

A Project On  
**BANK MARKETING**  
**(With Special Reference to HDFC Bank)**

**Bachelor of Commerce**

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**CERTIFICATE**

This is to certify that Ms. \_\_\_\_\_ of B.com Banking & Insurance Semester V<sup>th</sup> (2011-2012) has successfully completed the project on “**Bank Marketing**” Under the guidance of **Jitendra Aherkar.**

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**DECLARATION**

I **Flavia Alex Fernandes** the Student of B.com Banking & Insurance Semester V<sup>th</sup> (2011-2012) hereby declared that I have completed the project on “**Bank Marketing**”

The Information Submitted is True & Original to the Best of my knowledge.

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### **INTRODUCTION**

According to the American Marketing Association as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."

According to Philip Kotler, “Marketing is a human activity directed at satisfying needs and wants through exchange process.”

### **MEANING OF MARKETING**

Marketing is a "social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others."It is an integrated process through which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Marketing is used to create the customer, to keep the customer and to satisfy the customer.

The term marketing concept holds that achieving organisational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions.It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

### **EVOLUTION OF THE MARKETING CONCEPT**

The Role of marketing in the banking industry continues to change. For many years the primary focus of bank marketing was public relations.

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Then the focus shifted to advertising and sales promotion. That was followed by focus on the development of a sales culture.

Although all the elements of the marketing concept – customer satisfaction, profit integrated framework and social responsibility – will remain important, customer satisfaction must receive the greatest emphasis in the years ahead.

The chief concerns of most bank executives still focus on legal and regulatory issues, according to most surveys. Community banks are particularly concerned with eliminating barriers that give unfair advantages to financial services competitors, such as credit unions. However, another concern pertains to technology: keeping nonblank competitors out of the payment system.

### **Bankers Identify Near-Term and Long Term Concerns**

<b>1991</b>	<b>2015</b>
Maintaining profitability	Service quality
Credit Portfolio Management	Maintaining profitability

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Service Quality	Market / customer focus
Regional Economy	Operations/systems/technology
Cost Management / Expense reduction	Credit portfolio management
Declining Earnings/ more failures	Productivity improvement
Market / customer focus	Investment to stay competitive
Capital adequacy	Stock market value
Stock market value	Asset/liability management
Industry Overcapacity	Electronic Banking

When this gateway system was first proposed, access to the Internet was very new and few banks had the resources and knowledge to set up their own direct-access lines for customers. Customers have shown a growing interest in online banking services, and banks have responded by quickly putting in place proprietary sites on the World Wide Web and offering PC (Personal computer) banking.

Within the next five years, 93 percent of community bank executives surveyed say they plan to offer telephone banking, and 79 percent plan to offer PC banking.

When asked which technology holds the most potential for the future, bank executives identified call centers first. As customers continue the transition the into a high-tech world in which they want information and answers more quickly and accurately than ever before, call centers offer the ideal bridge. With 24-hour access to either automated information or live operators, customers do everything from check their accounts to apply for a loan. Bank executives also identified PC banking as having

the most promise for the future, followed by Interest access and broad function kiosks.

### **MARKETING AND COMPETITION**

In view of the declining profitability and productivity of the banking sector and extremely low rate of profit percentage, the determination of the financial health of the system requires drastic remedial measures not only to build up investor confidence but also to combat competition from all over. It is time that the pros and cons of the oncoming banking era are properly understood and advantage taken of various opportunities. This will require an efficient marketing approach to bank management in which target markets will be tackled successfully along with effective satisfaction levels and in which the usual basic elements – product, pricing, promotion and distribution will be taken care of in a proper format of an efficiently working marketing organization.

The nationalized banks must face competition from private banks, non-banking financial institutions, foreign banks and others. The competition is in the fields of deposits and credits, foreign trade, consumer credit and miscellaneous banking activities. The competition will benefit customers and force the banking system to raise its productivity, minimize expenses, and remain sensitive to evolving issues. Narasimham Committee Reports while recommending internal autonomy long with compliance with prudential norms suggested rule-based credit policies, fiscal balance and a gradual movement towards liberalization.

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To deal with the competition from foreign banks, the Indian banks should go in for diversification and extension of services as well as expansion of products and business. Economic freedom and innovative spirit have contributed greatly to the success of the market-oriented financial sector in the Western countries. Directed credit and investment has done just the opposite. Indian financial sector had for more than four decades, neither full economic freedom nor a well disciplined interventionism so that it cost operational flexibility as well as functional autonomy both of which were concerned with profitability performance and related factors.

### **MARKETING APPROACH IN BANKS.**

With the need for marketing in banks having evolved out of the changing environment and constant interplay of various interdependent factors, the importance of a systematic approach to marketing cannot be overstressed. The application of a marketing approach in banks will therefore involve:

- a. Identifying customers' financial needs and wants;
- b. Developing appropriate banking services to meet these needs;
- c. Pricing for the services so developed;
- d. Setting up suitable outposts / banks branches;

e. Advertising to promote the services to the existing as well as prospective customers.

### **MEANING OF BANK MARKETING**

We define bank marketing as follows: “Bank marketing is the aggregate of functions, directed at providing services to satisfy customers’ financial (and other related) needs and wants, more effectively and efficiently than the competitors keeping in view the organizational objectives of the bank”. This aggregate of functions is the sum total of all individual activities consisting of an integrated effort to discover, create, arouse and satisfy customer needs. This means, without exception, that each individual working in the bank is a marketing person who contributes to the total satisfaction to customers and the bank should ultimately develop customer orientation among all the personnel of the bank. Different banks offer different benefits by offering various schemes which can take care of the wants of the customers.

Marketing helps in achieving the organizational objectives of the bank. Indian banks have dual organizational objective – commercial objective to make profit and social objective which is a developmental role, particularly in the rural area.

Marketing concept is essentially about the following few things which contribute towards banks’ success:

The bank cannot exist without the customers.

The purpose of the bank is to create, win, and keep a customer.

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The customer is and should be the central focus of everything the banks does.

It is also a way of organizing the bank. The starting point for organizational design should be the customer and the bank should ensure that the services are performed and delivered in the most effective way. Service facilities also should be designed for customers' convenience.

Ultimate aim of a bank is to deliver total satisfaction to the customer.

Customer satisfaction is affected by the performance of all the personal of the bank.

All the techniques and strategies of marketing are used so that ultimately they induce the people to do business with a particular bank. Marketing is an organizational philosophy. This philosophy demands the satisfaction of customers needs as the pre-requisite for the existence and survival of the bank. The first and most important step in applying the marketing concept is to have a whole hearted commitment to customer orientation by all the employees. Marketing is an attitude of mind. This means that the central focus of all the activities of a bank is customer. Marketing is not a separate function for banks. The marketing function in Indian Bank is required to be integrated with operation.

Marketing is much more than just advertising and promotion; it is a basic part of total business operation. What is required for the bank is the market orientation and customer consciousness among all the personal of the bank. For developing marketing philosophy and marketing culture, a bank may require a marketing coordinator or integrator at the head office reporting directly to the Chief Executive for effective coordination of different functions, such as marketed research, training,

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public relations, advertising, and business development, to ensure customer satisfaction. The Executive Director is the most suitable person to do this coordination work effectively in the Indian public sector banks, though ultimately the Chief Executive is responsible for the total marketing function.

**Hence, the total marketing function involves the following:**

Market research i.e. identification of customer's financial needs and wants and forecasting and researching future financial market needs and competitors' activities.

Product Development i.e. appropriate products to meet consumers' financial needs.

Pricing of the service i.e., promotional activities and distribution system in accordance with the guidelines and rules of the Reserve Bank of India and at the same time looking for opportunities to satisfy the customers better.

Developing market i.e., marketing culture – among all the customer-consciousness 'Personnel' of the bank through training.

Thus, it is important to recognize the fundamentally different functions that bank marketing has to perform. Since the banks have to attract deposits and attract users of funds and other services, marketing problems are more complex in banks than in other commercial concerns.

### **WHY BANK MARKETING?**

#### **❖ Awareness Among Customers:**

Modern technology has made customers aware of the developments in the economic environment, which includes the financial system. Financial needs of the customers have grown multifold into various forms like quick cash accessibility, money transfer, asset security, increased return on surplus funds, financial advice, deferred payments etc. With a wide network of branches, even in a dissimilar banking scenario, customers expect the banks to offer a more and better service to match their demands and this has compelled banks to take up marketing in right earnest.

#### **❖ Quality As a Key Factor:**

With the opening up of the economy, fast change has been experienced in every activity, and banking has been no exemption. Quality is the

watchword in the competitive world, which is market driven and banks have had to face up to this emerging scenario. In fact, it may not be out of place to reiterate that quality will in future be the sole determinant of successful banking ventures and marketing has to focus on this most crucial need of the hour.

### ❖ **Growing Competition:**

Increased competition is being faced by the Indian banking industry from within the system with other agencies both, local and foreign, offering value added services. Competition is no more confined to resource mobilization

but also to lending and other areas of banking activity. The foreign commercial bank with their superior technology, speed in operations and imaginative positioning of their services has also provided the necessary impetus to the Indian banks to innovate and compete in the market place.

### ❖ **Technological Advances:**

Technological innovation has resulted in financial product development especially in the international and investment banking areas. The western experience has demonstrated that technology has not only made execution of work faster but has also resulted in greater availability of manpower for customer Contact.

### **FEATURES OF BANK MARKETING.**

- ❖ Banking product cannot be seen or touched like manufactured products (intangibility).
- ❖ In marketing banking products, the product and the seller are inseparable; they together define the banking product (inseparability).
- ❖ Banking products are products and delivered at the same time; they cannot be stored and inspected before delivering' (perishability).
- ❖ Standardization of banking product is difficult (variability).

### **INCREASING IMPORTANCE OF MARKETING IN BANKING INDUSTRY**

The various other factors which have led to the increasing importance of marketing in the banking industry are categorized as follows:

#### ➤ **Government Initiatives:**

The Indian economy embarked on the process of economic reform and various policy measures initiated by the government resulted in the increasing competition in the banking industry, thereby highlighting the importance of effective marketing. The Narasimhan Committee Report evidence of the Government's desire to 're-regulate' the banking industry so as to encourage efficiency through competition.

➤ **Deregulation of Interest Rates :**

The bank may reduce their Minimum Lending Rates so as to attract customers (individual and corporate). Such reduction in lending rates reduce the spread between the deposit rates and lending rates, i.e. the banks margins would decline and they would have to increase their volumes or provide attractive services so as to maintain profits. This calls for bank marketing.

➤ **Increasing Emphasis on Bank Profitability:**

With the Narasimhan Committee Report, banks have been directed to improve their efficiency, productivity and profitability. Banks are required to be self-sufficient. In fact, the report has adopted the BIS standards of capital adequacy (though in a phased manner).

➤ **Foreign Banks:**

Foreign banks offer stiff competition to the Indian Banks and with their superior services and technology offers them a competitive advantage. Thus Indian Banks have to effectively apply marketing concepts to attract customers.

➤ **Entry of New Private Banks:**

In the early '90s new competition emerged in the form of new Private Banks, who brought along with them a high technology-based banking matching with International Standards and have made a significant dent

in the banking business by capturing substantial share in the profits of the banking industry.

➤ **Reduction of Statutory Liquidity Ratio:**

With the Government's aim of reducing the SLR to 25 percent, the banks will have surplus funds for which they will have to attract users.

➤ **Increasing Urbanization, Education and Awareness:**

The higher literacy level, migration to urban areas and higher awareness due to the boom in the mass media has important implications for the retail banker. He needs to be conscious of the fact the increasing proportion of people are aware of financial service and are, therefore demanding and expecting higher quality services.

Decline in Traditional Indian Values (Borrowing as Taboo), Rising Consumerism, Rise in the Percentage of Working Women.

➤ **Technology Development;**

Modernization of Technology has facilitated the introduction of new banking services as to attract new customers. An example of this is the 'Automated Teller Machines' or the facility of 'Any Time Money'. Also in foreign countries, banks are experimenting with money transmission at Point of sale, e.g., petrol station linked with banking network.

### **MARKET SEGMENTATION**

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In Banking Services, the banks are expected to satisfy rural customers, urban customers, high-earning and low-earning customers, small-scale and large-scale entrepreneurs and so on.

Hence segmentation of market is considered to be important.

According to Philip Kotler, “Market segmentation is the sub-division of a market into homogenous sub-sets of customers where any sub-set may conceivably be selected on a market target to be reached with a distinct marketing mix”

### **Need for Segmentation**

Philip Kotler has described the dilemma of the seller (especially, a seller dealing with masses, e.g. banks) as follows:

“How the seller determines which buyer’s characteristics produce the best partitioning of a particular market? The seller does not want to treat all customers alike nor does he want to treat them all differently”.

Banks deal with individuals, group of persons and corporate, all of whom have their likes and dislikes. No bank can afford to assess the needs of each and every individual buyer (actual or potential).

Segmentation of the market into more or less homogenous groups, in terms of their needs and expectations from the banking industry, provides a solution to this problem.

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This involves dividing the market into major market segments, targeting one or more of these segments, and developing products and marketing programs tailor-made for these segments.

In the first segmentation, the market is divided from a unitary whole, to groups of buyers who might require separate products and marketing mix. The marketer typically tries to identify different segments in the market and develop profiles of resulting market segments.

The second step is market targeting in which each segment's attractiveness is measured and a target segment is chosen based on its attractiveness.

The third step is product positioning which is the act of establishing a viable competitive position of the firm and its offer in the target segment chosen.

In the process of segmentation, the market can be divided into major segments which are gross slices of the market, or into smaller specially formed segments, otherwise known as niches. Niche customers have a specific set of needs which the marketer tries to address. While a market segment attracts several competitors, a niche attracts fewer competitors and therefore, a company should clearly define its target segment and devise strategies to target the customer, so that it has a competitive advantage in the segment.

These concepts can be applied in personal banking by an Indian Bank. Traditionally, Indian Banks have not had any conscious strategy for selecting customers from the personal banking area, apart from some banks which have a geographic concentration strategy such as concentrating on a particular region or state. These banks will have to segment the market on certain basis, and identify market segments or niches which they want to cater to. For example, a bank like SBI may not be able to cater high income groups (say, managers, professional, NRIs, etc. who earn above Rs. 4,00,000 p.a. and who want a higher quality of products / services and who are willing to pay for them), as the services required by such a profile of customers are entirely different from the kind of products / services SBI can offer.

### **STRATEGIES FOR EFFECTIVE BANK MARKETING IN INDIA**

#### **Introduction:**

Since the inception of globalization in India, banking sector has undergone various changes. Introduction of asset classification and prudential accounting norms, deregulation of interest rate and opening up of the financial sector made Indian banking sector competitive. Encouragement to foreign banks and private sector banks increased competition for all operators in banking sector. The protective regime by the authority is over. Indian banks are exposed to global competition. Even competition within the country has increased manifold. The almost monopoly position enjoyed by the public sector banks of India is no

more existence. Under this development Indian banks needs to reinvent the marketing strategy for growth.

The spread of the bank in Indian rural and semi urban areas are highly different from state to state and region to region. Many states have fewer networks of bank branches in the rural areas. Under such scenario different marketing approach for different areas is required. If the bank follows the same marketing strategy for all areas the success would be difficult.

### **Marketing approach for urban area:**

The urban areas of India are developed taking into account all parameters of development. The level of income of the people, the literacy rate and level of education as well as awareness of the people about rights of the customer are higher than that of the rural and even semi urban areas. Thus here for effective bank marketing different approach is necessary than that of rural areas.

The marketing strategy should be based on customer service and the use of modern technology in banking. Under competitive environment for the success of the business, better customers and retaining existing customers is possible only with customer service. Use of modern technology in urban areas will also go long way for marketing of banking services. Technology based service like credit card, debit card, ATM, anywhere banking, internet banking, and mobile banking are necessary for urban areas. This is because it enables customers to perform banking transactions at their convenience. Business hours of a

bank are also an important factor for urban banking. India many private sector banks, especially co-operative banks and now even some of the public sector banks have also started this practice and they find it successful. To attract business and wholesale customers, banks need to adopt technology based product and service which is suitable to such class of customer. For instance RTGS, collection of out station cheques, issuing the cheques at par at any branch in the country, cash management facility, etc. are necessary.

Another strategy for effective marketing is bank need to change the focus from the traditional banking to universal banking. In urban areas the extend and variety of economic activities demands that one institution should meet all financial need of a customer. Under such an expectation of people universal banking would prove successful approach for bank marketing. The term 'universal banking' in general refers to the combination of commercial banking and investment banking, i.e., issuing, underwriting, investing and trading in securities.

A universal bank is a supermarket for financial products. Under one roof, corporate can get loans and avail of other handy services, while individuals can bank and borrow.

For increasing customer base and retention of the existing cliental universal banking approach is effective strategy. Universal banking offers number of benefits to customers as well as the banks. For instance, economies of scale arise in multi-product firms because costs of offering various activities by different units are greater than the costs when they are offered together.

Universal banking with focus on retail customers made the HDFC banks to acquire first position in Indian banking sector. Universal banking approach is beneficial to bank also. For banks economies of scale relate to cost-savings through sharing of overheads and improving technology by jointly providing generically similar groups of services. Since universal banking basically provides financial services the inputs like manpower, infrastructure is more or less same. Necessary changes in the inputs can be made easily. For instance training can be given to staff for providing different financial services to customers. Moreover the most important benefit for the bank is that it is useful to increase the fee based income of the bank. Financial sector passing from lower interest rate regime at present and added to this the process of disintermediation is affecting the main and the traditional source of income for the banks i.e. interest income.

### **Marketing approach for rural areas:**

Prior to nationalization of banks in 1969, the rural areas were virtually without banking facility. At that time unorganized sector was dominating in the rural finance. After nationalization of banks in 1969 branches of the banks were started gradually in the rural areas also. To day more than 50 percent branches of the banks are found in the rural areas. However, the distribution of banks in the rural areas is highly uneven. Here banks have to face competition with the unorganized sector. Moreover the rural banking is highly regularized activity by the Government in India. Lending as well as interest rate is regularized.

Thus under such environment different marketing approach is required. For effective rural marketing product development, promotion and communication is important.

All these parameters banks have to balance with socio-economic factors prevailing in the rural areas. Bank need to innovate product that could attract the depositors. Various loan schemes that are suitable for them for getting funds at right time and also they find convenient to repay. For instance traditional saving bank account may be given fixed deposit concept that once a particular limit of balance is reached the funds from saving account is automatically converted into fixed deposit attracting higher interest rate.

Banks need to develop some scheme which would attract them to bank with. For loans and advances products which are suitable to traders, small traders, small scale agro based rural industries are already in existence. Banks need to see the how value addition can be mad to these existing schemes. Banks also needs to tie up with Non Government Organizations and various Self Help Group for different types of loans, micro financing etc. This will help the bank for building good image and reputation in the rural areas over and above the business. Another potential area which can be explored by the banks in the rural area is retail banking. With the steady increase in the income of the rural people there is ample scope for retail loan products like housing loans and loan for consumer durables.

Marketing through customer services in rural areas is different from that of urban areas. Here personalized banking is the success mantra for banks. Because of high level of illiteracy people prefer to undertake

banking transaction themselves. They hesitate to depend upon technology based service. For effective marketing in rural areas bank should have staff with right soft skill like concern for customers' problem, positive attitude, good communication and negotiation skill. At every level of dealing with the customer bank need to educate them for banking activities and process. To attract the customers from the unorganized sector most important factor is to provide, the borrower the required finance of right amount at right time.

### **BANK MARKETING IN THE INDIAN PERSPECTIVE**

The level of income, expectations, the rate of literacy, the geographic and demographic considerations, the rural or urban orientation, the changes in economic systems the frequent use of, technologies are some of the key factors governing the development plan of an organization. To be more specific in a welfare country like ours, the public sector commercial banks are supposed to play a decisive role in fuelling the processes of socio-economic emancipation. This makes it clear that the banking organization need a new vision, a new approach and an innovative strategy. They are supposed to bring about greater mobility in the financial resources to cater to the changing socio-economic requirements. Willingly or unwillingly, they have also to bear the social costs by advancing credit facilities to the weaker sections and the

vulnerable regions. The foreign banks and a few of the private sector commercial banks have been found making sincere efforts to improve the quality of their services. The customers in general appreciate the functional style and service mix of foreign banks. This makes a strong advocacy favour of practicing marketing principles in the public sector commercial banks.

The nationalization of the Reserve Bank of India is a landmark in the development of Indian banking system which in a true sense paved avenues for qualitative-cum quantitative improvements. Acquisition of extensive powers of supervision and control by the Reserve Bank of India under the Banking Regulations 1949 opened new vistas for the expansion of banking facilities. The structure of public sector bank was further strengthened in 1959. To curb concentration of economic power and promote a judicious use of the financial resources for the economic development activities, the banking system was regulated and supervised by the RBI subsequently in 1969 the Government acquired a direct control over a substantial segment of the banking system signifying its commitment to reshape the banking system so as to meet progressively and serve better the needs of the development of economy in conformity with the changing national policy and objective. The fruitful results of nationalization of few commercial banks in 1969 encouraged the government to nationalize more commercial banks in 1980.

These developments necessitated a fundamental change in the functional responsibilities of the public sector commercial banks. Here it is pertinent to mention that nationalization was with the motto of improving the quality of services but the public sector commercial banks

started disappointing the masses. Of late, the quality of services is so poor that customers in general are found dissatisfied. This makes it essential that the Reserve Bank of India and the policy makers of the public sector commercial banks think in favour of conceptualizing modern marketing principles which would bring a radical change in the process of quality upgradation.

The first task before the public sector commercial banks is to formulate the marketing mix which suits the national socio-economic requirements. They need to synchronise the core and peripheral services in such a way that product attractiveness is increased substantially. To be more specific the peripheral services need frequent innovation, since this would be helpful in excelling competition. The personal selling and public relations activities need an intensive care. It is pertinent to mention that the leading foreign banks have been found promoting telemarketing and the public sector commercial banks need to make it possible. Since we have world class communication technologies, the task is easier. The word-of-mouth promotion also needs due care and for that we need to improve the quality of services vis-à-vis the cooperation of opinion leaders. The Reserve Bank of India and the Indian Banking Association need an attitudinal change. The boardrooms also need to change their attitudes. The gap between the services-promised and services-offered is required to be bridged over. This requires professional excellence. The professionals need to make possible a fair synchronisation of performance-orientation and employee orientation. This is not possible unless the banking regulations are made liberal. The quality of people/employees serving the banking organizations needs an overriding priority. The bankers need to know about the behavioural

management. The front-line-staff need empathy in their behaviour. This requires intensive training facilities. The domination of trade unions is required to be minimized. The contractual job system needs due attention. The bank professionals need to assign due weightage to their physical properties. They are supposed to look smart, active and attractive. Thus we need multi-dimensional changes which make a strong advocacy in favour of implementing the innovative marketing principles.

In view of the All this, it is right to mention that in the face of new perception of quality developed by the foreign and private sector commercial banks, the public sector commercial banks have no option but to improve the quality of services. The marketing principles bear the efficacy of initiating qualitative improvements. It is against this background that we go through the problem of bank marketing. Of late the foreign banks have been found promoting the use of sophisticated information technologies. This makes it essential that we realise gravity of the situation and make possible a rational use of technologies which is not to aggravate the problem of retrenchment. The marketing principles would be helpful in making an assault on the multi-dimensional problems. Of course, we find good auguries because the policy makers have been found exploring ways for implementing the marketing principles but till now, the efforts are at the very nascent stage. It is high time that the public sector commercial banks conceptualise innovative marketing for bringing the banking system on the rail.

### **BANK MARKETING IN GLOBALISE SCENARIO - EMERGING CHALLENGES**

“Change” is a continuous process and banking industry is no exception to this law which is natural. Due to the implementation of the financial sector reforms and policies for the country change in the banking industry is inevitable.

The main aim of the financial sector reforms is to promote an efficient, competitive and diversified financial system in the country. After liberalization and globalization process that was initiated in 1991, the Indian banking industry has undergone tremendous transformation. These changes have forced the Indian banking industry to adjust the product mix and to remain competitive in the globalized environment.

In order to accommodate the changes and the challenges those are taking place in the present globalization scenario, the Indian banking industry has to re-orient its strategy towards marketing of banking services. New ways and means have to be found to compete in the future and to survive with profits and business growth.

The following are some of the vital challenges that threaten the Indian banking industry.

- **Competition from foreign banks and now new private sector banks:**

The competition in the Indian banking industry have intensified with the entry of more and more foreign banks and now private sector banks, with better technology, market orientation and cost-effective measures. Financial institutions have also started entering into the domain of banks. The share of business of public sector banks has considerably declined. Hence there is a compelling need for the Indian banking Industry to either change or modify its marketing strategy in order to attract the customers and also to withstand the stiff competition from foreign banks and new private sector banks.

➤ **Technological advancement:**

The methodology of banking business has drastically altered due to the advent of technology both in terms of computers and communication. It has opened new vistas in the banking sector and in turn has brought new possibilities for doing the same work differently and in a most cost-effective manner. With the help of technology it is now possible to have 24 hours day banking and all seven days in a week. New business potentials and opportunities which have remained unexplored have not opened up with Tele banking, Internet banking and E-banking.

➤ **Innovation:**

Innovation is another important force of change in the Indian banking sector. Now-a-days banks have become innovative and pro-active and offer top-class service to the customers. They play a dynamic role not only as a finance provider but also as a departmental store of finance. Due to this new instruments and new products like factoring, leasing, merchant banking, forfeiting, venture capital, corporate advisory

services are emerging. These innovative services may increase the revenue with cost effective measures.

➤ **Diversified Activities:**

There is a universal trend towards banks diversification normally through insurance depository participant services, investment banking etc. furthermore banks have diversified their activities by rendering various services like depositing gold, sale of gold, paying tax liability and telephone bills and collecting interest on securities on behalf of the customers. All these diversified activities have made the banks to develop and offer consultancy counseling and customer designed packages for efficient management of funds. The banks traditional role as financial intermediaries is gradually assuming lesser importance in their overall business as the banks diversify their activities and redefine their roles. It is important to note that the percentage of non-interest income is increasing and the interest income of the banks is decreasing. This shows that the income through services exceeds the income through lending's.

### **TECHNOLOGY IN BANKING**

Technology is proving to be a vital tool in enhancing banking activities around the globe. The advent of ATMs, and Internet Banking are key pointers to this. The role of an information system can in no way be underestimated. The expanding role of information systems have aided banks achieving Anytime, Anywhere and Anyhow banking. The improvement in telecommunication infrastructure is redefining the banking which is being conducted.

Information Technology made its presence felt in banks in India a few decades ago. However, it is still being used as support systems. Most of the software packages used in bank work on stand-alone systems and are not integrated.

Banks in India need to have an integrated system that takes care of all the front-office and back-office operations. However, Indian banks should not be content with the integration of their activities. Banks in advanced countries are planning to have global electronic banking. Electronic banking or e-Banking is a generic name for a range of technologies that allow the electronic exchange of information related to banking transactions.

As Electronic Networks become more robust and widespread, they are beginning to attract the attention of retail banks – like ATMs and phone banking. However they tend to be viewed merely as one more cheap distribution channel. Accordingly banks are replicating the branch

banking experience online, even to the extent of creating 3D virtual branches for their customers to navigate through. Such an approach is characteristic of early attempts to use new technology platform.

### **ATM(Automated Teller Machines):**

Traditionally, banking players relied extensively on their reach to effectively put emerging banks out of competition. This forced new banks develop strategies, that could help them reach out to end-customers cost effectively. The solution came in the form of a delivery channel known as Automated Teller Machines or ATMs. And when new private banks started installing ATMs across the length and breadth of the country, customers started flocking in droves.

### **Internet Banking:**

The other important delivery channel, from a bank's perspective & Internet banking. The adoption of Internet banking by the bank's customers is important since the costs per transaction are even lower than those of an ATM. A net-based transaction costs the bank only around Rs. 4. Thus, banks are trying to get customers to switch over to this mode of banking registered users for Internet banking in India at over two million currently.

It represent a significant opportunity for banks. In addition, as a delivery channel, Internet banking does not require physical infrastructure, thus saving on prohibitive real estate costs.

### **Roadblocks:**

While Internet banking is a potential and powerful delivery channel, it has failed to make a significant impact due to a variety of reasons. RBI

in its report, 'Trend and progress of Banking in India, 2001-02, says Internet banking has failed to take off due to a combination of psychological, technological and socio-economic factors. Further, the report states that additional hurdles relating to legal and infrastructural problems have also affected growth.

Although the government has made considerable progress in initiating a trust environment, with some Public Certification Authorities (PCA) already licensed to operate, the adoption of trust technology is still a daunting factor for many users. What needs to be developed is a simple way of integrating trust into online banking services.

### **Mobile Banking**

#### **What's M-Banking?**

M-Banking allows a customer to request for account balance, cheque books, cheque status, demand drafts, and banker's cheques as well as stop payments, make fixed deposits enquiry and transfer bills online. HDFC customers, for instance, can pay their Max Touch and BPL Mobile both provides cellular services – Bombay State Electricity Supply, and Maharashtra State Electricity Board bills. Says Shyamlal Saxena, 33, Vice President (Liabilities Product Management), HDFC: "WE are, in a sense, content providers of banking information."

#### **Is it Better?**

M-banking is no different from Net Banking; in fact it has many limitations. You still cannot transfer fund from one bank to another and, given the high air-time charges, it works out much more expensive than

Net Banking. And for the mobile phone to access a site, the contents must be in Wireless Markup Language.

Once the mobile users' population grows, access rates will fall, allowing customers to use more air-time. By then, the Reserve Bank of India would also have put its own gateway in place to do online what it does today on paper.

M-banking uses two kinds of communication technologies. One is WAP (Wireless application Protocol) and the other is SMS (Short Messaging Services). WAP is more user-friendly, as it allows download of graphic information. SMS, in contrast, allows text-only access. But as the time taken to download text is much less compared to graphics, SMS is cheaper to use.

### **Future Delivery Channels:**

Among all the delivery channels used by banks today, ATMs remain the most successful, followed by telephone banking and Internet banking. But the biggest potential could lie in mobile banking. With cellphone tariffs falling and increased bandwidth, the potential for banking player to tap this channel is enormous. Says Raman," The future delivery channel will have various mobile portals using technologies such as GRPS. The customer would prefer to do banking transactions not only anytime, anywhere, but also through any device. With the current rate of evolution in the wireless industry, the mobile channel is poised to become the defector banking channel within the next three years."

## **Bank Marketing**

One more important factor to consider in the evolution of delivery channels is the requirement of a multi-channel architecture which should support all future delivery channels, while also seamlessly integrating with existing delivery channels. This is the reason why a majority of banks still have not launched Internet banking as a feature, since most do not have backend integration. Effectively, this means that if a person holding an account with the bank wants to apply for a loan, he would have to enter the same details already disclosed earlier to the bank.

### **Marketing By HDFC Bank.**



**WE UNDERSTAND YOUR WORLD**

### **Intoduction**

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an '**in principle**' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995.

HDFC is India's premier housing finance company and enjoys an impeccable track record in India as well as in international markets. Since its inception in 1977, the Corporation has maintained a consistent and healthy growth in its operations to remain the market leader in mortgages. Its outstanding loan portfolio covers well over a million dwelling units. HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With its experience in the financial markets, a strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment.

HDFC Bank began operations in 1995 with a simple mission: to be a **“World Class Indian Bank.”** They realized that only a single minded focus on product quality and service excellence would help them get there. Today, they are proud to say that they well on their way towards that goal.

### **TECHNOLOGY USED IN HDFC BANK**

In the era of globalization each and every sector faced the stiff competition from their rivals. And world also converted into the flat from the globe. After the policy of liberalization and RBI initiatives to take the step for the private sector banks, more and more changes are taking the part into it. And there are create competition between the private sector banks and public sector bank. Private sector banks are today used the latest technology for the different transaction of day to day banking life. As we know that Information Technology plays the

## **Bank Marketing**

vital role in the each and every industry and gives the optimum return from the limited resources. Banks are service industries and today IT gives the innovative Technology application to Banking industries. HDFC BANK is the leader in the industries and today IT and HDFC BANK together combined they reached the sky. New technology changed the mind of the customers and changed the queue concept from the history banking transaction. Today there are different channels are available for the banking transactions. We can see that the how technology gives the best results in the below diagram. There are drastically changes seen in the use of Internet banking, in a year 2001 (2%) and in the year 2009 (25%).

This type of technology gives the freedom to retail customers.

Centralized Processing Units	⇒	Derived Economies of Scale
Electronic Straight Through Processing	⇒	Reduced Transaction Cost
Data Warehousing , CRM	⇒	Improve cost efficiency, Cross sell
Innovative Technology Application	⇒	Provide new or superior products

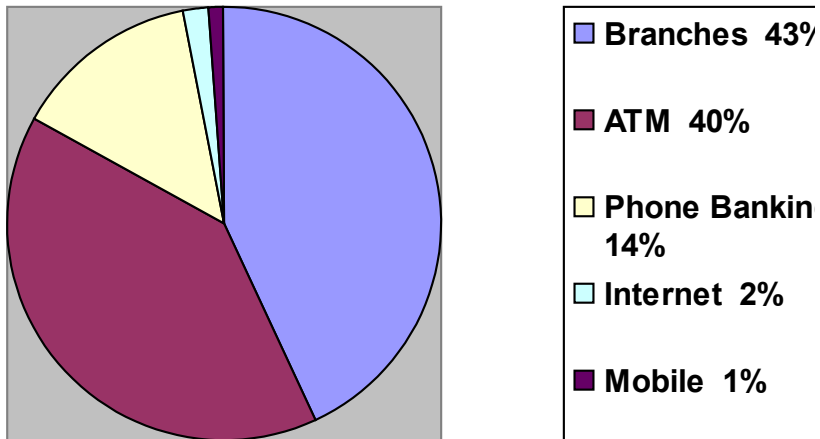
HDFC BANK is the very consistent player in the New private sector banks. New private sector banks to withstand the competition from

## **Bank Marketing**

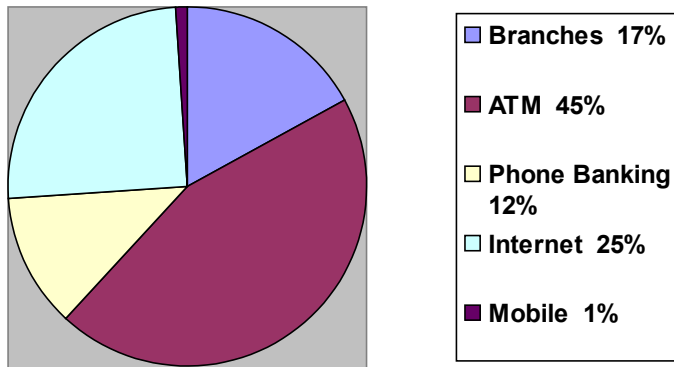
public sector banks came up with innovative products and superior service.

### **Distribution Strategy**

**2001**



**2009**



(% customer initiated Transaction by Channel)

### **7 P'S OF MARKETING FOR HDFC BANK**

#### **Product Mix**

##### **1) Deposits**

HDFC Bank offers wide variety of Deposit Products to suit our requirements. Coupled with convenience of networked branches/ over 1800 ATMs and facility of E-channels like Internet and Mobile Banking, HDFC Bank brings banking at your doorstep.

**Savings Account:** HDFC Bank offers a power packed Savings Account with a host of convenient features and banking channels to transact through.

**Senior Citizen Services:** The Senior Citizen Services from HDFC Bank has several advantages that are tailored to bring more convenience and enjoyment in your life.

## ***Bank Marketing***

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**Young Stars:** It's really important to help children learn the value of finances and money management at an early age. Banking is a serious business, but we make banking a pleasure and at the same time children learn how to manage their personal finances.

**Fixed Deposits:** Safety, Flexibility, Liquidity and Returns!!!! A combination of unbeatable features of the Fixed Deposit from HDFC Bank.

**Recurring Deposits:** Through HDFC Bank Recurring Deposit you can invest small amounts of money every month that ends up with a large saving on maturity. So you enjoy twin advantages- affordability and higher earnings.

**Roaming Current Account:** Only Roaming Current Account from HDFC Bank travels the distance with your business. You can access your accounts at over 500 networked branches across the country.

**Bank @ Campus:** Thanks to bank@campus, child can now surf the Net and access all the details of his / her account at the click of a mouse! No need to visit the bank branch at all.

**HDFC Bank Salary Account:** is a benefit-rich payroll account for Employers and Employees. As an organization, you can opt for our Salary Accounts to enable easy disbursements of salaries and enjoy numerous other benefits too.

### **2) Investments.**

Along with Deposit products and Loan offerings, HDFC Bank assists you to manage your finances by providing various investment options such as:

- HDFC Bank Tax Saving Bonds
- Government of India Bonds
- Investment in Mutual Funds
- Initial Public Offers by Corporate
- Investment in "Pure Gold"
- Foreign Exchange Services
- Senior Citizens Savings Scheme

### **3) Anywhere Banking.**

HDFC Bank is the second largest bank in the country. It services a customer base of more than 5 million customer accounts through a multi-channel access network. This includes more than 500 branches and extension counters, over 1800 ATMs, Call Centre and Internet Banking.

Thus, one can access the various services HDFC Bank has to offer at anytime, anywhere and from anyplace.

### **4) Loan.**

- a) Home Loans
- b) Personal Loans
- c) Car Loans
- d) Two Wheeler Loans
- e) Commercial Vehicle Loans
- f) Loans against Securities
- g) Farm Equipment Loans
- h) Construction Equipment Loans
- i) Office Equipment Loans

j) Medical Equipment Loans

### **5) Cards.**

- a) Credit Card
- b) Debit cum ATM Card
- c) Travel Card

### **6) Demat Services.**

HDFC Bank Demat Services boasts of an ever-growing customer base of over 7 lacs account holders. In their continuous endeavor to offer best of the class services to our customers we offer the following features:

- Digitally signed transaction statement by e-mail.
- Corporate benefit tracking.
- e-Instruction facility - facility to transfer securities 24 hours a day, 7 days a week through Internet Interactive Voice Response (IVR) at a lower cost.
- Dedicated specially trained customer care executives at their call centre, to handle all queries.

### **7) Mobile Banking.**

With HDFC Bank, banking is no longer what it used to be. HDFC Bank offers Mobile Banking facility to all its Bank, Credit Card and Demat customers. HDFC Bank Mobile Banking enables you to bank while being on the move.

### **8) NRI Services**

**ONLINE MONEY TRANSFER** facility available to NRIs worldwide through [www.money2India.com](http://www.money2India.com) at the click of a button!

#### **Benefits:**

- FREE Money transfers into accounts with over 30 banks in India
- Demand Drafts issued and payable at over 1250 locations in India
- ONLINE Tracking of the status of your funds
- SUPERIOR Exchange rates
- OFFLINE MONEY TRANSFER facility is also available across geographies through
- Our local branches and in association with partner banks/ exchange houses.

#### **Pricing Mix**

The pricing decisions or the decisions related to interest and fee or commission charged by banks are found instrumental in motivating or influencing the target market.

The RBI and the IBA are concerned with regulations. The rate of interest is regulated by the RBI and other charges are controlled by IBA.

The pricing policy of a bank is considered important for raising the number of customers' vis-à-vis the accretion of deposits. Also the quality of service provided has direct relationship with the fees charged. Thus while deciding the price mix customer services rank the top position.

The banking organizations are required to frame two- fold strategies. First, the strategy is concerned with interest and fee charged and the second strategy is related to the interest paid. Since both the strategies throw a vice- versa impact, it is important that banks attempt to establish a correlation between two. It is essential that both the buyers as well as the sellers have feeling of winning.

### **Pricing Bank Products Starts With Three Basic Questions.**

#### **1. What rate does the bank need to meet its financial objectives?**

The answer is, “it depends.”

Some considerations for loan and deposit pricing are:

- ROA or ROE objectives
- Related income taxes
- Earning assets to total assets
- Equity-to-asset ratio
- Cost to service earning assets being funded or deposits funding an earning asset
- Pricing for the activities and risks associated with the product
- Rate tiers based on product balances
- Asset and liability mix

Another element to consider in the pricing of earning assets is the risk of loss. Most notably, this is relevant in loan pricing. Many banks assign a risk weighting to individual loans over a certain size or based on loan type and assign a credit risk charge based on those ratings.

Customer relationships are difficult to assign a value to in the pricing process. Customers will generally press for some price concessions in consideration of other relationships they have with the bank.

Asset and liability mix also impacts pricing results. Generally speaking, banks operating with higher loan-to-asset ratios are able to afford to pay more for deposits. Likewise, banks can afford to be more competitive on certain deposit products if they have fewer maturities in a particular timeframe or less total outstanding balances in a product line.

### **2. What is the market rate for the core product?**

Customers have more distribution channels available to them today than at any other point in history. In the past 10 years, the number of bank locations has increased 20%. Of course, there are the mortgage bankers, the Internet, and a host of other financial service providers competing for your customer's loan and deposit business.

The point is, the competitive marketplace always ensures that if a financial institution is charging too much for loans or paying too little for deposits, its share of the market will likely dwindle as existing and prospective customers find alternative providers. You can do the entire math you want to determine required pricing points, but if you're pricing is uncompetitive, your market share will shrink.

### **3. What would the bank have to do to sales and operations to make its rates the most competitive in its market?**

## **Bank Marketing**

Pricing is a key issue for the associates who sell bank products to your customers. The fact is, lenders want the lowest rates, and people dealing with depositors want to pay the highest rates. You need the right balance of fee income, strategies to reduce operating costs, and a healthy asset and liability mix to change your required pricing.

### **Place Mix**

This component of marketing mix is related to the offering of services. The services are sold through the branches.

The 2 important decision making areas are: making available the promised services to the ultimate users and selecting a suitable place for bank branches.

The number of branches of HDFC: 1900 in India and 33 in Mumbai.

### **Why they select this place as branch?**

- The selection of a suitable place for the establishment of a branch is significant with
  - the view point of making place accessible.
  - The safety and security provisions a
  - Convenient to both the parties, such as the users and the bankers
  - Infrastructure facility
  - Near to station and located on s. v. road well crowded area.
  - Market coverage

### **Promotion Mix**

- ❖ **Advertising:** Television, radio, movies, theatres
- ❖ **Print media:** hoardings, newspaper, magazines
- ❖ **Publicity:** road shows, campus visits, sandwich man, Sponsorship
- ❖ **Sales promotion:** gifts, discount and commission, incentives, etc.
- ❖ **Personal selling:** Cross-sale (selling at competitors place), personalized service

### **Process**

Flow of activities: all the major activities of HDFC banks follow RBI guidelines. There has to be adherence to certain rules and principles in the banking operations. The activities have been segregated into various departments accordingly.

**Standardization:** HDFC bank has got standardized procedures got typical transactions. In fact not only all the branches of a single-bank, but all the banks have some standardization in them. This is because of the rules they are subject to. Besides this, each of the banks has its standard forms, documentations etc. Standardization saves a lot of time behind individual transaction.

**Customization:** There are specialty counters at each branch to deal with customers of a particular scheme. Besides this the customers can select their deposit period among the available alternatives.

**Number of steps:** numbers of steps are usually specified and a specific pattern is followed to minimize time taken.

**Simplicity:** in HDFC banks various functions are segregated. Separate counters exist with clear indication. Thus a customer wanting to deposit money goes to ‘deposits’ counter and does not mingle elsewhere. This makes procedures not only simple but consume less time. Besides instruction boards in national boards in national and regional language help the customers further.

### **Physical Evidences.**

Physical evidence is the material part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues. There are many examples of physical evidence, including some of the following:

- Internet/web pages
- Paperwork
- Brochures
- Furnishings
- Business cards
- The building itself (such as prestigious offices or scenic headquarters)

The physical evidences also include signage, reports, punch lines, other tangibles, employee’s dress code etc.

## ***Bank Marketing***

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**Signage:** each and every bank has its logo by which a person can identify the company. Thus such signages are significant for creating visualization and corporate identity.

**Financial reports:** The Company's financial reports are issued to the customers to emphasis or credibility.

**Tangibles:** bank gives pens, writing pads to the internal customers. Even the passbooks, chequebooks, etc reduce the inherent intangibility of services.

**Punch lines:** punch lines or the corporate statement depict the philosophy and attitude of the bank. Banks have influential punch lines to attract the customers.

**Employee's dress code:** HDFC bank follows a dress code for their internal customers. This helps the customers to feel the ease and comfort.

### **The People**

All people directly or indirectly involved in the consumption of banking services are an important part of the extended marketing mix.

Knowledge Workers, Employees, Management and other Consumers often add significant value to the total product or service offering.

## ***Bank Marketing***

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It is the employees of a bank which represent the organization to its customers.

In a bank organization, employees are essentially the contact personnel with customer. Therefore, an employee plays an important role in the marketing operations of a service organization.

To realize its potential in bank marketing, HDFC become conscious in its potential in internal marketing - the attraction, development, motivation and retention of qualified employee-customers through need meeting job-products. Internal marketing paves way for external marketing of services. In internal marketing a variety of activities are used internally in an active, marketing like manner and in a coordinated way.

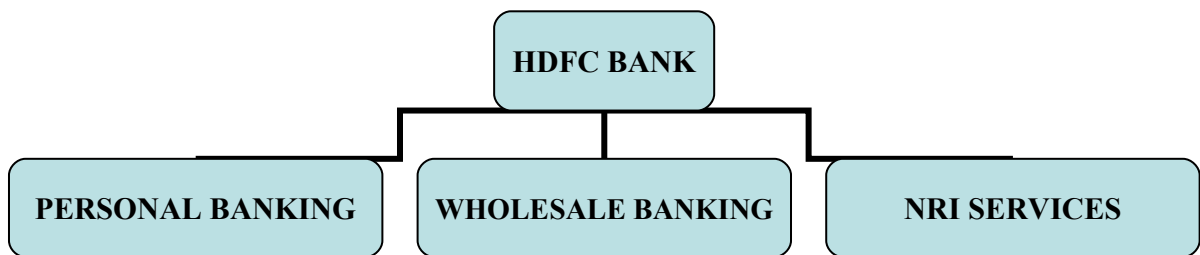
The starting point in internal marketing is that the employees are the first internal market for the organization.

The basic objective of internal marketing is to develop motivated and customer conscious employees.

A service company can be only as good as its people. A service is a performance and it is usually difficult to separate the performance from the people.

If the people don't meet customers' expectations, then neither does the service. Therefore, investing in people quality in service business means investing in product quality.

**PRODUCT PORTFOLIO OF HDFC BANK**



## **Personal Banking**

<b>Loan Product</b>	<b>Deposit Product</b>	<b>Investment &amp; Insurance</b>
<ul style="list-style-type: none"><li>• Auto Loan</li><li>• Loan Against Security</li><li>• Loan Against Property</li><li>• Personal loan</li><li>• Credit card</li><li>• 2-wheeler loan</li><li>• Commercial vehicles finance</li><li>• Home loans</li><li>• Retail business banking</li><li>• Tractor loan</li><li>• Working Capital Finance</li><li>• Construction Equipment Finance</li><li>• Health Care Finance</li><li>• Education Loan</li><li>• Gold Loan</li></ul>	<ul style="list-style-type: none"><li>• Saving a/c</li><li>• Current a/c</li><li>• Fixed deposit</li><li>• Demat a/c</li><li>• Safe Deposit Lockers</li></ul>	<ul style="list-style-type: none"><li>• Mutual Fund</li><li>• Bonds</li><li>• Knowledge Centre</li><li>• Insurance</li><li>• General and Health Insurance</li><li>• Equity and Derivatives</li><li>• Mudra Gold Bar</li></ul>

## **Bank Marketing**

<b>Cards</b>	<b>Payment Services</b>	<b>Access To Bank</b>
<ul style="list-style-type: none"> <li>• Credit Card</li> <li>• Debit Card</li> <li>• Prepaid Card</li> </ul> <hr style="border-top: 1px dashed black;"/> <p style="text-align: center;"><b>Forex Services</b></p> <hr style="border-top: 1px dashed black;"/> <ul style="list-style-type: none"> <li>• Product &amp; Services</li> <li>• Trade Services</li> <li>• Forex service</li> <li>Branch Locator</li> <li>• RBI Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• NetSafe</li> <li>• Merchant</li> <li>• Prepaid Refill</li> <li>• Billpay</li> <li>• Visa Billpay</li> <li>• InstaPay</li> <li>• DirectPay</li> <li>• VisaMoney</li> </ul> <p>Transfer</p> <ul style="list-style-type: none"> <li>• e-Monies</li> </ul> <p>Electronic Funds Transfer</p> <ul style="list-style-type: none"> <li>• Online</li> </ul> <p>Payment of Direct Tax</p>	<ul style="list-style-type: none"> <li>• NetBanking</li> <li>• OneView</li> <li>• InstaAlert</li> </ul> <p>MobileBanking</p> <ul style="list-style-type: none"> <li>• ATM</li> <li>• Phone Banking</li> <li>• Email Statements</li> <li>• Branch Network</li> </ul>

## Wholesale Banking

<b>Corporate</b>	<b>Small and Medium Enterprises</b>	<b>Financial Institutions and Trusts</b>
<ul style="list-style-type: none"> <li>• Funded Services</li> <li>• Non Funded Services</li> <li>• Value Added Services</li> <li>• Internet Banking</li> </ul>	<ul style="list-style-type: none"> <li>• Funded Services</li> <li>• Non Funded Services</li> <li>• Specialized Services</li> <li>• Value added services</li> <li>• Internet Banking</li> </ul>	<p><b><u>BANKS</u></b></p> <ul style="list-style-type: none"> <li>• Clearing Sub-Membership</li> <li>• RTGS – sub membership</li> <li>• Fund Transfer</li> <li>• ATM Tie-ups</li> <li>• Corporate Salary a/c</li> <li>• Tax Collection</li> </ul> <p><b><u>Financial Institutions</u></b></p> <p><b><u>Mutual Funds</u></b></p> <p><b><u>Stock Brokers</u></b></p> <p><b><u>Insurance Companies</u></b></p> <p><b><u>Commodities Business</u></b></p> <p><b><u>Trusts</u></b></p>

## **NRI Services**

<b>Accounts &amp; Deposits</b>	<b>Remittances</b>
<ul style="list-style-type: none"> <li>• Rupee Saving a/c</li> <li>• Rupee Current a/c</li> <li>• Rupee Fixed Deposits</li> <li>• Foreign Currency Deposits</li> <li>• Accounts for Returning Indians</li> </ul>	<ul style="list-style-type: none"> <li>• North America</li> <li>• UK</li> <li>• Europe</li> <li>• South East Asia</li> <li>• Middle East</li> <li>• Africa</li> <li>• Others</li> </ul> <hr/> <p><b>Quick remit</b>  <b>IndiaLink</b>  <b>Cheque LockBox</b>  <b>Telegraphic/ Wire Transfer</b>  <b>Funds Transfer Cheques/DDs/TCs</b></p>
<b>Investment &amp; Insurances</b>	<b>Loans</b>
<ul style="list-style-type: none"> <li>• Mutual Funds</li> <li>• Insurance</li> <li>• Private Banking</li> <li>• Portfolio Investment Scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Home Loans</li> <li>• Loans Against Securities</li> <li>• Loans Against Deposits</li> <li>• Gold Credit Card</li> </ul>
<b>Payment Services</b>	<b>Access To Bank</b>
<ul style="list-style-type: none"> <li>• NetSafe</li> <li>• BillPay</li> <li>• InstaPay</li> <li>• DirectPay</li> <li>• Visa Money</li> </ul>	<ul style="list-style-type: none"> <li>• NetBanking</li> <li>• OneView</li> <li>• InstaAlert</li> <li>• ATM</li> <li>• PhoneBanking</li> </ul>

<ul style="list-style-type: none"><li>• Online Donation</li></ul>	<ul style="list-style-type: none"><li>• Email Statements</li><li>• Branch Network</li></ul>
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### **HDFC SAVINGS ACCOUNT**

Detailed Information about the product – savings account of HDFC Bank:

### **SAVINGS ACCOUNT**

- **Regular savings Account:**



An easy-to-operate savings account that allows you to issue cheques, draw Demand Drafts and withdraw cash. Check up on your balances from the comfort of your home or office through [NetBanking](#), [PhoneBanking](#) and [MobileBanking](#).

#### **Features & benefits**

- Wide network of branches and over thousand ATMs to meet all your banking needs no matter where you are located.

- Bank conveniently with facilities like NetBanking and MobileBanking- check your account balance, pay utility bills or stop cheque payment, through SMS.
- Never overspend- Shop using your International Debit Card that reflects the actual balance in your savings account.
- Avail of facilities like Safe Deposit Locker, Sweep-In and Super Saver facility on your account.

- **No Frills Savings Account:**



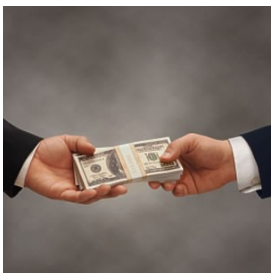
In an effort to make banking simpler and more accessible for our customers, we have introduced the 'No Frills' Savings Account, which offers you all the basic banking facilities. You can even avail of services like NetBanking, Mobilebanking free of cost.

### **Features & benefits**

- Access a wide network of branches and over a thousand ATMs across the country to meet all your banking needs.

## **Bank Marketing**

- Use the Free Electronic Funds Transfer (EFT) facility to transfer funds from your HDFC Bank account to an account in another Bank at the locations as specified by RBI to meet all your banking needs.
- Bank conveniently with facilities like Free NetBanking and MobileBanking.
- Enjoy Free IVR based PhoneBanking. (Agent assisted calls will be charged\*)
- Get Free Quarterly Account Statements.
- Access your account through a Free ATM Card.
- 9 Free Cash withdrawals per Quarter at Branch and HDFC Bank ATMs.
- **Retail Trust Account:**



The Retail Trust Account is beneficial for Trusts and Societies as it earns them a higher interest as compared to a conventional [Current Account](#) that offers no interest.

### **Features & benefits**

- Avail of Free Outstation Cheque Collection at HDFC Bank locations across the country.
- Enjoy free DD's payable on HDFC bank locations up to a limit of Rs. 50,000/- per DD, per day.
- Payable at Par Cheque facility: At a nominal cost, you can avail a PAP cheque book of 25 leaves (Regular non-PAP cheque book come free of cost).
- Avail of Special discounts on Foreign exchange transactions and Forex rates at most branches across the country.
- Structured Investment Program: Avail of the facility for investing surplus funds lying in your account into Mutual Funds, RBI Bonds and other financial instruments through any of our branches across the country.

- **Salary Account:**



- a) **Payroll Salary Account**

### **Features & benefits**

- Nil Interest payout on account balance
- Free Payroll Debit Card - (max cash withdrawal at ATMs- Rs 15,000/- and Rs 25,000 at shopping avenues)
- BillPay facility at Rs 25/- (plus taxes) per qtr. per Customer ID.
- Up to 6 free ATM cash withdrawal transactions; thereafter Rs. 30/- per transaction.
- Cheque book issuance @ charge of Rs.5 per leaf (only on request and this is not a standard offering )

### **b) Classic Salary Account:**

#### **Features & benefits**

- . Zero Balance Account
- Free personalised cheque books.
- Free ATM Card with a withdrawal limit of up to Rs. 10,000/- per day.
- Free facilities like Net Banking, Phone Banking and Mobile Banking

### **c) Regular Salary Account:**

### **Features & benefits**

- No minimum balance required.
- Free International Debit card with ATM cash withdrawal limit of up to Rs. 15,000 and Rs. 25,000 (non-cash) at shopping avenues.
- Free issuance of Demand Drafts up to Rs. 25,000 per instrument, payable at branches within the HDFC Banking network.
- Preferential rates on loan products offered by the bank.
- Preferential rates on forex transactions

### **d) Premium Salary Account:**

#### **Features & benefits**

- Free International Debit Card and Add-on Debit card for life.
- Free Personal Insurance Accident cover up to Rs. 2,00,000/- on the Debit card.
- Free Debit card withdrawals - max cash withdrawal at ATMs- Rs 25,000/- and Rs 50,000 (non-cash) at shopping avenues.
- Preferential rates for Gold and Silver credit cards.
- Free Demand Drafts up to Rs. 25,000 per instrument, per instrument payable at branches within the HDFC Banking network.

- Free BillPay and Insta Alert facility.

### **e) Defence Salary Account:**

#### **Features & benefits**

- The Defence Salary Account is a Zero Balance account.
- Enjoy facilities like NetBanking, PhoneBanking, MobileBanking, BillPay, ATM facility, and inter-branch banking.
- Enjoy preferential rates on Loans Against Shares, New Car Loans and Used Car Loans, Consumer Loans and Personal Loans.

### **f) No Frills Salary Account :**

#### **Features & benefits**

- Bank conveniently with facilities like Free NetBanking and MobileBanking.
- Use the Free Electronic Funds Transfer (EFT) facility to transfer funds from your HDFC Bank account to an account in another Bank at the locations as specified by RBI.

- Enjoy Free IVR based PhoneBanking. (Agent assisted calls will be charged\*).
- Get Free Quarterly Account Statements
- Access your account through a Free ATM Card.
- Enjoy free Cash Deposits at Branch/ATM.
- Free Cash withdrawals per Month at Branch and HDFC Bank ATMs

- **Kid's Advantage Account:**



### **Features & benefits**

- Automatically increases the balance in your Kids Advantage Account by transferring a fixed sum from your Savings Account every month.
- Amounts in excess of Rs. 5,000/- over and above a balance of Rs. 10,000/- gets converted into Fixed Deposits for a specified period in your child's name.

## **Bank Marketing**

- Free International Debit Card for your child (above 7 years of age) with a maximum drawing capability of Rs. 2,500/- per day.
- Free Education Insurance cover of up to Rs. 1,00,000/- for your child with every Kids Advantage Account

- **Pension Savings Account:**



### **Features & benefits**

- The Pension Saving account is a Zero Balance Account.
- Timely credit of receivables
- Free International Debit Card.
- Enjoy facilities such as NetBanking, PhoneBanking, BillPay, ATM facility, inter-city and inter-branch banking.
- Pension Accounts are transferable from one branch/bank to another

- **Family Savings Account:**



### **Features & benefits**

- All account holders can operate their account freely without worrying about their minimum balance.
- Family members with NRI status can also be part of the group.
- Get 5 Free Cash withdrawal transactions on SBI ATMs per group per month.
- Upto 2 free DD's/ MC's on HDFC Bank locations per account per month (max. up to Rs. 25,000/- per instrument per day).
- Free International Debit Card for all account holders till the account is part of the Family group. (NRO Accounts will be issued only ATM cards)
- Free BillPay & InstaAlerts facility for all account holders till the account is part of the Family Group.
- Free Standing Instructions for investment into Mutual Funds
- Free OneView to access all your accounts.
- Free MobileBanking, NetBanking & PhoneBanking.
- Enjoy a Savings account to Savings account sweep-in to a nominated account (sweep-in to NRE accounts not permitted from resident / NRO accounts).

### **Documents required to open a Savings Account:**

<b><u>a)Identity</u></b>	<b><u>Proof</u></b>	<b><u>Documents</u></b>
1.Passport		
2.	PAN	card
3.	Voter's	Identity Card

## **Bank Marketing**

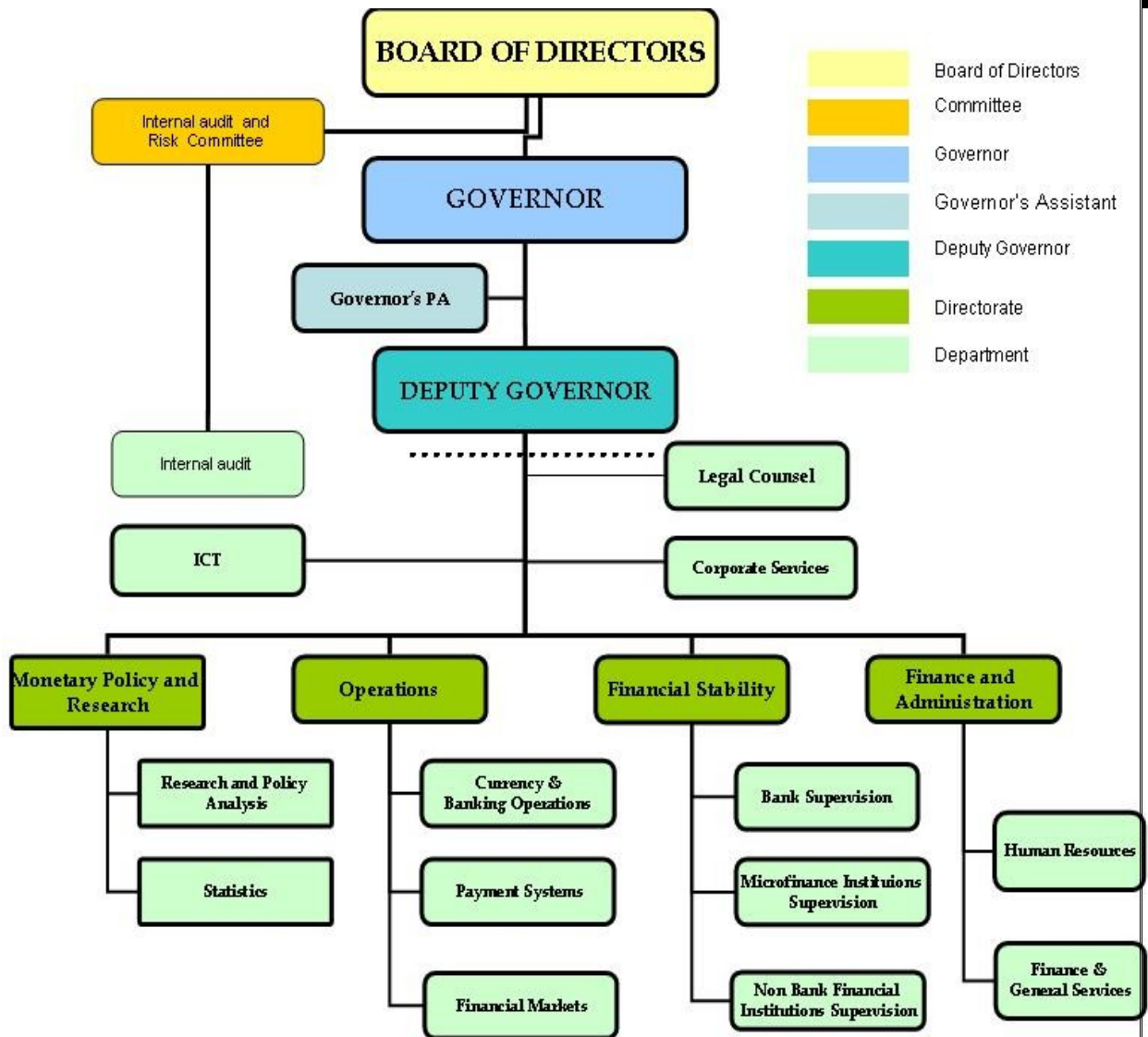
4. Driving license
5. Photo Identity card / confirmation from employer (subject to the bank's satisfaction)
6. Letter from a recognized public authority or public servant verifying the identity (Photo) of the customer to the satisfaction of bank.
7. Confirmation/Letter from employer /other bank verifying there in photograph of the person along with other things.

### **b) Address Proof Documents**

- 1.Passport'
- 2.Voter's Identity Card
- 3.Driving license
- 4.Telephone bill.
5. Bank account statement.
6. Letter from any recognized public authority verifying residence address of the customer to the satisfaction of the Bank
- 7.Electricity bill.
8. Ration card. Letter from employer (subject to satisfaction of the bank).

**Organization Chart:-**

# Bank Marketing



Each team lead has a team comprising only of both senior as well as junior market research analyst who aid the team lead in the entire market research process as it has been discussed previously. This is the basic organizational structure followed by HDFC BANK

## APPENDIX OR QUESTIONNAIRE

### QUESTIONNAIRE FOR CUSTOMERS

## **Bank Marketing**

Name \_\_\_\_\_

Address \_\_\_\_\_

Sex \_\_\_\_\_

Age \_\_\_\_\_

Education \_\_\_\_\_

Occupation \_\_\_\_\_

Q1) What is your Monthly Transaction in your account?

Ans:

- 5-20 lakhs
- 20-40 lakhs
- 40 lakhs and above

Q2) Do you have a Saving Account?

Ans:

- Yes
- No

Q3) In Which Bank?

Ans:

- Kotak mahindra
- HDFC
- Co-operative
- ICICI
- Nationalized

Q4) Which Factors do you consider for opening a Savings Account?

Ans:

- Accessibility
- Minimum balance
- DD/pay order
- Free cheque
- Debit card
- Cash deposit
- Cheque pick up
- Net banking
- Mobile banking
- At per cheque
- NEFT
- RTGS

Q5) Which mode of transaction do you avail of frequently?

Ans:

- Pay order
- DD
- Cheque

Q6) Which types of transaction do you make?

Ans:

- Intercity
- Outside city
- Both

Q7) Does your bank assist you in case of any problem?

Ans:

- Yes
- No

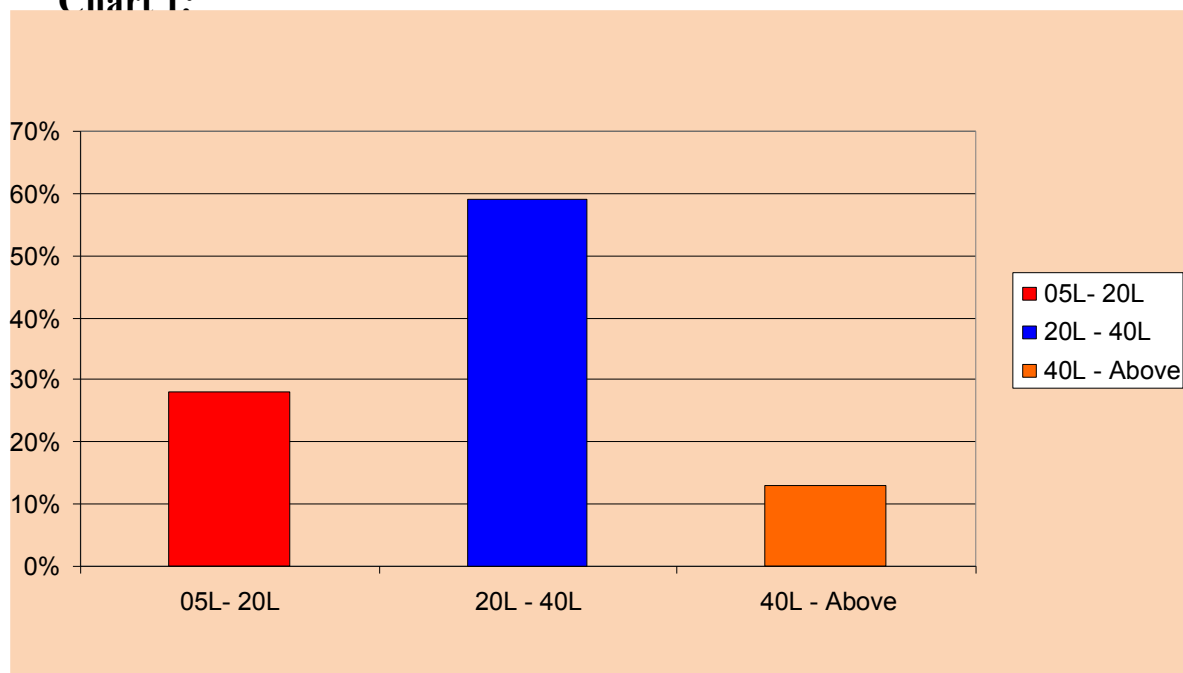
## **DATA ANALYSIS**

### **Question 1**

What is your Monthly Transaction in your account ?

Monthly transactions	No. of respondents	% (percentage)
5-20 lakhs	28	28%
20-40 lakhs	59	59%
40 lakhs and above	13	13%
Total	100	100%

**Chart 1:**



*Analysis:*

*59% respondents gave their answer in 20-40 lakhs transactions.*

*28% respondents gave their answer in 0-20 lakhs transactions.*

*13% respondents gave their answer in 40 lakhs and above transactions.*

**Analysis:**

- 59% respondents gave their answer in 20-40 lakhs transactions.
- 28% respondents gave their answer in 0-20 lakhs transactions.
- 13% respondents gave their answer in 40 lakhs and above transactions.

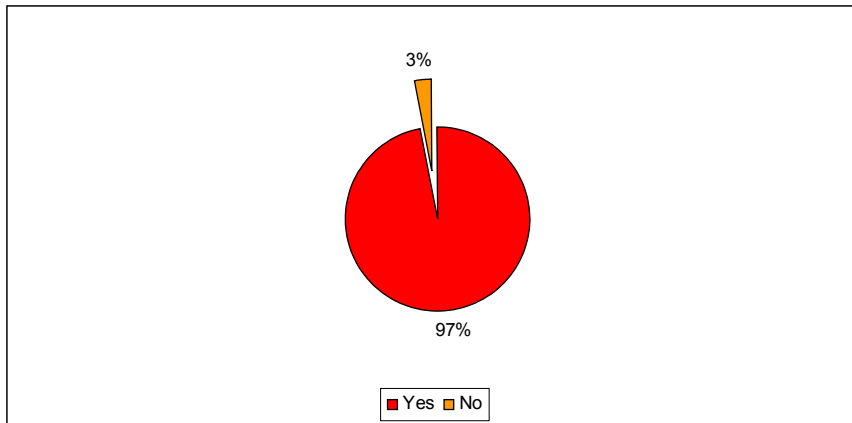
### **Question 2**

Do you have a Saving Account?

Response	No. of respondents	%
Yes	97	97%
No	3	3%

**Chart 2:**

## **Bank Marketing**



### **Analysis:**

97% respondents have the saving accounts and only 3% do not have saving account.

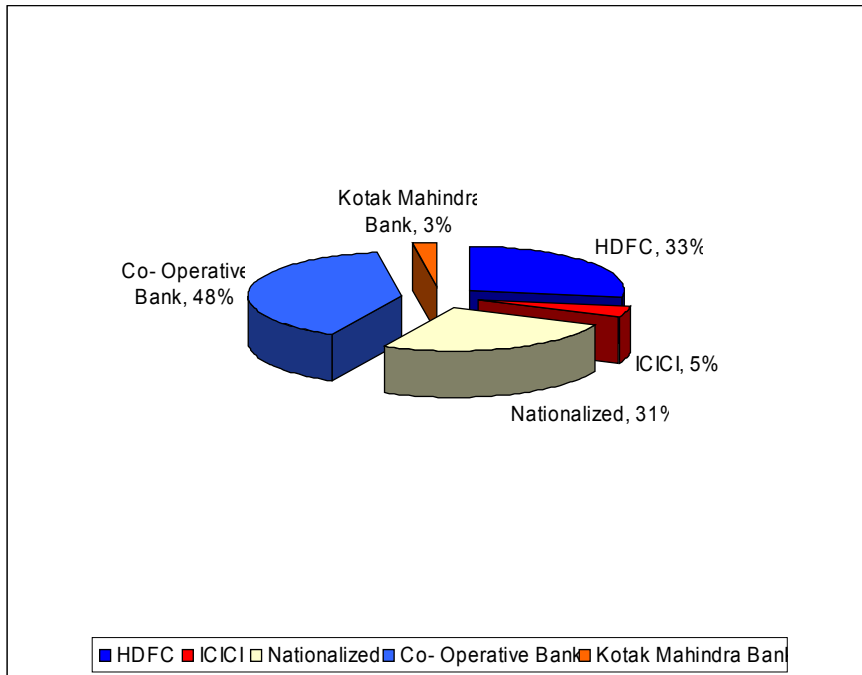
### **Question 3**

In Which Bank?

Bank	No. of respondents	%
Kotak mahindra	3	3%
HDFC	33	33%
Co-operative	48	48%
ICICI	5	5%
Nationalized	31	31%

Chart 3

## Bank Marketing



### Analysis:

48% have saving account in co-operative, 3% in kotak mahindra, 33% in HDFC, 5% in ICICI, and 31% in nationalized bank.

### Question 4

Which Factors do you consider for opening a Savings Account?

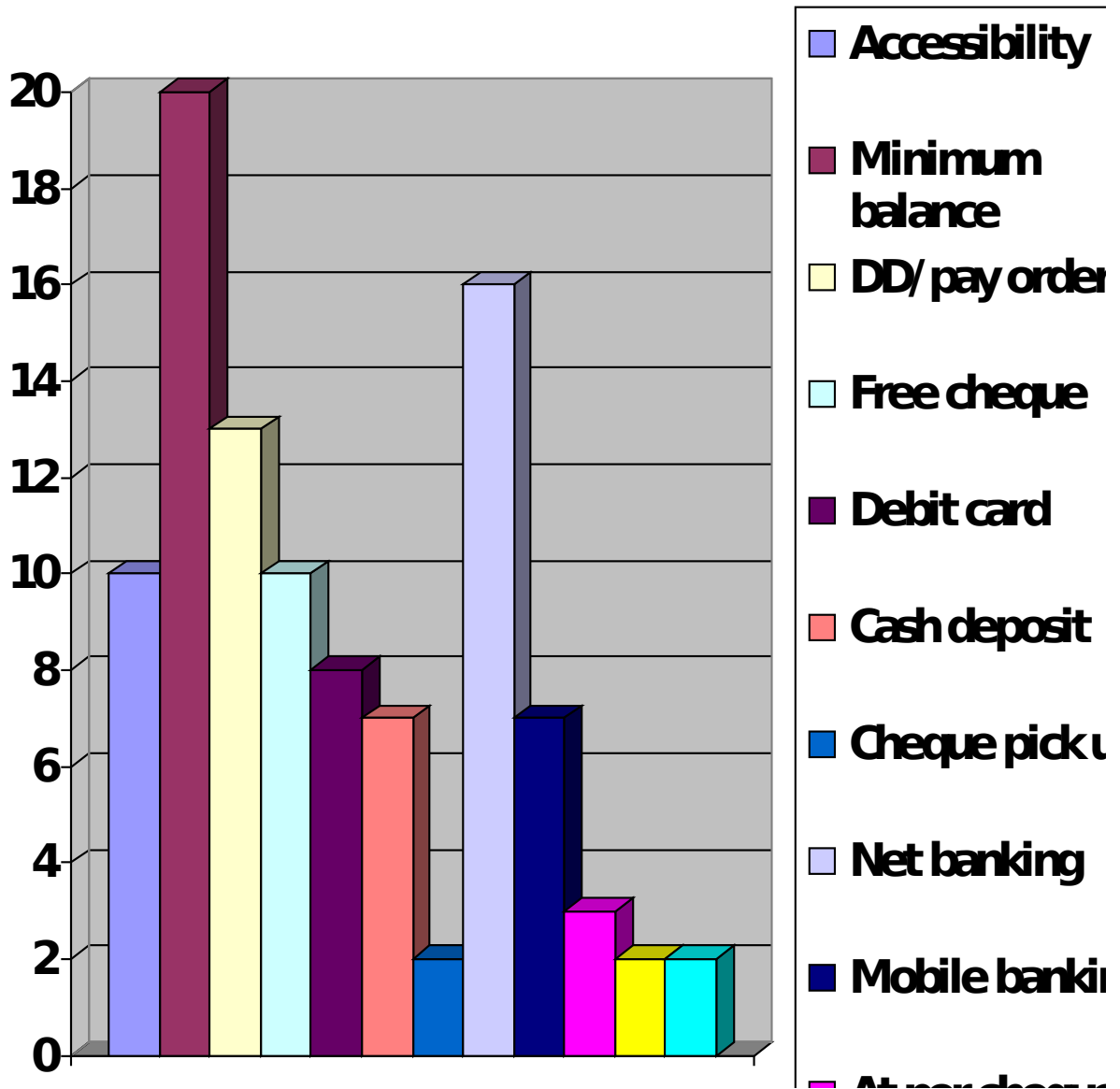
	No. of respondents	%
Accessibility	10	10
Minimum balance	20	20
DD/pay order	13	13
Free cheque	10	10
Debit card	8	8
Cash deposit	7	7
Cheque pick up	2	2
Net banking	16	16
Mobile banking	7	7

## **Bank Marketing**

At per cheque	3	3
NEFT	2	2
RTGS	2	2
Total	100	100

Chart 4

## Bank Marketing



### Analysis:

Respondents gave their answer

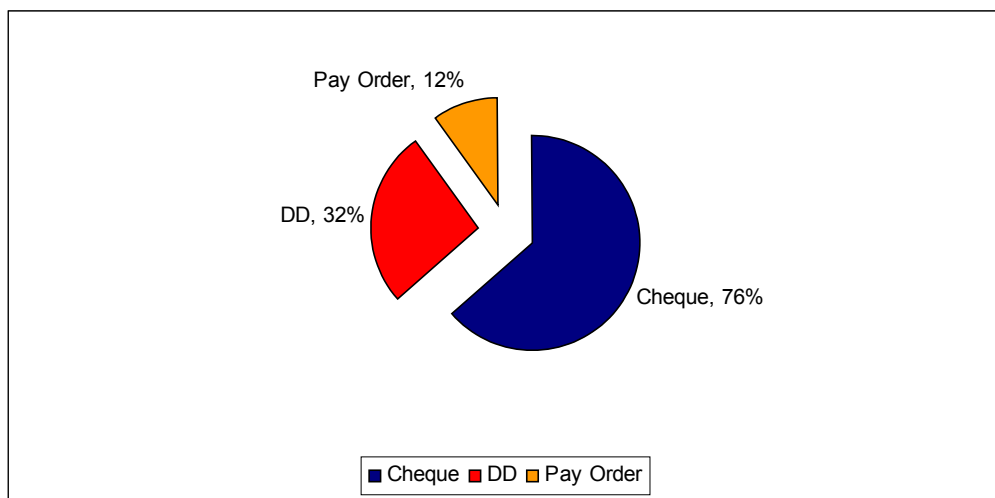
10% respondents gave their answer in accessibility, 20% Minimum balance, 13 % DD/pay order, 10% Free cheque, 8% Debit card, 7% Cash deposit, 2% Cheque pick up, 16% Net banking, 7% Mobile banking, 3% At per cheque, 2% NEFT, 2% RTGS.

### **Question 5**

Which mode of transaction do you avail of frequently?

Response	No. of response	%
Pay order	12	12
DD	22	22
Cheque	76	76
Total	100	100

Chart 5



### **Analysis:**

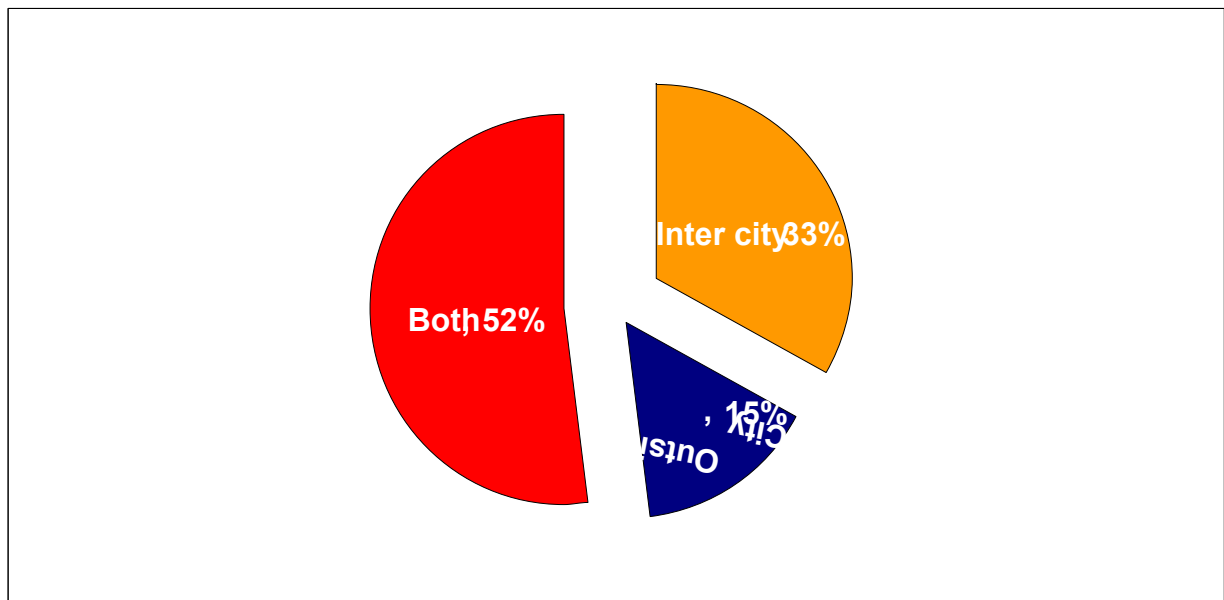
12% Response in pay order, 32% like DD, and 76 % costumer want from cheque mode.

### **Question 6**

Which types of transaction do you make?

Response	No. of respondents	%
Intercity	33	33
Outside city	15	15
Both	52	52
Total	100	100

Chart 6



**Analysis:**

33% account holder transaction intercity, 52 % Both, and 15% outside city.

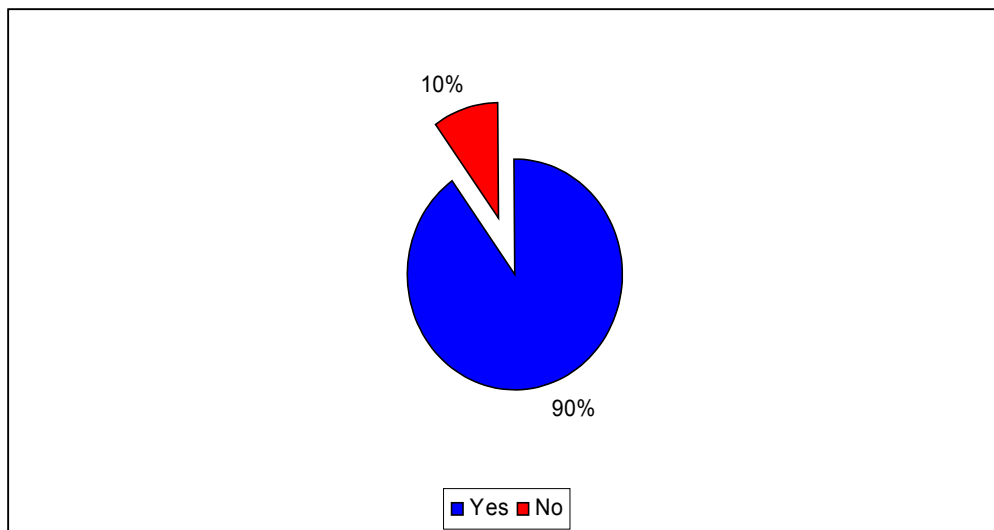
## Question 7

Does your bank assist you in case of any problem?

Response	No. of respondents	%
Yes	90	90
No	10	10
Total	100	100

Chart

7



### Analysis:

90% say yes bank will assist you in case of any problem, only 10% say no.

### **CONCLUSION**

Banking sector has undergone various changes after the new economics policy based on privatization, globalization and liberalization adopted by Government of India. Introduction of asset classification and prudential accounting norms, deregulation of interest rate and opening up of the financial sector made Indian Banking sector competitive. Encouragement to foreign banks and private sector banks increased competition for all operators in banking sector. Banks in India prior to adoption of new economic policy was protected by Government and was having assured market due to almost state monopoly in banking sector. However, under the new environment, Indian banks needs to reinvent the marketing strategy for growth. In India geographical development is not even throughout the country, there are full-fledged urban areas covering the metropolitan cities and other big cities. On the other hand there are underdeveloped rural areas too. For effective bank marketing different approach for different areas is required. In urban areas customer services is of paramount importance's as the level of literacy and therefore awareness of the people is more. Also technology based marketing would have higher degree of success due to typical urban life style of the people. Universal banking providing all financial service under one roof will have more success in urban areas. In the rural areas

for bank marketing personalized banking will go in long way. Also banks need to offer innovative tailor made deposits and advances products to suit individual customers. Delivery of advances of right amount and at right time is essential in rural marketing.

It is submitted that the banking system is on the threshold of a momentous era of change and continuity in growth and development, of individual customer needs and corporate practices, technology and competitions. The role of marketing in the banking industry continues to change. For many years the primary focus of bank marketing was public returns. Then the focus shifted to advertising and sales promotion.

That was followed by a focus on the development of a sales culture. Now the focus is on the individual customer meeting and even anticipating his or needs and developing trusting, long-term relationships by delivering high quality personalized service. Marketing both as a philosophy and an activity; is expected to contribute immensely to the realization of goals both immediate and future. All though all the elements of the marketing concept – customer satisfaction, profit integrated framework and social responsibility must receive the greatest emphasis in the years a head. They must be guided by the dictum of Mahatma Gandhi.

“A customer is the most important visitor in our promises. He is most dependent on us. We are depending on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. He is part of it. We are not doing him a favour by serving him. He is doing as a favour by giving as an opportunity”.

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- ❖ Marketing Research by Naresh Malhotra
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