Marketing of Financial Services by Deposit Money Banks in Nigeria

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Abstracts: **Deposit Money Banks (DMBs) in Nigeria are facing business uncertainty triggered by current economic recession, conflicting banking circulars and regulations issued by the Central bank of Nigeria(CBN) almost on monthly basis, coupled with globalization and introduction of banking technology that ushered in electronic processes and procedures. These brought about stiff competition among the DMBs. Consequent upon; banks must adopt aggressive marketing strategies to survive. Banks in order to penetrate and retain their marketing segments must employ effectively and efficiently the right marketing mix. The process involves planning, scanning the environment to determine the needs of the customers and producing the right financial products that will actually satisfy their financial need sat profits. Such marketing strategies will lead to effective financial service delivery wish will make the banks not only to attract new customers but will retain the old ones.**

This paper will critically analyzed different financial products offered by DMBs, the impact of such financial services on the economy and the challenges facing the banks in offering such services.

I. INTRODUCTION

One of the major players in the financial system in Nigeria is Deposit Money Banks (DMBs), they are very critical in mobilization of funds from the surplus sector to the deficit sector thereby enhancing the growth of real sector. That is the reason government attached much importance in the regulation of the Banking sector.

However, the Banking Sector has witnessed a lot of changes. Banking started really in Nigeria in 1891 with the emergence of African Banking of Corporation which was later renamed Bank of British West Africa in 1912. The main impetus was to serve the interest of the colonial masters and therefore they had no incentive to adopt any marketing tools to sale their financial products. In 1933 the National Bank of Nigeria Limited, the first Nigeria indigenous bank was established in Nigeria and that was followed by Standard Bank of Nigeria, known as First Bank of Nigeria now and then followed by other indigenous banks. These situations were accentuated due to the financial boom that resonated after the Second World War, and between 1892 and 1952 about 25 banks were in existence. The important point to note, those banks were not applying marketing tools in the provision of their financial products. The customers who were in need of their financial services search for the banks that will satisfy their banking needs. It was justsellers' market. The period was regarded as free banking era because banks were not regulated. There was free entry and free exit. The above not withstanding other factor lead to massive failures of the indigenous banking such as inadequate banking activities, low capital base, fraud and lack of banking regulations, total mismanagement, utter disregard of banking principles and lack of marketing strategy.

The above scenario encouraged the establishment of Central Bank of Nigeria (CBN) in 1959; Ogunleye noted that CBN came with series of regulation parameters that changed the operating turf for good. The CBN now stipulated the minimum capital requirements, cash reserve ratio, liquidity requirement and among others. The regulation helped to no small measure to restrict the number of banks in Nigeria and brought sanity in the banking sector.

The situation then was the banking sector was dominated by the Regional banks such as Africa Continental bank, Mercantile Bank, Lion Bank, Bank of the North, National Bank and many others. These banks never adopted any marketing strategy to attract or retain customers; they were satisfied with the normal banking within their Regions and depend largely on the public sector deposits from their various states to survive. That notwithstanding, the rich Nigerians preferred putting their money in the big banks such as United Bank of Nigeria , Union Bank of Nigeria, First Bank of Nigeria and AFRI Bank, where they felt that their money was more secured. Needless to stress that security of the deposits was the major incentive of the customers in selecting banks to do businesses with and not the marketing strategies that those banks were adopting.

The banks were satisfied with arm chair banking and no attempt was made by them for the long term survival by adopting strategic planning. In 1980 the government made a policy of withdrawing public sector deposit from commercial banks to CBN, these lead to the collapsed of almost all the Regional Banks and it was unfortunate that many of their customers lost their deposits in those banks.

The laws governing CBN was reviewed in 1991,known as Decree 25, and Bank and Other Financial Intuitions Decree (BOFID) was promulgated, in which the CBN was giving more powers to regulate, supervise, licensed banks and granting of license. The aim of the Decree was to prevent systematic failure in the banking industry due to the runs in some banks.

However, it was consolidation of banks in 2004 that stipulated among other things that banks should recapitalize from N5billion to 25 billion capital base which reduced the banks from 89 to 24. It led to great positive changes in the banking sector which actually made the banks stronger, with adequate capital base and surplus liquidity. They were able to acquire new banking technologies to drive the banking services. These usher in stiff competition among the capitalized banks and reinforced the need for the banks to attract more customers and to retain old ones.

The above scenario compelled the banks to adopt many marketing strategies for their survival. These views were corroborated by Crossed (1998) when he noted that the industry has been characterized by the development of new products, use of new information technology and increasing complexity in customer's expectations. Again Ikpenfan added that due to level of globalization which has turned the world into global village, the Nigeria banking system is facing tough competition from global banks. The point to note is that the above factors exacerbated the competition in the banking industry and compelled the banks to adopt arrays of marketing tools to build strong customers' base.

Prior to this, the Nigeria banking was sellers' market were the seller dictates the tune without putting the buyer into consideration. The concept is that the consumer must purchase the services offered by the banks. As we observed earlier these concept led to the collapse of many banks and banks are now forced to adopt strong marketing strategies to attract and retain their customers.

Marketing has now been seen as the heart of any organization, because it is through marketing that the customer becomes aware of the fact that a particular firm can satisfy his needs. It is indisputable fact that no organization can survive without customers. Marketing is focused in creating value by identifying the needs of the customers at a profit and designing products to satisfy those needs thereby establishing a strong relationship between the customer and the organizations. Kotler and Armstrong (2010) defined Marketing "as process by which companies create value for customers and build strong customer relationship in order to capture value from the customers in return" The aim of marketing is to create value for the benefit of the consumer and the organizations. The consumers satisfied their needs while the organization derived value by establishing lasting relationship. This leads to what Kotler and Armsstrong (2010) described as Marketing Process which they illustrated as understanding the customer needs, design a customer-driven marketing strategy, construct an integrated marketing program that delivers superior value, build profitable relationship and create customer delight and capture from customers to create profits and customer equity.

The banks in offering these services should know that they are many other competing banks that are offering the same products. Therefore, banks should design and deploy superior products to satisfy the needs of the customers; such superior marketing strategies will not only attract new customers but will retain the old ones as well. This involves the segmentation of the market so that effective market strategy could be design to serve the customers better.

One of the critical roles of the banks is marketing of financial services is to enhance their profitability. However, Kotler and Armstrong (2010) out lined distinct characteristics of service such of intangibility, which is the services, cannot be tasted, touched, smelled or even heard and service is inseparable, that means it cannot be separated from the owners or the providers. The bank in offering for example lending facilities cannot be separated from the services. Services variability is another quality, it can be practically attested as services offered by different branches of the same bank may differ, and depending on the efficiency of the Branch manager and his staff, and another distinct characteristic is services perish ability that means that services cannot be stored for later sale. Services are sold instantaneously. The recommended marketing strategy is to convert the intangibility to tangibility and product positioning where the firm will strategically position its services through aggressive marketing.

Due to increase in competition in the banking industry it is heartwarming that banks area dopting market principles as a way to capture more market segment. Meidan (1979) inter alia supported this view when he observed that the new competitive climate, however, is forcing a transition in the direction of accelerating the development of marketing practice throughout the whole sector. In view of the above, banks are now focusing on identification of the banking needs of the customers and designing the financial products that will satisfy the needs at a profit, hence the needs of the customers are adequately satisfied. The consumer will help to advertise the services of the bank through word of mouth and this is a potent instrument in the winning of new customers as it builds public confidence for the banks.

II. THE PROCESS OF MARKETING

Marketing strategies are those tools used by the banks to penetrate, capture and retain some segments of banking market for the long time survival of the bank. The banks identify unique needs and create products that can satisfy the customers' needs in return for value. Customers' needs exits when he is deprived of something which will uncountable give satisfaction if it were available to him. One of marketing strategy Banks employ is segmentations of financial market and Meiden (1992) inter alia noted that concentrating on meeting the needs of homogeneous groups within a larger, heterogeneous market, companies have been able to increase profitability and reduce competition they face. Therefore, "market segmentation is the subdividing of market into distinct subsets of customers, where any subset may conceivable be selected as a target market to be reached with distinct marketing mix." Kotla(2004).

Market for financial services can be divided between personal account and corporate accounts. And corporate accounts can be segmented into small business, medium size business and large size business, the bank can go further importer, exporter, and domestic business and the same business can belong to different segments at the same time. While, that of personal customer account holders can be segmented by income, age group, social class, marital status. All these segmented market will be satisfied with a different marketing strategy which Kotlar and Armstrong (2010) defined as the marketing logic by which the company hopes to create its customer value and achieve these profitable relationship. This involves the segmentation of the market so that effective market strategy could be design to serve the customers better. Marketing strategy aimed to design plans and objectives that the banks will employ to reach the target market and satisfy their needs.

Due to increase in competition brought about by the consolidation and the introduction of new banking technology and globalizations, banks in Nigeria are increasingly adopting powerful marketing tools such as segmentation to increase their market shares. The philosophy of marketing segmentation is believe that customers can be divided into market segments in accordance to their needs and wants and those customers will purchase the products that will satisfy their needs. Therefore, bank must research, identify market segment, chose market target and develop products to satisfy the targeted segment.

Target marketing therefore is another marketing tool banks should adopt to penetrate financial market. The strategy is concerned with a particular segment of the market that the firm will develop that will yield profit and provide customer credibility to the organization. It should be mentioned that not all segments are profitable, that goes to demonstrate why banks do not develop all available segments, they have to evaluate the whole market to determine the one to concentrate that will provide them with the needed value and will satisfy the needs of those within the market segments. When a bank is evaluating different segments three factors must be put into consideration namely: segment size and growth, segment structural attractiveness, and company objectives and resources. The company must collect and critically analyze data on current segment sales, growth rates, and expected profitability, for various segments. Nevertheless, the bank must consider its long time objectives and resources before choosing anysegment; the company will access if it has enough resources to produce attractive service to the targeted market. Evenif the company has enough resources and the target market satisfies its strategic objectives another consideration is whether the bank can make enough profit and create a sound relationship within the targeted market.

Profit seems to be the driving force by the banks in their choice and development of market segments. The profit the banks make is a factor of the demand of their products, the prices of the products and competition from other firms. Competition is very important within the banking industry because it will elicit the best from the banks in the satisfaction of consumers' needs. It increases demand for deposits and enkindle competitive interest rate which may attract higher interest rate on deposits while reducing interest rate on lending. The stiff competition has led the banks to put undue pressure on their staff in quest to attract deposits. The banks set very high deposit targets for the staff in the marketing section. In some banks because of their determination to attract deposits all staff are marketers' and given target of deposits to achieve. This problem of attracting huge deposit has made some banks to employ beautiful ladies with the hope of attracting rich customers who may be attracted to date them. This constitutes a moral hazard.

The bank to be successful in a competitive financial market must measure the market through market research to be able to forecast future demand of its products and aid the Marketing Manager to estimate the market potentials of the particular financial products required in the segment. Kotlarand Armstrong (2010) defined market research as the systematic design, collection, analysis and reporting of data relevant to a specific market situation that is facing an organizations. In fact marketing research will give insight into customers' motivation, purchase behavior, satisfaction and factors necessary for the bank to create effective relationship with the customers.

In conducting marketing research, the necessary information can be derived through desk research or and field research. The desk research is carried out in the office of the research without going out to the field to gather data. Such information like the total number of accounts held, analysis of the accounts into different types(current, deposit, high interest saver etc.), types of existing customer such as personal, corporate, the current profitability of each service and each type of the customer, using rate of and reason for using the services etc.

We have also survey research which is classified in banking as retail banking research, and corporate customer banking research. And the corporate research is normally conducted through telephone conversation, personal interview, and through questionnaire. The main purpose of the research whether desk or field survey is to provide information about the image of the bank, satisfaction with existing services, awareness about the existing services, changes needed in the existing services and how to improve the banking services, reasons of choosing one bank in preference to other, the attitudes of the customers towards the use of a new technology development such as ATM, home banking, automatic transfer, point of sale (POS) and etc.

However, the focus of the research must be customer driven whether the reach is carried out through desk or survey as the information that will be obtained will help to assess market potential in different segments, plan new and amend the existing services, assess the size of future market demand and how to improve the image of the of the bank.

The aim of conducting research is to aid the bank in marketing strategic planning which must involve from the top management to the bottom. Kotlar and Armstrong (2010) define strategic market planning as the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing market opportunities. To carry out strategic planning effectively the objective and the goals of the bank must be identified and clearly spelt out. It is advocated that every plan must has an objective which should be quantified as target to be achieved within the planning period. For example the objective of the bank might be to achieve high profit for the benefit of the shareholders by providing efficient banking services that might attract huge deposits. While that of the division within the Bank may be to achieve high level of sales, improve deposit from the customers and capture more market segments and reduce none performing loans and etc.

The bank can achieve above objectives through situations analysis called (SWOT) which are strength, weaknesses, opportunities and threats. Strength and weakness of the bank are within the control of the management while opportunities and threats are outside them, but they can plan to make the best use of it. The government policies can create a threat for banks for example when the CBN came up with consolidation policy. A typical example of an opportunity to the banks is when the government directed the CBN to transfer public deposits from CBN to the banks.

The strength of the bank may be its strategic location where banking services are mostly required or the bank having professional and efficient staff that is very efficient and eager to satisfy the customers, whatever it is, and the good thing is the management of the bank can improve on it. The weakness of the bank could be internal fraud by the staff or going contrary to corporate governance; however, such internal weakness can be corrected through various management policies.

Marketing planning helps to set the goals and the objectives of the bank and mostly identify the strength and the weakness of the bank which the bank can manipulate to its advantage, through the marketing mix. The marketing mix is critically in triggering the bank to put all its effort to achieve the demand for its services. The marketing manager must pull the marketing mix together inorder to achieve the objectives of the bank by ensuring that they give value to the customer through creating positive relation with them. Kotlar and Armstrong (2010) define "the marketing mix as the set of tactical marketing tools that the firm blends to produce the response it wants in the target market." The marketing mix according to McCarthy is made up four variables known as four 'Ps' that is product, place, promotion, and price.

i) Product or services is concerned with its features and the quality, and the option available to the customer. Product features in bank lending for example, would include the terms of loans, variable or fixed interest rate, and the option, to switch from variable to fixed rates as the case may be.
ii) Place is concerned with where the product or services is made available to the customer, or how the customer can obtain the service. In banking, the existence of the branch network and an ATM network are aspects of place.
iii) Promotion is concerned with advertising, direct selling, and other form of sales promotions.
iv) Price, in banking, refers to interest rates offered to depositors and borrowers and bank charges and commissions for individual services.

The important thing to note is that the management can manipulate the marketing mix in other to achieve the marketing g objectives of the bank thereby leading to the satisfying the needs of the customers.

III. BANKS SERVICES

During the era of universal banking in Nigeria in 2001, the banks were offering many services that were not their core functions ranging from insurance, mortgage, and security registrations etc. However, in 2009 during the period of restructuring of banks carried out by Central Bank of Nigeria, Universal banking model policy was reviewed with a view to focusing DMBs to their core mandates. The CBN was of the view that some Managing Directors of some banks used the subsidiaries of the banks to siphon the depositors' funds to their private pockets thereby eroding the potentiality of the banks to remain afloat and make profit. The banks were operating as financial supermarkets as well by offering unimaginable financial products. Nevertheless, for the purpose of completeness we shall examine all the services/products offered by the Nigeria Deposit Money Banks.

One of the major services provided by the banks is accepting of deposits from the customers, we have interest bearing deposit and none interest bearing as in form of current account. Interests are paid on fixed deposits, the term of deposit which is negotiable and Treasury Bills. Treasury bills are short term loans to the government with a term of 91 days, 180 days and 360 days and it can be sold at a short notice and at a discount. In Nigeria interest rate offered by the banks ranges from 3 percent to 5 percent.

In some cases some businesses enterprises may have surplus funds they want to deposit for a very short time before they making use of it, the bank may accept such deposit, invest the fund in the overnight money market which attract higher interest rate and pay interest on the deposit. This is to the advantage of the depositor and the bank as both gained from the transactions.

Another service the banks are offering to their customers is lending. The banks do not just keep the deposits they received from the customers idle but they invest them and lend to their customers; both personal and business. This is done through intermediation processes where banks borrow for the deficit sector and lend to surplus sector. Rose and Hudgins (2010) pointed out the condition in which intermediation activities will take place.

1) "If there is a possible spread between the expected yield on loans that the financial intermediaries make to deficit spenders and the expected cost of funds intermediaries attract from surplus spenders and
2) If there is a positive correlation between the yields on loans and other assets and the cost of attracting funds. If intermediary's asset yield and its fund raising cost are positively correlated, this will reduce uncertainty about its expected profits and allow it to expand"

It should be pointed out that the major service delivery of banks is financial ending and through the processes the banks are able to create loans. The banks by lending to the real sector not only help to develop the sector but it also stimulates economic growth and development.

The banks also participate in the foreign exchange market. Banks participate in the foreign exchange market by buying and selling foreign exchange currency. However the CBN recently stopped the Retail and wholesale Dutch foreign exchange market because of the scarcity and dwindling foreign reserve occasioned by sharp drop in the world crude oil price. Nigeria derived its major foreign earning from the sale of crude oil. The banks were then compelled to source their foreign currency from the autonomous market which they sell to their customers. The banks accept foreign currency from their customers and deposit such funds in their domiciliary accounts. Furthermore, the banks help the customers to transfer and receive foreign currency; this is done through telegraphic transfer, debit card and credit card and Western Union Transfer and other means. The banks may also open documentary letter of credit for their customers which are issued by the buyer bank at the request of the buyer.

The banks normally support the government in the management of grants and disbursement of funds to the beneficiaries in the real sector thereby boosting the growth of agriculture and small and medium industries. Some of the examples will help to illustrate the function clearly:

1) N200 Billion Commercial Agricultural Credit Scheme (CACS). The grant was to promote commercial agriculture later small scale farmers was accommodated.
2) 500 Billion Development Bond: This the grant by the CBN to the real sector
3) 200Bilion Small and Medium- Scale Enterprises' Guarantee Scheme, the aim is to promote easy access to credit by SMEs

The main point to note is that the CBN made it possible for all the banks to be eligible to participate in the entire scheme.

Selling of Insurance Policies: Banks are now involved in providing life assurance to their customers. It may be in form of whole life assurance, that is the assured money is payable on the death assured person and endowment assurance the assured sum becomes payable at the death of the assured or the end of the term of assurance or which one comes first. The reason a customer may request of life assurance might be to provide for his dependent after his death, as means of saving money and to get tax relief. First Bank of Nigeria plc .is providing this service to their customers.

Provision of credit card facilities to the customers: The credit card which sometimes referred as plastic money allows a credit card holder to a personal credit limit, the customer can use the card to purchase goods and services provided he does not exhaust his credit limit. The credit card provides limited credit to the card holder and also is used as a means of payment. The advantage of credit card is that it allows the customer to buy now and pay later. The card holder must pay a certain sum of money monthly to defer the credit and is not obliged to pay fully. The credit card is renewable automatically. Another advantage is that it avoids the problem of writing cheques, and can even obtain cash from the bank with a limit of N150, 000.00. Another advantage is that holders of Visa and Master card is able to purchase goods anywhere in the world and also get access to cash and can be used to make automatic payment. However, due to the recent foreign exchange policy review, naira denominated credit and debit cards are prohibited from international transactions. The disadvantage mostly is fraud that could be perpetuated with credit card.

Bank also have adopted new banking technology developments in the banking industry such as Automatic Teller Machine, electronic fund transfer at a point of sale(EFTPOS), home banking and mobile banking. The latest ATM is used to withdraw money anywhere in the world with payment of little price. In Nigeria there is a charge of N65.00 if the customer withdraws money through the ATM installed by another bank. It is also used to find out the balance, transfer money, pay bills such electricity bills, deposit funds; purchase air time credit from GSM providers, the ATM is available 24 hours every day. Due to the recent introduction of cashless policy by the CBN the installation and the use of ATM machines has grown tremendously. Even ATM machines are now located in the rural areas.

While EFTPOS provides the direct debit of the customer's account by the retail at the point sales or the time the good or the services is purchased. This transaction must be authorized by the customers' bank. Infant there tailer will have some advantages such as automatic debiting of the customer's account and the crediting of his own account. It envisages that it will greatly reduce queues in the shops. However, many customers are yet to learn how to make use of it.

Factoring: Major Banks in Nigeria are now entering into factoring business by trading in the debts, and so manages the debits of their business customers on their behalf. They are three main aspect of factoring, the administration of the client's invoicing, sales accounting and debit collection services. Debt underwriting here the bank purchases the debt of the customer thereby taking over the risk of the loss of the bad debts and so 'insures' the client as against such loss. In some cases the factoring enters agreement without recourse that is in the event the bank is unable to collect the debts he will not ask his customer to pay. However, it needs not to be emphasized that many banks in Nigeria is very reluctant to enter into such contract unless they are sure to recoup their fund. The most common factoring in Nigeria is the purchases of invoices at a discount from business customers, to enable them to execute government contract. This is very common way of obtaining soft loans from the banks. The business customers might want to discount his invoices with the bank when he has temporary shortage of money to execute a contract. In this case, the bank must ensure that the invoices to be discounted are genuine and not fake otherwise he will encounter a big loss. The proceeds of the invoices are paid directly into the account of the customers they maintain in the banks so that banks will be able to deduct the principal and the interest at sources.

Hire purchase: Some banks more especially First Bank of Nigeria and the Diamond Bank are entering into the market of hire purchase through aggressive marketing strategies. The banks guarantees customers to purchase cars after paying initial deposits and the remaining money is paid installment by the customer over a period of three years. The customer is then allowed to take possession of the car. These enable the civil servants and other workers to be proud owners of brand new cars. The only collateral required by the bank is that the bank must make sure that the salaries of the customers' are paid into their accounts regularly held by the banks.

IV. THE IMPACT OF MARKETING ON BANKING INDUSTRY

Marketing has a profound impact on banks in the delivery of the array of their services. This new development has created additional impetus for many banks to create marketing sections/departments in banks, being headed by the Assistant Managing Directors and almost all the staff is encouraged to be marketers in order to attract huge deposits.

Marketing is a key to attracting deposits to the banks which is necessary for the survival of the banks. The banks make it compulsory for their staff to attract customers in opening of new accounts with the banks. The successful one are rewarded while the laze ones are sanctioned. It should be mentioned that banks create loans with the deposits of the customers. And lending is the greatest source of income for banks because through it, banks are able to create wealth, and not without inherent risk. This is why it is advisable for the banks to lend within their risk appetite.

Banks in Nigeria are now facing stiff competition due torapid changes in the economy, globalization, and emergency of information technology, they are compelled in adopting aggressive marketing strategies to penetrate new market segments and expand the existing ones. Emefiela (1987) supported the view when he observed that the increased emphasized of marketing in the banking industry has been reinforced by the need to attract new customers and retain existing ones through efficient service delivery and customer satisfaction. The reason is that marketing is the engine of growth of the banks as it helps to increase the profitability of the banks. The greater the number of customers, the greater is the possibilities of the banks delivering their arrays of services to them and making huge profits. The major aim of marketing is to satisfy the needs of the customers at profit for the benefit of the shareholders. Banks through marketing are creating value not only for the customers but for the owners of the banks.

The above notwithstanding, marketing is a key for creating a strong relationship between the customers and the banks. The relationship arising from the marketing strategies are used by banks to retain their old customers' and also attract new ones by satisfying their needs efficiently. Such banks remain strong and resilient.

Marketing also helps to increase the market share of the banks. The management of the banks by carving out a market segment and designing products that will be needed by the people within the segment, the bank will be able to penetrate into the market and expand its market share. And these will enhance the greater possibility of the bank to sell more financial services to the customers.

The importance of marketing in the banking sector cannot be emphasized, this is predicated upon the fact that banks continue to train their staff in the marketing strategies and principles, to sharpen their skills and tact in the efficient delivery of financial service. It is envisaged that the training will go a long way to instill to the staff more market strategic skills. Upgrading the skills of the front officers on the technics of handling customers, knowing quite well that the continuous existence of the bank depends on the impression and the confidence the customers have on the bank. Any organization without customers will die a natural death.

Marketing is also a critical factor to the success of the banks because it triggers effective performance of the banks in the competitive landscape as they struggle to retain their customers and attract new ones. And this may entails the banks designing new products that will strongly appeal to the customers and constantly formulating and applying marketing strategies that will capture more market than their competitors. According to kotler(2004) in presenting financial offerings to the market, the key premise that meets customers' expectations, needs, and wants must be emphasized to deliver good and the lasting customer's experience.

Marketing stimulates effective service delivery of financial services there by eliciting customer trust and confidence in the banking industry. When a customer is satisfactorily treated, he develops confidence and trust in that particular bank and that boasts the image of the bank and also makes it to grow. Banks survive because of confidence the public have in them, when customers' lose confidence in any particular bank, there will be a run in the bank and that may lead to the liquidation of that bank.

Effective marketing strategy for the financial service delivery stimulates high quality services in aggressive competitive banking sector. Mostly if the bank adopts the Marketing mix model, the marketing manager can manipulate any of the variables to achieve high quality services that will be very competitive in the market. Wikipedia (2015) defined marketing mix model as the effectiveness of each of the marketing elements in terms of its contribution to sales-volume, effectiveness (volume generated by each unit of effort), efficiency (sales volume generated divided cost and return on investment (ROI). The Wikipedia went further to advocate that these variables are then adopted to adjust marketing tactics and strategies, optimize the marketing plan and also forecast while stimulating various scenarios. In short these activities if effectively carried out will lead to achieve effective and high quality services for their customers.

V. CHALLENAGES OF BANKS IN THE DELIVERY OF FINANCIAL SERVICES

One of the major threats to the banking industry in their quest to deliver banking services is the inconsistency of the CBN policies that made it very difficult for the banks to plan and formulate effective marketing strategies. Marketing is based in planning and designing appropriate services that will satisfy the needs of the customers and also using sound marketing mix to deliver the services to the customers. If the customers are satisfied perfectly they will establish positive experience and lasting relationship with the bank. The persistent inconsistency of CBN policies and directives to the banks have hindered the banks from formulating long term marketing strategies that are in line with their cooperate objectives. A typical example is the recent devaluation of currency by the CBN due to slide in the world crude oil, which has greatly depleted the foreign reserve of Nigeria. The Bank in its monetary policy carried out sweeping changes in the foreign market, and these among other things posited the devaluation of Nigeria currency from N156 to N168 to a dollar, but in no distance period Nigeria currency was further devalued N198 to a dollar and the band was increased from plus or minus +-5 percent. Furthermore, the CBN introduced flexible exchange rate which effectively depreciated the currency to N305 per dollar. The banks operating within this scenario will find it difficult to plan and have sound marketing strategies for effective and efficiency service delivery.

Another problem is training of staffs in the marketing courses. The management of the banks usually adopts fire brigades approach in the exposure of the staff in the marketing principles. For instant, a course that is supposed to last for two weeks is crashed for two days in the bid to conserve fund. The staff ends up being more confused. The Management must engage the staff in constant training and retraining in the marketing tools to make every staff marketing conscious and equipped them with modern marketing skills.

Marketing of financial services should help banks recognize the unique characteristics of services such as intangibility, perish ability and inseparability Lunt (2005). This issue pointed out by Lunt is a major problem to banking sector in the process of delivery of financial services. How does the customer know he is being satisfied as he cannot taste, touch, handle or even purchase the services in bulk? The banks through marketing should endeavor to translate the intangible nature of their financial products they offer to tangible features in order to create more lasting impression on the customers.

Another challenge banking industry is facing is stiff competition not only from other banks but from other financial institutions such as mortgage financial Institution, finance banks and even micro fiancé. The globalization has further compound the problem as the banks has to face competition from other international banks. This means for the viability and survival of the banks, they must budget more funds in designing effective marketing strategies that will enable them to have an edge over others and these involved continuous satisfying of the customers' needs profitably.

The emergency of the new banking information technology in banking industry has added more impetus in the delivery of banking services. However, it has also created other problems; massive fraud perpetuated through e-banking. The banks in Nigeria are now involved in the automation of the banking process; some of these technologies are ATM, POS, EfAS and Cell phones etc. The problems the banks are having are how to contend the problem of fraud from the hackers. In Nigeria there are fraudsters who specialized in defrauding the bank and banks' customers through the banking information technology and sometimes with connivance of the banks' staff. These technologies coupled with the sophistication of the banking customers have brought a lot of pressure on the banks, not only to adopt effective marketing tools but to continue to change their marketing strategies as a means of increasing their market shares in the banking industry. The challenge has put more pressure on the management of the banks who must continue to develop new products, which will deepen the financial services that will satisfy the needs of the sophisticated consumers. According to Rose and Hudgins (2010).Financial –service managers have discovered that they are facing better –educated, more interest-sensitive customers today, whose loyalty can move easily or be lured away by aggressive competitors. Banks must therefore be more aggressive in their marketing strategy not only to retain the loyalty of the old customers but to attract new ones.

The consolidation of banking sector has the advantage of producing banks with adequate capital base and high liquidity that could fiancé capital intensive project. However, the numbers of the banks was further reduced more due to the banking reorganization embarked by CBN in 2009. The measure encouraged some banks to acquire others; for example Eco bank plc. acquired Oceanic Bank while Access bank plc., acquired Intercontinental Bank plc. and so on. The reorganization further reduced the number of banks in the banking industry. The negative impact of the reorganization of backing sector is that banks were compelled to established many branches with the aim of reaching out to many consumers of financial products. This intends to increase the cost of service delivery but also put more pressure on the top management of the banks.

VI. RECOMMENDATIONS

Banks must design a customer- driven marketing strategy that will actually satisfy the customers in order to increase their market share and to be more profitable. Kotler and Armstrong (2010) defines customer-driven marketing strategy as the art and science of choosing target marketing strategy and building profitable relationships with them. Nevertheless, this will enable the financial marketing manager to locate profitable market, design products that will satisfy the needs of the customers within the segment and expand the market share of the bank. This is done through research; finding the segment of the market that will be more profitable to the bank and adoption of more effective service delivery.

Banks that wants to survive in this climate of stiff banking competition must design a marketing strategy and this involves spelling out clearly the marketing long time objectives and planning, which must be derived from the overall Mission and Vision of the banks. Banks should determine which market segment will be more profitable in the future and plan how to penetrate such segment. This strategy may involve evaluating, selecting and designing superior services that will be very satisfactory to the customers. Lack of adoption of strategic market planning has led to the collapse of many banks; more especially in their reluctance to adopt modern technology through automation of their banking service and procedures. It is not debatable that customers are attracted to the banks they can get quick and efficient services.

The marketing manager must continuously scan the banking environment in order to determine the strength, weakness, opportunities, and threat of the bank. This is called SWOT analysis. In this analysis, banks must determine its strength such as adequate capital, professional and efficient staff who can deliver effectively the services offered by the bank and the location of the bank, all these factors place the bank at the advantage position. The management of the bank should know the weakness of the bank such as poor automation, old and outmoded equipment that continuously breaking down, the opportunities open to the banks may be government policies that are favorable to the banks and such policies are also outside the control of the bank, then threat may be unfavorable government policies and natural disaster that may affect the bank negatively. The task of the marketing manager is to match the strength with opportunities while eliminating weaknesses and minimizing threats.

The management should make marketing a part of overall staff functions, more especially front desk officers who are the first contact `with the customers. They give the first impression about the image of the bank and that determines the level of confidence the customer will have about the bank at first contact. This involves continuous training of the banks' staff in marketing principles, tact and strategies. Therefore, the management must budget enough money for the training and restraining all the staff in marketing strtegies. The importance of marketing must be well communicated to the staff of the bank to make them think and adopt making strategy in all their dealing with the customers. They should make the customers to feel important in order to attract them for repeat purchase.

The major characteristics of the financial services are intangibility, perishability, and inseparability. The task of the marketing manager is to make the intangibility of the services to be tangible to the customers, so that they can feel and notice the serves being offered to them through quality and efficient services.

Banks in order to effectively plan, design, position, and penetrate a particular marketing segment profitably must embark in marketing research from time to time to determine the needs of the customers that are ever changing. They could even outsource the research to the consultancy companies who have adequate professional manpower and the database to carry out effective research at minimum cost. This will be cost effective to the banks and the bank will get the best results, as the task of research will be carried out by research specialists while banks will concentrate in their core deliverables.

According to research carried out by Ojo (2012) he noted that effective marketing mix is what can guarantee improved performance in service industry like financial institutions. He went further to advocate that each bank must determine appropriate marketing mix that will suite a particular market or region to ensure higher returns. However, banks must ensure efficient and effective delivery of their financial services so that customers should derive value from them and feel satisfied.

Banks should endeavor to create a strong customer base by offering superior services more than other banks so that the customers will be loyal to their products. The emphasized will be satisfying the financial needs of the customers by continuously designing new products that will attract and keep them. The banks must embark on the application of new banking technology through automation of the processes and procedures of the bank. The advantages are multiple such as quick delivery of services; elimination of manual banking that characterized 1980s banking where customers spent several hours in the banks trying to cash or deposit their funds , cost effective service delivery by the banks and with competitive over others. The bank should install and build ATM galleries that will quicken the pace of encashment by the customers and enable them to transact other businesses such as; transfer of money, purchase of air credit from the GSM providers, payment of electricity bills and utility bills etc. The automation of banking processes will greatly reduce the queue in the banking hall, quicken the pace of transactions and generate more revenue for the banks.

VII. CONCLUSION

The above analysis has thrown more light to the fact that any bank that wants to survive should employ marketing tools not only to retain the loyalty of the present customer but to attract new ones. These involved developing strong marketing strategy that will enable the bank to scan, plan, and design and penetrate market segment with superior products than their competitors.

We also noted the importance of information technology in banking sector and the need for banks' automation of their banking processes and procedures because of its obvious advantages. The automation of banking will trigger effective services delivery at very lower cost and therefore increase the profits of the banks, satisfy the banking needs of the customers; quicker, thereby creating value for the shareholders and still goes further in maintaining a strong relationship with the customers.

Marketing has been proved to be a major critical success factor for any bank that wants to be successful and remains sound and resilient in the highly competitive financial market. Therefore, necessary marketing tools must be deployed to achieve all these.

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