



BANKING SERVICES MARKETING-A CASE STUDY

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Abstract

During the '90s, the Albanian banking system was faced with a series of problems which were related to the low level of intermediation and limited relationships with customers (businesses and individuals). While today more and more the banking system is trying to move towards the sophistication of banking services. The good functioning of the banking system is an important factor for channeling funds into the economy efficiently and for increasing banking intermediation. Promoting competition in the banking system is another factor that affects the provision of the best services to customers that ensures the use of new banking technology, the introduction of new products and services, reducing the cost of banking, etc. Given this issue, the main purpose of this article is to understand the function of the banking system in our country, and how effective are our banking services in dealing with the promotion of banking products. This serves to bring customers closer to the banks. This helps banks increase their clientele and have more capacity to expand their business and increase profits. For this, we adopted a descriptive design and conducted face-to-face questionnaires to understand the banking services in Albania. The banking customers need facilities, now we are dealing with a customer who prefers to do everything or every banking transaction through the numerous online services offered by his bank.

Keywords: Banking marketing, consumer behaviour, service quality, marketing strategy



INTRODUCTION

Banks make it far easier for a complex economy to carry out the extraordinary range of transactions that occur in goods, labor, and financial capital markets¹. Banks have several roles in the economy including payment services, financial intermediaries as well as undertaking and transforming risk. In some functions, they are monopolies or have a dominant role. They play a key role in the lending system for small and medium-sized businesses and individuals and are the only ones that can collect deposits. (Lind, 2005).

In the banking sector, relationship marketing events are very important. Furthermore, significant amounts of money, risk, and confidential information are linked to the nature of the banking industry (Gilbert & Choi, 2003). (Molina, Martin-Consuegra, & Esteban, 2007) stressed that in the banking services sector there is a significant lack of empirical practices and research focusing on the causes of establishing a long-term relationship between the client and the bank. (Gilbert & Choi, 2003) noted that in the financial services industry, relationship marketing practices are not yet fully developed and implemented. Marketing managers must make their strategic decisions based on the environmental trends reported by the environmental scanning units. The tool or way to determine the best marketing strategy, based on the expected defined environmental trends, is the analysis of the expected value. Digital financial service marketing can be a significant growth center for the financial service provider, but only when well understood and effectively implemented²

During the second half of the last century, the meaning of banking marketing was spoken and defined, which is defined as the "application of ways of action and marketing techniques in the banking activity". Banking marketing by typology is a form of service marketing and does not represent a separate scientific discipline; it refers to sales-oriented thinking, with a consistent concept-oriented toward the enterprise market (Meidan, 1996). It's important that marketing not hoard the strategy as "its" domain (although the function can and should use an emotional connection to demonstrate the direct financial impact of its spending). Instead, marketing must partner with other functions, teaching and socializing emotional connections (Magids, Zorfias, & Leemon, 2015). As in any market, competition is important for the banking sector because, it affects the efficiency and the quality of services offered (Lici & Boboli, 2015).

¹ <https://opentextbc.ca/principlesofeconomics/chapter/27-3-the-role-of-banks/>

² <https://www.o8.agency/blog/financial-services-marketing>

Success factors for new financial services to the customer

The banking industry is changing rapidly. The Bank of Albania has been oriented toward adopting and developing a legal framework for all the banking systems in the country (Sulo, Muça & Kapaj 2016). The quality of the execution of the new product development process at all stages is a key indicator of the success or failure of a product. Laugeard (1986) identified five key aspects of this process: a unique concept of service; a well-defined market segment; an easy system to multiply distribution; a basic offer; a clear image of services, and easy to remember and remembered by consumers. People want something easy, simple, short, and easy to remember. For business service, successful service development requires companies to identify what customers want as quality and to incorporate these features into the product design or logo. New services should normally be unique, and innovative, in order to have a greater advantage in the market over competition. To ensure the delivery of advertising claims, companies must build quality into their products or services. From a production perspective, this means a companywide commitment to eliminate errors at every stage of the product development process—product design, process design, and manufacturing. It also means working closely with suppliers to eliminate defects from all incoming parts (Takeuchi & Quelch, 1983). (Zeithaml, 2000) identifies relationships between service quality and profits divided into six categories.

Success factors

Aim by direct mail: This factor aims at appropriate segmentation. The successful goal of banking services is achieved more through the use of direct mail than through promotions. In Albania, this is a technique that has not yet established a solid basis for supporting banking services.

Overall quality: Here we have a comparison of the quality of the product itself with the products of the competition, the quality of the distribution system, and the high quality of the after-sales service. After-sales service helps to have a long-term desire which increases the opportunity to sell other products on another later day.

Communication strategy: This factor has to do with how effective the advertising strategy can be. This has to do with the advertising that is done to the product, the creation of a special image for it.

Product Suitability and Internal Marketing: Products that complement or expand the existing line of services are more likely to be supported by a well-trained staff.

Technology: Technology is one of the main factors, it is used as a tool to help manage accounts but also comes to the aid of the customer. For example, through the applications of different banks, personalized services for customers can be created. We can say that technology can also be used in the development of long-term relationships.

Market research: This factor has to do with the activity of the financial organization in market research. This is important as it includes a survey of customer needs, product improvement, and the development of services suitable for specific market segments, ideas, or new products.

Differentiated product: This factor constitutes the characteristics of such a product that offers individual benefits, being innovative, and being first.

Low Price: Here we are dealing with the strategy of reducing the price to the changing market conditions. This strategy is very convenient especially when dealing with cases of copying competing products.

METHODOLOGY

The research strategy should be chosen as a function of the search situation. The type of question being asked, the control over the actual behavior of the elements, and the degree of focus on the historical or contemporary event are the conditions that determine the choice of strategy. There are 4 types of qualitative studies: focus groups, in-depth interviews, observational techniques, and case studies (Malhotra & Birks, 2000). "The interview is a data collection tool with great flexibility that can be adapted to a wide variety of research situations (Punch, 1998).

This study is completed based on primary information such as the compilation and distribution of the questionnaire (survey). Also from the numerous secondary information like various marketing books, periodicals, journals, publications, and scientific articles.

Due to the current situation in the country with the problem of (COVID-19) it has not been possible to go out on the field to conduct the survey questions. It was used google form questionnaire since the e-mail surveys provide the ability to reach many potential respondents quickly and relatively cheaply and to receive any completed surveys in a correspondingly short amount of time (KJ Jansen et al 2007:4).

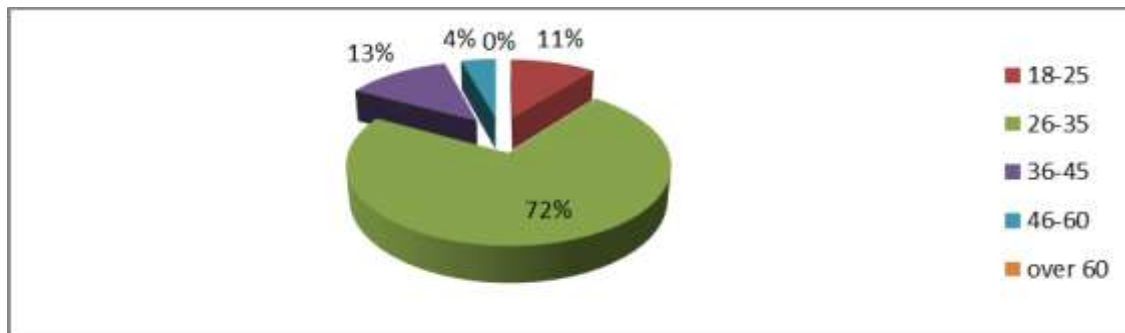
Several different types of questions were used in this study. They are addressed to different persons, of different types of education, or employment. To help different people understand the purpose of the questionnaire these questions were divided into several parts. The questionnaire was distributed through social networks such as Facebook and WhatsApp application. Finally, descriptive analysis of the questionnaire data was undertaken.

ANALYSIS AND RESULTS

The economic problems that the country is facing today as a result of COVID-19, the intensity of competition, the increase in customer expectations, regulatory developments, technical advances, and the entry into new business areas, are increasingly increasing consumer demand in direction of new banking services in general and online ones in particular. A chance for improving Albania's development is the high activity of its residents and enterprise activity (Muca, Pomianek, & Peneva, 2022). But on the other hand, the increase of these services requires not only high quality of customer service in all segments but also customer training to increase benefits and strengthen services for customers. To understand the situation in which online services are located and the way they perceive consumers in this study we have tried to make a descriptive analysis of the consumer point of view.

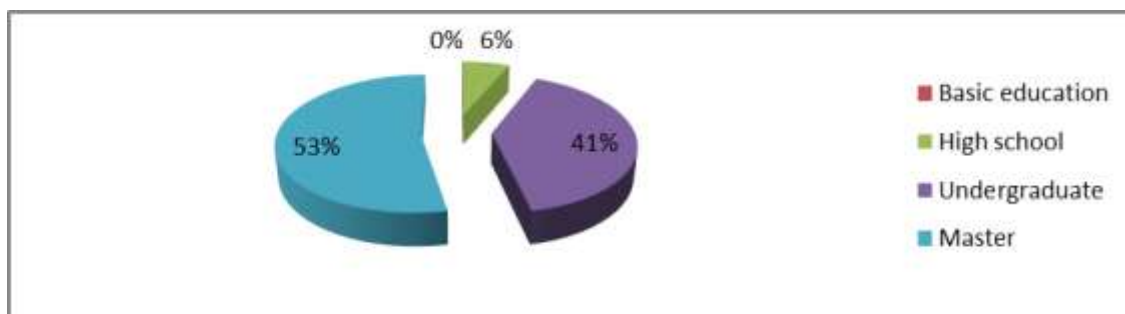
From the processing, 72.3% of the age of responding individuals are in the age group of 26-35 years (Graph 1).

Graph 1. Age of respondents



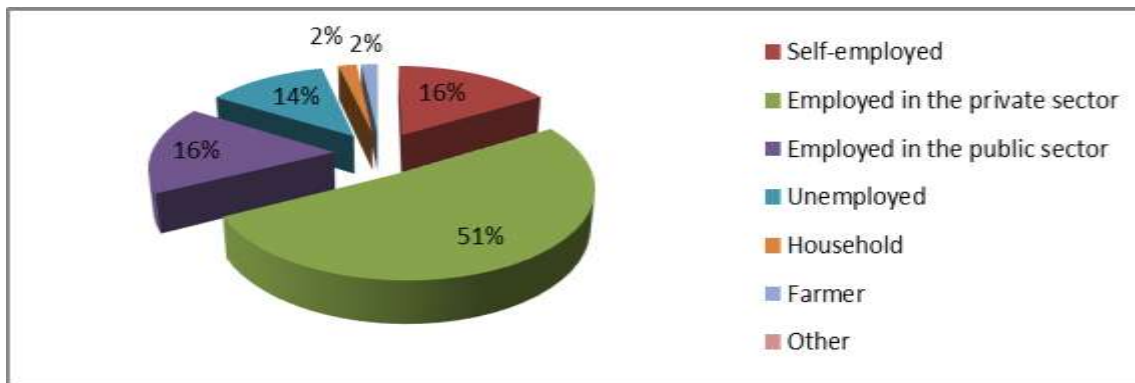
53.2% of the individuals who responded have a postgraduate degree (Master). Economic development is linked with other criteria such as public infrastructure, health care, education, unemployment, social inclusion, migration, and others (Kozak & Muca 2020).

Graph 2. Level of education



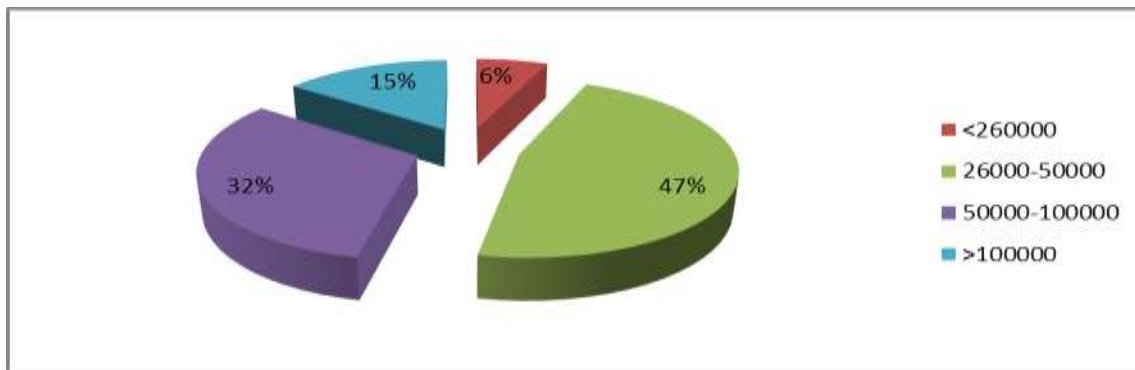
The next question is about employment. The prevailing percentage, ie 51%, is employed in the private sector (Graph 3).

Graph 3. Employment



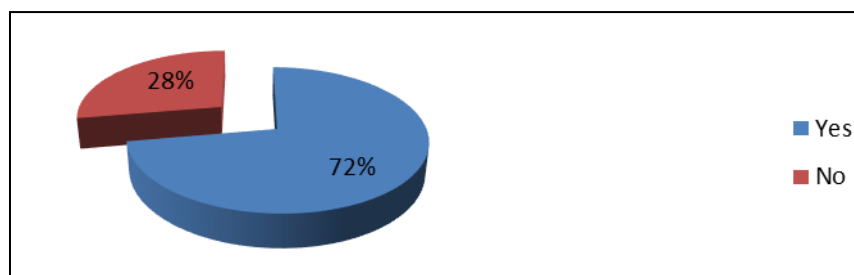
When asked about income, it turns out that 46.8% of individuals who have completed it have income worth 26,000 - 50,000 lek (Graph 4).

Graph 4. Income



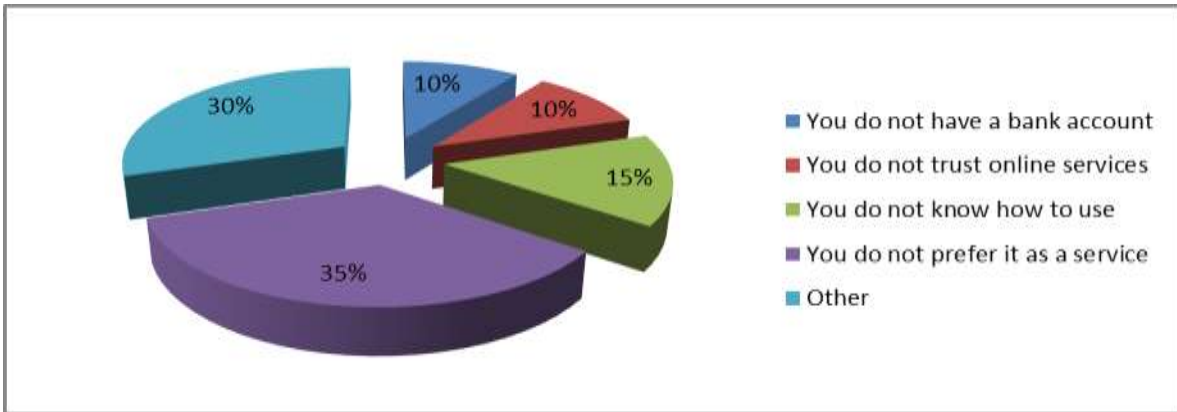
As it is clear, most of the people who have completed the questionnaire use online banking services, as we have as a percentage 72.3% (Graph 5).

Graph 5. Use of online services by respondents



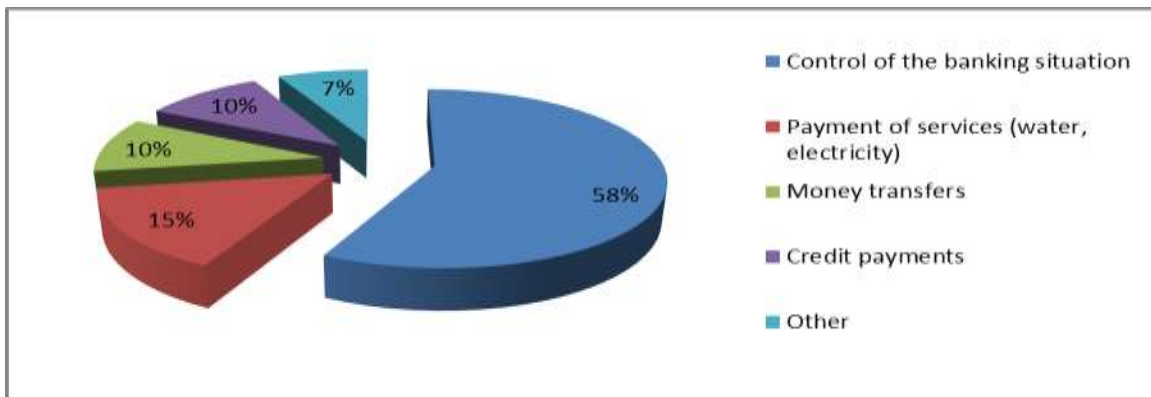
Graph 6 clearly shows that almost half of the respondents do not use the online service for various reasons. About 35% of respondents simply do not prefer it as a service. But on the other hand we have 25% of respondents who do not have bank accounts and do not know how to use these services. And 30% that represent various reasons for not using the online system (Graph 6).

Graph 6. Reasons for not using online services



The most commonly used online banking services are precisely the control of the banking situation with a percentage of 57.5% (Graph. 7).

Graph 7. Online services used by respondents



The survey shows that even those who have the online service use it simply to check the account balance and not for specific services. As a result of the answers to the questionnaire we come to the conclusion that most of the respondents use the various online banking services. Among the answers that they would like to improve are the ones of the type: Reduction of the interest rate, as well as the use of all procedures through online services and

application. In this way, long queues at bank counters are avoided, also bank customers can save a lot of time by performing various procedures through applications. What is noticed based on the answers or results obtained from the questionnaire are exactly the level of education of the respondents in accordance with the use of online services. It is noticed that a more advanced level of education has a more positive effect on the use of these services or online applications.

CONCLUSIONS AND RECOMMENDATIONS

At the beginning of this paper we specified that the purpose of this study was precisely the analysis of the role of marketing on banking systems, and what help this element has provided on the introduction of new services, such as online ones. At the end of the study of the collected information and especially the conclusion of the survey results we come to the conclusion that the many online services are highly used by the banking customer. We can say that marketing has a key and very important role precisely in the introduction of these new online services on the banking sector in Albania.

The banking customer needs facilities, now we are dealing with a customer who prefers to do everything or every banking transaction through the numerous online services offered by his bank. Based on the numerous answers to the questionnaire we drafted, it was noticed that the vast majority of respondents expressed their opinion that one of the options that they would like their bank to realize was to introduce as many online services as possible. . Albanian banks need to consider this effect of trust and loyalty on e-banking customer satisfaction, striving to increase them (Zyberi & Luzo (Kllapi), 2022). This is to avoid a series of problems encountered such as: long queues at the counters, lack of customer time, convenience to perform any action through a smart phone in any country.

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