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MARKETING OF BANKING SERVICES IN RURAL AREAS

Banks today are operating in a highly competitive and rapidly changing environment. In the changing economic scenario, a professional approach to business development is essential and the survival of a banking institution depends on its ability to take up challenges coming up in the environment. Developing business through marketing of bank's services is one of the crucial areas which need attention of the bankers to ensure profitable survival.

MARKETING : CONCEPTS

The role of marketing in an organisation's existence and growth need not be overemphasized in today's competitive environment. According to Peter Drucker, "marketing is so basic that it cannot be considered a separate function". It is the whole business seen from the point of view of its final result, that is, customer's point of view. Survival of an organisation depends upon its ability to acquire resources necessary for its sustenance. One of the modes of survival, as observed by Philip Kotler, is "exchange", whereby an organisation creates and offers goods and services that are able to attract and satisfy the purchasers, in exchange of its value. This option can be gainfully exercised only if the organisation develops the capacity to produce the needed goods and services. The organisations should be geared to identify the customer needs and preferences which are subject to change over a period of time.

One of the policy issues discussed in marketing is the ultimate objective of the marketing efforts of an organisation. The general belief is that the objectives of marketing is to maximise the market's consumption of your products and services. However, it would be desirable to set the goal at maximising consumer satisfaction, rather than consumption. The organisation, in the long run, is likely to benefit from a customer oriented approach to marketing. The approach, in other words, should ensure strong foundation for the institution's existence, because the concepts of marketing has its origin on the premise that man is a creature of needs and wants. And there is constant effort on his side to satisfy his needs. Further, his needs and wants keep changing with time, circumstances and the immediate environment in which he is operating. Marketing management essentially involves the efforts to achieve the need satisfaction of the target group the institution is trying to serve.

There are various philosophical aspects which can give conceptual orientation to marketing personnel's approach. The "selling concept" assumes that the consumers will either not buy or not buy enough of an organisation's products unless the organisation makes a substantial effort to stimulate their interests in its products. This becomes all the more relevant when the organisations are functioning in a rich environment of competitors. "Product Concept" in marketing philosophy assumes that the consumers will favour those products that offer best quality for the price, while "production concept" assumes that consumers will favour those products which are available and affordable. An organisation's task, therefore, should be to serve target markets in a way that produces not only want satisfaction, but long-run individual and social benefit as the key to attracting and holding customers.

The need for a well defined institutional framework within the organisation to manage the marketing efforts should be reckoned by any business concern. It is, therefore, essential that the institution constitutes a marketing wing which will take care of the marketing function of the organisation. This compartment has to work smoothly with other segments of the organisation. Acquiring modern marketing orientation requires support from top management, a committed task force, constant review of strategies and a consultant's help if considered necessary. The marketing wing should be adequately supported by a "Marketing Information System", which is a critical element in effective marketing. The information system is the channel linking external environment with the executives of the institution.

BANK MARKETING :

Marketing philosophy, in any context, refer to the need satisfaction of the institution's clients. The basic step involves identifying the needs of the customers and developing products to suit their needs or modifying the existing products accordingly. It also requires the need for foreseeing wants of the customers in future and developing suitable products of their requirement. Deryk Weyer of Barclay's Bank attempted a comprehensive definition for Bank Marketing. According to him, it consists of identifying the most profitable markets now and in future; assessing the present and future needs of customers; setting business development goals and marketing plans to meet them and managing the various services and promoting them to achieve the plans, all in the context of a changing market environment. Successful marketing in a bank calls for commitment at all levels to the task defined in this regard.

Achieving higher business standards and operational performance through marketing of banking services should be one of the directional goals of the organisation.

The Indian banking system, by habit and tradition, considered deposit growth as the business objective and other parameters such as productivity, profitability, customer satisfaction, etc. were considered less important. In view of the competitive surroundings in which a bank is compelled to function, there is need for formulation of a strategic action plan for its marketing efforts. A marketing strategy, in general, is a systematic, appropriate and feasible set of concepts and actions through which the institution strives to achieve its goal of customer satisfaction and profitable survival. Strategy should be designed after taking into account the strengths and weaknesses of the organisation. For example, a bank or branch with clientele from various segments could think of “market penetration” by offering the existing range of services to existing customers. On the other hand, a bank which is having expanding business through new branches or branches which are not facing acute competition could think of “Market Development” by offering the existing services to new customers. However, the real marketing challenges arise from the institution’s capability to design new product range for their customers of various segments. The strategy, therefore, lies in increasing the client base and consolidating the relationship with existing and new clients through existing or newly developed products.

The operational aspects of strategies for marketing contain actions such as development of Relationship Banking, designing of effective delivery system, ensuring customer-oriented services and modifying the system into a personal selling organisation. In western banking, officials assigned the job of personally contacting the customers and offering the services at doorsteps had been able to make a significant impact on the development of business for their organisations. The importance and role of personal selling and customer contacts in the marketing efforts of a banking institution stem from the success of such efforts in many banking institutions all over the world.

The implementation of the strategies is as crucial as its design in ensuring successful marketing. The communication of the adopted strategies to different tiers of the institution and ensuring of its proper understanding by personnel at all levels, is essential for successful implementation of the strategies. The communication becomes difficult in organisations which have substantial branch network spread over a large geographical area. The field staff

at the branch level should be trained to implement the strategies after modifying them to suit the environment in which they are operating. The knowledge of the local environment, demographic features and cultural aspects is an essential requirement for the field staff involved in marketing efforts for the organisation.

RURAL PSYCHOLOGY AND BANK MARKETING :

Banks have a great role to play in the development of rural areas and improvement in rural life. In order to play this role effectively, the banker should have fair knowledge of the socio-psychological aspects of the rural society he is serving. First of all, the banker should be aware of the “Human Groups and Institutions” in the area of operation. This means that one should be aware of the role of agriculture in the rural economy, cultural aspects of the society, community aspects, family and farm patterns, institutional facilities, etc. Secondly, the ‘Process of Change’, if any, taking place in the rural scenario, should be known to him. The general changes that take place in the rural scenario include urbanization, industrialisation, migration, social mobility, changes in values, farm structure, etc. Thirdly, there could be ‘Planned Changes’, generally emanating from administration of voluntary organisations, such as resettlement, land reforms, community development, agricultural extension work, education etc, of which the field staff should be familiar. Fourthly, a general idea of the status of various development projects under execution, welfare measures, schemes under implementation, etc. will help the banker to have a complete picture of the rural society in which he is operating. The knowledge on all these aspects of the rural society will help the banker in choosing the right approach to the clients in rural areas since education of the people on the services offered is an integral part of effective marketing. The psychology of the rural people should be properly understood. It is only normal that the people in rural areas do not adopt a practice immediately. In fact, the tendency of an illiterate person is to distrust the same. The banking habits are no exception to this. But subsequently, on being properly educated, he may develop interest and would like to know more about. If the information imparted convinces him that the idea is something useful, he enters the t third stage of thinking about the possibility of accepting the idea for his benefit. Thus, there are different stages in the “adoption process” of the rural folks, which should be clearly understood by the field personnel.

The cultural pattern of the rural folks influence their economic behaviour considerably. Some rural communities may have a “modern pattern” of culture. These communities would be ever willing to try something new if they are convinced that it can improve their present position. Dissemination of information on bank’s services become easy and the results are achieved at a faster pace with such groups. On the other hand, groups characterised by “traditional pattern” of culture are generally opposed to change. Their main concern will be to preserve what has been the tradition and resists intrusion in to their ways of living. Effective marketing becomes difficult while dealing with such groups. Members of the group with a modern pattern of culture tend to be individualistic, while system of social control will be more in groups with traditional pattern. In such groups, where tradition is emphasised, a far reaching change in attitude towards anything, especially banking habits can be brought about only with the support of their “Clan Leaders”. The clan leaders are the people whom the rest of the community will listen to or whose approval, explicit or otherwise, the people look forward to for accepting anything new. It is quite possible that these leaders are not formal leaders of the group such as political leaders, but could be an elderly person or a religious leader of the community trusted by the general public. Success in approaching such rural societies definitely lies in understanding the rural psychology in this regard and identifying such influential individuals from the rural masses. Any effort, therefore, to popularise the banking services in rural areas call for absolute knowledge about the social structures, the culture, the functioning of the rural groups and the nature and type of their leadership.

Changes are taking place in contemporary rural society, though at a slower pace. The elements of dynamism of stability is existent in the rural environment, in the case of urban areas, though not operative in identical degrees or patterns. The changes, however, have been generally confined to changes in the agricultural pattern, community aspects and some general changes in the economic scenario. These changes, however, generate scope for institutional services in various segments of the rural economy’s operation and the banking institutions should capitalise on the same through deep penetration into rural households. This can be made possible only if the bank’s personnel are aware of the changes taking place in the rural environment and design their approach to the situation in a skillful manner. Modifying the services to suit the dynamic environment is considered as the backbone of marketing efforts. However, while designing or modifying, it should be ensured that the products are not inconsistent with basic attitudes and cultural values of the people. Rapidity

of acceptance of innovations is a function of many factors, including the nature of innovation and its relationship to existing cultural patterns.

Banking institutions are vehicles of economic development. According to Rostow, economic theories and development concepts should be linked to sociological and psychological elements, if it is to be maximally useful. Gunnar Myrdal had opined that “attitudes” and “institutions” play a significant role in rapid economic development. Psychology, as a science of human behaviour emphasises the influence of human factors which accelerate or impede the rapid acceptance of innovative ideas. Marketing efforts in the rural areas should be designed with proper emphasis on these influential factors.

BANK MARKETING : ROLE OF PERSONNEL

The marketing strategy for rural areas, by and large, assigns a responsible role on branch officials in bringing out socio-economic transformation of the rural society. There is need for a total marketing approach from the personnel to penetrate all levels in all areas of banking operations. Efforts need to be made to design and launch suitably tailored services to meet its changing needs of the rural population. The personnel attempting marketing in rural areas should be able to establish an organic link with rural masses. They should be committed to the cause of rural upliftment and should implement in totality the market strategies formed for the purpose. The knowledge of the command area of the branch and the ability to identify potential customers and their financial needs are pre-requisites for the success of marketing strategies. This calls for the need of training the staff with sharp focus on improving the knowledge of the bank staff about the rural atmosphere and the skills necessary to deal with the rural customers. There is also need for developing a sense of belonging towards the organisation, customers and the society. The field staff, to the extent possible, should know the language and dialect of the people and should be able to communicate in a manner which is appealing to the people. The organisation on their part, therefore, should take adequate care in identifying the right people for this specific job. They should also foster innovative and creative approach in working to bring in new and original ideas and develop talent. There is also need for rationalisation of the work load for the personnel in the rural branches to enable them to give adequate attention to the villagers and their requirements. Further, the institutions need to motivate their personnel for popularising the services in rural areas. Every member of the staff is a salesman of the bank's services and an ambassador of the institution

among people. Marketing efforts made by the personnel and its effect on business development should be appreciated and rewarded by the bank management.

The bank personnel, as a matter of strategy, should try to find a place in the hearts of the rural folks. Role of “personal influence” on acceptance of an organisation or services in the rural scenario should be kept in mind. The “personal influence” refers to the effect of statements made by one person about the bank or its services on another person’s attitude towards the institution. In a village, people generally know one another and have time and patience to converse with one another. Opinion on the institution and its services are discussed among local people. A satisfied customer always acts as an ambassador of goodwill for the bank and brings clientele through his own efforts. The personnel, therefore, should strive for customer satisfaction as a marketing strategy, if not as the objective of the organisation.

In conclusion, it may be understood that the success of marketing of banking services in rural areas depends on how the organisation properly blends the marketing concepts with the right approach required to penetrate into rural households. And the final result of the efforts will depend on the sincerity and zeal of the field personnel making the efforts and the organisational support available to them.

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