untz.ba

Abstract

The strategy of positioning banks' identities and image is the positioning of their own institution in the market. This strategy has been increasingly cited as an effective tool for gaining the competitive advantage of banks in the contemporary banking marketing literature. Namely, a clearly profiled identity, as well as a strong image, will differentiate the bank from the competition and clearly position it in the target market. Unique identity and well-positioned image represent a competitive advantage that is impossible to copy. This is of particular importance for banks, given that banking services have a short development cycle and cannot be patented, which allows competitors to mimic their innovations and create a similar offering. Successfully managing the identity and image of banks requires an understanding of the process of their interaction with each other. Therefore, this paper examines the most important aspects of banks' identities and images as multidimensional phenomena, and builds a new model of Development Dimensions of Bank Identity and Image that considers their interactions. This model rests on the premise that to successfully manage the identity and image of banks, it is necessary to answer the following questions: How do banks perceive themselves? How are banks perceived by others? How do banks wish to be perceived by others? The answers to these questions will determine the process of creating banks' identity and image, which will minimize the effects of uncontrolled variables and allow the overlapping of these two phenomena. Therefore, it is concluded that the application of this model would be a solid prerequisite for identifying new banking marketing strategies that minimize deviation between their identity and their image. This would make banks clearly positioned in the market and thus gain a significant competitive advantage.

Keywords: Bank identity, bank image, bank marketing strategies, bank positioning

INTRODUCTION

In banking, corporative identity and image are often treated as synonyms. Even though, these terms are interrelated, it must be emphasized that they do not have the same meaning. Therefore, it is necessary to provide a stronger distinction between those terms in order to bring light to the process of their interaction.

Corporative identity is an expression of enterprise's singularity, which may be experienced by anyone. It is manifested in enterprise's behavior and communication, as well as in its esthetics, formal expression; it may also be measured as a perceived result between the internal and external targeted groups (Lux 1986, according to Cornelissen, Harris, 2001). Balmer and Soenon determine corporative identity as a «soul, mind and voice» of an organization (Balmer, Soenon. 1999). Considering that, named authors find that the «soul» includes: key values, culture, internal image, employee preferences and history; the «mind»: vision and philosophy, strategy, characteristics of products and services, characteristics of a corporation, brand architecture, corporation ownership; while the «voice» represents: controlled and uncontrolled communication, symbolism, personal and corporative behavior, indirect communication. In relation to the above, it is necessary to emphasize that named authors have developed the ACID test for determining corporative identity, an approach based on four types of identity: actual identity - what an organization is, communication identity - how an organization is perceived by the public and how an organization communicates, ideal identity – which is desired by CEOS and boards of directors to be achieved (Balmer, Soenon, 1999). This approach was further developed into the ACID test by Balmer, where, besides the already named identities, a new type of identity was added and understood, the perceived identity, which relates to the corporative image, corporative reputation and corporative brand (Balmer, 2002).

Some authors find that there are differences between corporative identity definitions determined by theorists and practitioners. Therefore, Malewar and Jenkins emphasizes that practitioners' definitions are more focused on visible identity aspects, which are relatively easily managed. As an example for this statement, they use corporative identity definition in which identity is determined as an «organization's presentation towards its various stakeholders and a tool to differentiate from all other organizations» (Marwick, Fill, 1997, according to Melewar, Jenkins, 2002).

Today, the most influential is the corporative identity mix, developed by Birkigt and Stradler (1986). Components of this mix are corporative singularity, behavior, communication and symbolism (Balmer, 2002). It is necessary to also emphasize the strategic significance of identity, which enables differentiation from the competition, and with that, it enables

achievement of competitive advantage which is hard to imitate. Bank identity is a set of specific, interrelated characteristic, determined by culture and business orientation, which are presented to internal and external public through communication, behavior and design (Smajlovic, 2010).

Corporative identity describes how a bank perceives its own organization. Image, as opposed, is a bank picture in the public's eye. With the help of bank corporative identity and its instruments (corporative design, corporative behavior and corporative communication), it is attempted to create a certain picture of banks in public (Smajlovic 2010).

Image may be defined as a cognitive picture of an enterprise, product, person, process or situation, which is formed by an individual on the basis of the whole previous experience, attitude, opinions, notions, and those are more or less coordinated with the actual characteristics (Kesic, 1997). Image is a way in which the public perceives an enterprise or its products (Kotler, 2001). Corporative image is a picture which the public creates, through piling of all received messages, on a business organization which believes that it communicates only when it wishes to, however, in real life, it communicated through everything it does and states (Ind, 1996). Bank image is the totality of performances, attitudes, experiences and opinions, created consciously or subconsciously by a certain group or individual (Smajlovic 2010).

An ideal position to which banks aspire is a complete overlap of identity and image. However, image is formed as a consequence of public perception and it is not completely under banks' control, meaning that banks may approach closely to this ideal image, however, they are not able to realize it completely. The degree to which bank image and identity overlaps is an important indicator to manage image, where the higher level of overlap is an indicator of successful management of image, and vice versa.

THEORETICAL FRAMEWORK
Determining the targeted group of bank identity and image

Efficient identity and image management enables banks to clearly differentiate from their competition and to position in the market. The positioning process itself goes through three basic phases: segmentation, targeted group selection and positioning. Therefore, the main assumption of successful bank identity and image creation is determination of its targeted groups, where it is necessary to determine the main bank aspects, as it is shown in the Table 1.

Table 1: Key organization aspects – proposal of unique terminology

Aspect	Short description	All aspects	Top management aspects
«Who are we as an organization?»	Mental associations about an organization made by organization members	Organization members' associations	Identity
«How an organization desires to be perceived by others?»	Mental associations about an organization made by significant audience	Unintended associations	Intended image
«How an organization thinks other perceive it?»	Mental associations that organization members believe others have outside the organization	Construed associations	Construed image
«How stakeholders currently perceive an organization?»	Mental associations about an organization made by others outside the organization	Corporative (organizational) associations	Reputation

Source: Brown, T., Dacin, P., Pratt. M., Whetten, D. (2006). Identity, Intended Image, Construed Image, and Reputation: An Interdisciplinary Framework and Suggested Terminology. Journal of the Academy of Marketing Science, 34(2), p. 102

Presented key aspects of an organization may represent a quality assumption of adequate selection of targeted groups for bank identity and image. According to the presented, bank identity provides an answer to the question «Who are we as an organization?». Mental associations of the general internal public of banks are thus covered by identity. Opposite to that, image is created as a consequence of construed and intended associations, which may occur in the external public in relation to banks and their operations. Therefore, the intended image provides an answer to the questions «How an organization desires to be perceived by others?», while the construed image provides an answer to the question «How an organization thinks other perceive it?»

Given the multiplicity and diversity of identity and image targeted groups, we are led to assume that, in the process of their creation and management, banks are unable to focus on the whole internal and external public. Therefore, banks should identify and abstract the most

significant stakeholders toward which it will direct its efforts to create its identity and image. Thereby, the fact that different stakeholder groups have a different impact on bank identity and image management process must be taken into account, as it is presented in Table 2.

Table 2: Stakeholders groups' impact on the five types of identities

Type of identity	Key stakeholders groups' impact
Actual	Internal (those that «make up» a corporation)
Communication	Internal (marketing communications)
	Marketing partners (for example, advertising agencies, communication enterprises)
	Media (those that interpret a corporation
Perceived	All external audience (such as, financial community, government/regulatory sector, social/local community, consumers/beneficiaries)
Ideal	Internal (for example, strategic planning)
	External (for example, financial analysts, regulatory and legal directives)
Desired	Internal (top management and board of directors)

Source: Balmer, J., Greyser, S. (2002). Managing the Multiple Identities of the Corporation. California Management Review, 44(3), p. 79

Visible bank activities and events are a subject of interpretation of mental models of their stakeholders. Those mental models represent a decreased representation of reality and selective perception. Through their application and interpretation, we may be able to understand stakeholders' perception and expectation, and the ultimate direction of their actions. It is necessary to emphasize here that the stakeholders' perception is determined by their moral norms and values upon which they make judgement on ethical bank actions. However, these moral values, that is, «ethical interest» of stakeholders, do not represent the key determinant in expectation gaps. Stakeholders make have an added interest in bank operations, which will create expectation gaps and impact their behavior. These stakeholders' interests may be better understood if they are classified in five categories (adapted from: Reichardt, 2002):

> ➢ material interest,
> ➢ political interest,
> ➢ joint interest,
> ➢ information interest, and
> ➢ symbolic interest.

Material interest in banks is held by those stakeholders who may gain or lose a certain benefits from banks' operations, usually financial and economic ones. *Political interest* relates to the distribution of political power and influence in banks, through allocation of internal power, and also externally through legislative process or through legal and judicial processes, through which creators of public policies and judicial authorities achieve their goals. *Joint interest* occurs from human relations and need to belong to a certain group. This stakeholders' interest includes relations between banks and the social community, relations between staff and management, as well as other desires to «belong» to existing social groups in banks in some other way. *Information interest* occurs from the need for knowledge. Therefore, stakeholders in this group are interested in the data, news, and other empirical information about banking which relate to their interest or monitoring of operations for various reasons. *Symbolic interest* relates to those aspects of banks or their activities that provoke a «certain attitude, set of impressions, or a pattern of events that associate through time, space, logic and imagination». Symbols may determine specific facts, decisions, events or situation, and they may trigger certain emotions in relation to a situation (adapted from: Reichardt, 2002). These values are defined within bank image which needs to be created in accordance with social values.

Selection of bank identity and image goals

After determining the targeted groups of identity and image, a bank should approach definition of goal through which realization they would create a desired identity and image. Considering that, it is important to emphasize that banks must accept two basic identity perspectives: own and public (Table 3). While own identity describes the internal perspective, public identity attempts to incorporate the external perspective. These two perspectives interact with each other, since the way in which public experiences bank identity is an expression of their own perception.

Table 3: Bank identities

Own identity	*Public identity*
➢ Own image	➢ External image
➢ Acting according to traditional characteristics	➢ Acting in specific cultural environments due to nationality, origin, and similar
➢ Acting in structured characteristics, such as organizational structure, leadership styles	➢ Differentiation from competition based on specific characteristics
➢ Service profile	➢ Success image, rank - position
➢ Fundamental bank values	➢ Representativeness of fundamental values in public
➢ Own interests	➢ Responsibility image in public
➢ Competition characteristics	➢ Emotional profile, such as credibility

Source: Buss, E., Fink-Heuberger, U. (2000). Image Management: Wie Sie Ihr Image-Kapital erhöhen, F.A.Z.-Institut, Frankfurt am Main, p. 75

Perhaps the relationship between those two identities may be best described in the following way: public identity represents fundamental operational values and norms which connect public and banks; own identity, opposite to that, is the result of banks' attempts to answer to public's expectations in a specific way. This difference between own and public identities is important for image management considering that (adapted from: Buss, Fink-Heuberger, 2000):

- ➤ Banks must anticipate expectation and requests from the public, and
- ➤ Banks must, as a public actor, stage their own specific role which will be an adequate reaction to public expectations.

Therefore, a prerequisite for successful management of banks' identity and image is their analysis from both perspectives. In this way, banks would, in addition to having a clear understanding of their own personality - which is a basic assumption of identity building, get a sense of the public's perspective - which is perhaps most important part in the image management process.

Bank identity goals

Based on previous considerations about targeted groups of bank identity and image, and about two fundamental perspectives, we may adopt the assumption that, in the process of creating their identity, banks attempt to realize goals that may be directed towards both internal and external environments.

In literature about issues connected to identity, we may find various approaches to determination of their goals. Balmer emphasizes that there is inconsistency in attitudes of recognized authorities from the field of corporative identity about goals in the process of their management. Despite that, it is noticeable that a significant number of authors state that the efficient identity management enables creation of the desired image. Considering that, the following possible goals in identity management are abstracted (Balmer, 2001):

- ➤ Building upon feelings of individuality;
- ➤ Achieving differentiation in a competitive environment;
- ➤ Ensuring disciplinary integration;
- ➤ Ensuring a platform for coherent corporative communications;
- ➤ Creating an image consistent with defined ethos and character of an organization;
- ➤ Achieving stakeholders' understanding and loyalty;
- ➤ Attracting and maintaining consumers and employees;
- ➤ Achieving strategic alliances, and
- ➤ Gaining support from the financial market.

In opposition to the above, Herbst states that, through creation of a strong and recognizable identity, among all else, banks attempt to increase the level of productivity and quality of services. A strong identity enables a more efficient use of resources due to the following facts (adapted from: Herbst, 2007):

> ➢ Due to clearly defined values and norms of operations, business processes and structures are becoming transparent and understandable. Bank staff knows what is expected from them, and they are able to adapt their behavior to their manager's desires.
> ➢ All staff is directed towards achievement of bank's goals.
> ➢ Synergy effect is achieved. In this way, for example, a greater credibility in advertising is achieved within communications since public trust and acceptance is already gained.
> ➢ Through uniformed design of advertisements, prospectuses and business documentation, costs of their creation and printing are decreased.

According to the named advantages of a strong bank identity, one of the most important goals in the process of its management would be development of the staff's feeling of belonging to a community, and through this, their satisfaction with their job would increase, which in turn would increase the level of motivation and efficiency. External goals of bank identity are directed towards creation of recognizable characteristics of differentiation from competition and positioning in the market. Based on strong identity, banks create the desired perception in stakeholders, that is, their image.

Bank image goals

Creating a successful bank image is founded primarily on following and understanding public values, as well as adapting banks to those said values. Banks' communication with public must not be limited to quarter or annual financial reports. Building trust in their environment and loyalty of their clients may be achieved only through the transfer of bank identity to the public.

The bank image analysis results, upon which deviation between actual and desired state is determined, represent a starting foundation for determining bank image goals. In literature on this topic, we may find various determinations of image goals. Therefore, Buß and Fink-Heuberger find that the most important goals of image management are directed towards the following (Buß, Fink-Heuberger, 2000):

> ➢ Increasing acceptance of stakeholders;
> ➢ Strengthening staff identification;

> ➤ Building a reputation in a broader public through values;
>
> ➤ Strengthening trust and loyalty;
>
> ➤ Enabling clear differentiation from competition;
>
> ➤ Creating clearly differentiated possibilities for identification for parts of the public;
>
> ➤ Increasing freedom in organizational activities.

On the contrary, Essig, Soulas de Russel and Semanakova find that possible image management goals are (Essig, Soulas de Russel, Semanakova, 2003):

> ➤ Reducing market barriers to entry;
>
> ➤ Easier entry into foreign markets;
>
> ➤ Increasing marketing efficiency;
>
> ➤ Using value brand through providing a license;
>
> ➤ Strengthening the brand;
>
> ➤ Possibility to advertise contrary to advertising limitations.

Based on the above considerations, it can be assumed that internal identity goals are primarily aimed at identifying the internal public with banks, while external identity goals can be equated with image goals. In doing so, the realization of identity goals enables the realization of the goals of the image of the banks, and vice versa, the creation of a strong image of the banks has a positive effect on the identification of staff with the institution. Given this type of interaction, it is very difficult to consider them separately. In the following, a new model of identity and image development for banks will be explained, which enables the realization of identity and image goals relevant to banking.

NEW MODEL OF BANK IDENTITY AND IMAGE DEVELOPMENT

Banks are guided by analysis results of the actual identity and image, as well as by resources they have at their disposal when determining their goals. Identity and image goals must be clearly defined and achievable, and they should be a good basis for determining strategies. Specification of the set goals of bank identity is achieved by changing the existing situation. The interaction of banks' identities and image is very important. Improving the image has a positive effect on the identification of bank staff, which furthermore has a positive effect on clients and therefore on the image.

A necessary precondition of successful bank identity and image management is understanding of processes of their development and interaction with each other.
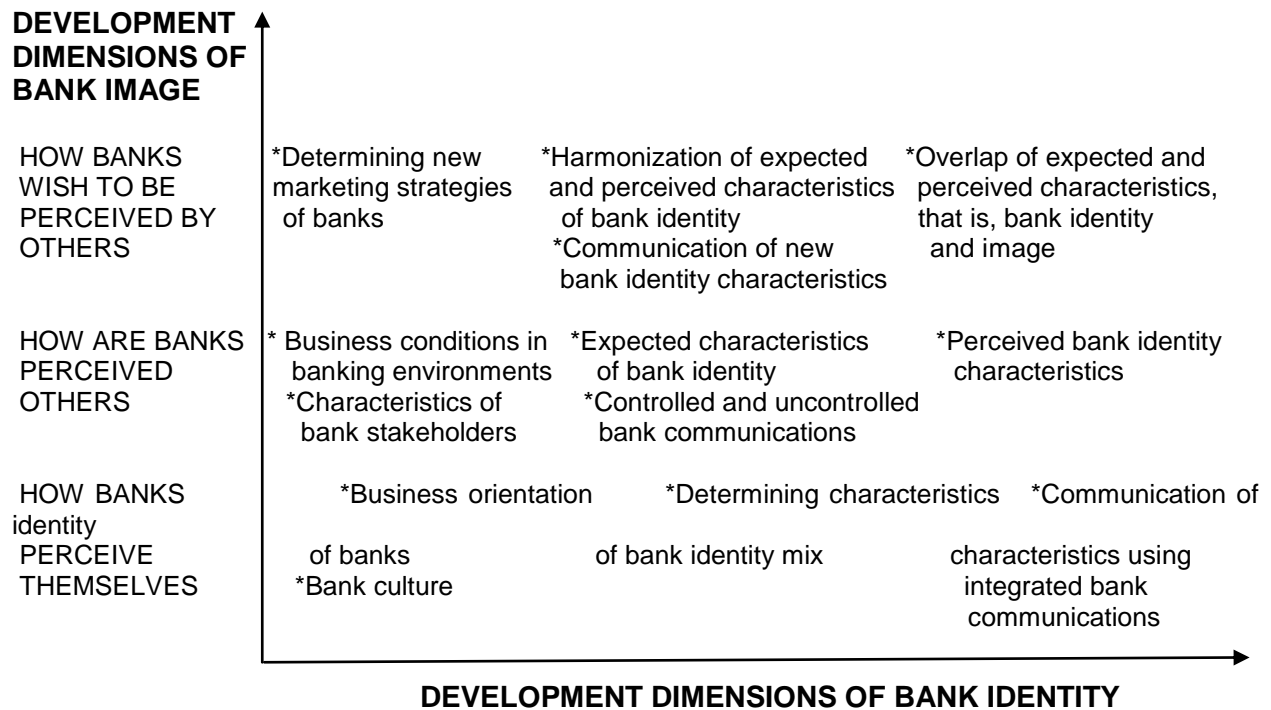
With this, it is necessary to find answers to three fundamental questions:

- ➢ How banks perceive themselves?
- ➢ How are banks perceived by others?
- ➢ How banks wish to be perceived by others?

Answers to those questions will determine the process of bank identity and image creation, through which, effects of uncontrolled variables will be minimized, and overlap of those two phenomena will be achieved, and through that, the ideal state itself. Realization of this goal is achieved through research and analysis of the actual bank identity and image, which represents a foundation upon which desired identity and image will be determined. The process of bank identity and image development may be presented in three basic phases, as follows:

1. Research and analysis of the actual bank identity
2. Research and analysis of bank image
3. Determination of marketing strategies to achieve the desired bank identity and image.

Figure 1: Bank identity and image development

DEVELOPMENT DIMENSIONS OF BANK IMAGE

HOW BANKS WISH TO BE PERCEIVED BY OTHERS	*Determining new marketing strategies of banks	*Harmonization of expected and perceived characteristics of bank identity *Communication of new bank identity characteristics	*Overlap of expected and perceived characteristics, that is, bank identity and image
HOW ARE BANKS PERCEIVED OTHERS	* Business conditions in banking environments *Characteristics of bank stakeholders	*Expected characteristics of bank identity *Controlled and uncontrolled bank communications	*Perceived bank identity characteristics
HOW BANKS identity PERCEIVE THEMSELVES	*Business orientation of banks *Bank culture	*Determining characteristics of bank identity mix	*Communication of characteristics using integrated bank communications

DEVELOPMENT DIMENSIONS OF BANK IDENTITY

Source: Smajlović, E. (2010). Strategic causality identity and image banks in operation to adapt to changes in the banking market. Unpublished doctoral dissertation, Faculty of Economics, University of Tuzla, Tuzla, Bosnia and Herzegovina, p. 191

1st phase: Research and analysis of the actual bank identity

The process of identity and image creation begins with defining the characteristics on the basis of which banks want to position themselves in the market and differentiate themselves from competitors. Therefore, it is necessary to investigate business orientation and culture during this phase, as they define the basics of values, beliefs, norms and rules of business of banks. In addition, it is necessary to investigate the characteristics of design, communication and behavior, that is, the identity mix of banks, and to determine whether they reflect the core values of banks and whether their mutual consistency has been achieved. It should be emphasized here that a particularly significant aspect of this research is the determination of whether the defined identity characteristics of banks are adequately explained to the environment by the use of integrated marketing communications.

2nd phase: Research an analysis of bank image

Creation of image is influenced by a number of environmental variables that banks cannot influence, but must take into account to minimize the effects of their actions. Therefore, it is necessary to include the business conditions in the environment (competition, banking market stability, effects of globalization, etc.), as well as the characteristics of stakeholders (income level, education, previous experience, etc.) in the image of banks. Banks need to be aware of these characteristics as they determine the expectations of the stakeholders and therefore the perception of the identity characteristics of the banks. Stakeholders' perceptions are further influenced by the effects of controlled communications, through which banks attempt to explain identity characteristics to the environment, as well as uncontrolled communications, such as conversations with family and reference groups, media reporting, and personal empathy with identity characteristics. The research should determine significance of the effects of these communications, in order for banks to target them, and thereby achieve the desired perception of identity.

3rd phase: Determination of marketing strategies to achieve the desired bank identity and image

The results of research and analysis of banks' identities and image will indicate the levels and causes of their mutual discrepancy, and thus be a solid precondition for determining the new marketing strategies of banks. Within these strategies, there may be a need to correct existing or identify new identity characteristics, as well as to identify new models of communication with the environment. By creating and implementing new marketing strategies, banks would minimize the discrepancy between the expected and perceived identity characteristics, that is, achieve the desired image and market position.

CONCLUSION

Starting from the considered scientific findings in the work on identity and image of banks, it was concluded that identity is a bank's personality, while image is the way the environment perceives identity. This assumes that a systematic approach to managing banks' identities could create the desired image. From the foregoing, one can clearly identify the strategic interaction between banks' identities and image, which has been rather neglected in scientific research to date. Therefore, recognizing the causes of the discrepancy between how banks perceive themselves and how they are perceived by the environment, and how banks wish their stakeholders to perceive them, is a necessary prerequisite for building a successful identity and image management model. Specifically, determining at what stages of management unwanted discrepancies occur and identifying the factors that affect these discrepancies would allow them to be eliminated or at least minimized, thereby achieving a (near) complete overlap between banks' identities and image. By adopting the above assumptions, a completely new model - the Development Dimensions of Bank Identity and Image - was created, which respects the strategic interaction of these two phenomena.

RECOMMENDATIONS FOR FURTHER RESEARCH

Further research could relate to:

➢ Testing the new model – Development Dimensions of Bank Identity and Image, and possibilities of its application as an instrument for development of marketing strategies of banks.

➢ Application of ACID test is recommended during research.

➢ Conduct bank image positioning through application of multi-variation methods, such as: multidimensional scaling and discriminant analysis.

REFERENCES

Balmer, J. (2001). Corporate identity, corporate branding and corporate marketing - Seeing through the fog. European Journal of Marketing, 35(3/4), 248-291.

Balmer, J., Greyser, S. (2002). Managing the Multiple Identities of the Corporation. California Management Review, 44(3), 72-86.

Balmer, J.M.T., Soenen, G. B. (1999).The Acid Test of Corporate Identity Management, Journal of Marketing Management, 15. 69-92 https://doi.org/10.1362/026725799784870441

Brown, T., Dacin, P., Pratt. M., Whetten, D. (2006). Identity, Intended Image, Construed Image, and Reputation: An Interdisciplinary Framework and Sugested Terminology. Journal of the Academy of Marketing Science, 34(2), 99-106

Buss, E., Fink-Heuberger, U. (2000). Image Management: Wie Sie Ihr Image-Kapital erhöhen, F.A.Z.-Institut, Frankfurt am Main.

Cornelissen, J. and Harris, P. (2001), The corporate identity metaphor: perspectives, problems and prospects, Journal of Marketing Management, 17(1/2). 49-71.

Essig, C., Soulas de Russel, D., Semanakova, M., (2003) Das Image von Produkten, Marken und Unternehmen, Verlag Wissenschaft & Praxis, Sternenfels

Herbst, D. Corporate Identity als ganzheitlicher Management-Prozess, Retrieved   decembar 2007, from https://www.vordenker.de/dherbst/cidentity.htm

Ind, N. (1996). Korporacijski imidž, Clio. Beograd.

Kesić, T. (1997). Marketinška komunikacija. Mate, Zagreb,

Kotler, Ph. (2001). Upravljanje marketingom: analiza, planiranje, primjena i kontrola, Mate. Zagreb, 2001.

Melewar, T.C., Jenkins, E. (2002). Defining the Corporate Identity Construct, Corporate Reputation Review, 5(1). 76–90

Reichardt, C. (2002). One-to-One-Marketing im Internet: Erfolgreiche E-Strategien für   Finanzdienstleister, Gabler, Wiesbaden

Smajlović, E. (2010). Strategic causality identity and image banks in operation to adapt to changes in the banking market. Unpublished doctoral dissertation, Faculty of Economics, University of Tuzla, Tuzla, Bosnia and Herzegovina.