



# Indian Banking Sector: New Challenges and Opportunities of Marketing

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**Received:** 26<sup>th</sup> April, 2023 **Accepted:** 18<sup>th</sup> May, 2023, **Published:** 27<sup>th</sup> May, 2023

**ABSTRACT:** When developing a new marketing strategy, the customer is king, and the customer is the protagonist. Customers are at the heart of any successful marketing strategy. Banking field has a unique relationship between customer and the bank. However, due to various reasons such as lack of education, new technical skills, financial goals and risk of failure, some banks use traditional marketing methods while others adopt CRM. With this in mind researchers undertook a modest attempt to develop the idea that's CRM could be customized to continuously improve banking services across the banking industry. Understanding customer relationship management is an ongoing concern for service providers, especially banks. The bank has the unique ability to manage new and existing customer relationships.

The Indian banking sector has historically gone through five stages: pre- independence, post-independence, pre-nationalization, nationalization and post- liberalization. At all these stages, marketing was not always considered banker's cup of tea, except for the last stage. The paper recognizes with the same caveat that the marketing strategies of private banks in India and abroad are far superior to those of public banks. Only banks that adopt effective and realistic strategies to gain customer trust can survive in the future.

**KEYWORDS:** Marketing Challenges, Marketing strategies, Indian banking sector

## 1. INTRODUCTION

Humans are social beings. All we do throughout our lives is do our best to meet our own needs. A place where goods are exchanged or mutual needs are met is called a marketplace, and it draws people's attention to your offering so that they can use it for your needs. The concept of financial marketing originated in the Industrial Revolution years ago, Ananda S Upadhyaya (2004) and has been realized through different processes to date. In an economy, the banking sector forms an essential and integral part for nation building, therefore playing a significant part towards the health of the economy. Marketing is the critical link between a bank and its customers, and in a rapidly changing business environment, no bank can expect success without heavily investing in marketing efforts, Virendra M. Chaudhari. (2020). Bank's marketing as a set of functions aimed at offering his services to meet the financial needs and desires of its customers more

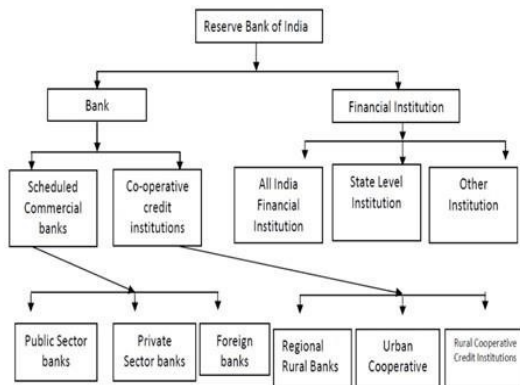
effectively than its competitors while respecting the bank's organizational goals. Bank marketing is a complex yet fascinating subject that necessitates knowledge of key concepts such as economics, sociology, psychology, and marketing and in customer relationship management or CRM, Sanjay Kanti Das. (2012).

The main objective of the banks are to emphasize more on promotion and advertising their banking products and services hence to develop a link between customers and banking services. Therefore the role of customer relationship management (CRM) has become a necessary strategy for all the banks of the industry. So the effective enforcement enhances the customer retention, which in turn increases sales and leads to repeat purchases. A methodical and professional approach to satisfying customer needs is the slogan for efficient marketing of banking goods, Dr. R.K. Uppal. (2010).



## 2. LITERATURE REVIEW

Dr. R.K. Uppal. (2010) in his study stated that marketing has become a more integrated activity within banks' financial services organisations, as part of the banking sector's transformation. Bank marketing has become very complicated, but interesting. Banks must therefore continue to innovate, ensure customer satisfaction, and build state-of-the-art research and market research departments. But however, it is not that easy as it seems to be. Therefore, numerous marketing challenges for banks, especially for the public sector banks of the country are lack of technology development, untrained staff in the field of marketing, lack of customer trust and customer awareness particularly in the rural regions.



**The commercial banking structure in India**

Snehal J. Bhatt, Krishna Gor. (2012) says that the banking sector of India has seen five stages in the past mainly: pre and post independence era, pre-nationalization, nationalization, and post-liberalization. Marketing has always been considered inapplicable to bankers, except for the last of these phases. Still, it's seen as the central control function of the Indian banking industry. Banking in India has made remarkable progress in reforming and adapting to the new competitive business landscape. Historically, Indian banks have given insufficient attention to marketing and market discovery. The present macro and micro movements in banking sector emphasizing marketing is the topic of this paper. The paper also develops his- style abstract frame for a model that connects banks to all client touch points.

Virendra M. Chaudhari. (2020) said that brands falling under the (BFSI) i.e. Banking, Financial Services, and Insurance industry are increasingly focused on obtaining new consumers while developing a strong brand for themselves. As a result, there is a bank marketing technique that evaporates into the type of marketing that banking organisations perform.

Gupta, R. (2023). States that Industry 4.0 adaptation in the Indian banking sector emphasize that banks run advertisement and promotions for three reasons: to attract new customers, to activate a dormant consumer who has not transacted in a while, and to engage their present customers. Because of RBI limitations on what companies can offer as a reward for attaining any of the three objectives, promoting and marketing BFSI goods has been tough. The RBI, for

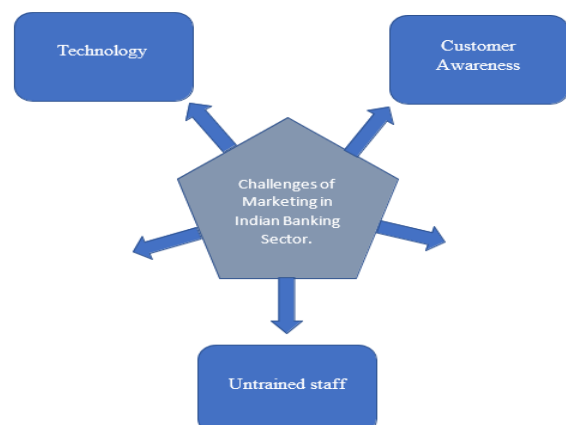
example, bars banks from spending more than INR 250 on a gift to attract a new customer. As a result, banks have budget constraints.

D Sanjay Kanti Das. (2012) revealed that numerous banks are still using traditional marketing methods due to various reasons and concerns such as the threat of failure, fiscal difficulties, marketing indolence, and so on which lacks in multitudinous areas because of which the banks fails to warrant of mindfulness and trust creation among customers, attract new customers and retain existing customer . For the shortcomings of the traditional marketing strategies, the author emphasis on Customer Relationship Management (CRM).

Gupta, R. (2023) according to his research, the new marketing philosophy promotes the CRM concept of creating client delight. This is applicable towards all the banking sales and marketing therefore customers and banks have a unique 'Relationship' in the banking industry. Hence keeping this in consideration, the experimenter has made a small initiative to prove that CRM can be slightly adapted in the banking sector for the improvement of financial services. CRM's role is distinct and separate from traditional marketing strategies. CRM contributes not only to marketing but also to business enforcement as a strategy.

Ananda S Upadhyaya (2004) revealed that banking functions in this modern era include selling insurance, investment advice such as mutual funds, and financial consultancies to businesses and individuals, in addition to collecting deposits and making loans. Marketing financial services in this new competitive climate and globalized trading practices brought new obstacles to the financial sector in the marketplace.

Goncharuk, A. G. (2016), According to this study, the issues include financial sector deregulation, which has resulted in the development of numerous fraudulent organisations and numerous malpractices, as well as greater competition from global and domestic private organizations hence threatening the profitability of the public sector banking organizations, dealing with improved information technology in marketing functions, high level of financial market volatility leads to capital loss and damages customer trust towards banks, increased customer demands and sophistication of markets and customers and coping with fast growing rate of IT, communication and multimedia.



### 3. RESEARCH METHODOLOGY

The methods used to accomplish the study include obtaining secondary data from Journals, Interviews, Discussion and Internet Resources. The research is based on secondary data.

### 4. DISCUSSION & SUGGESTIONS

The marketing concept required by banks to promote client satisfaction leads to higher profitability, Dr. R.K. Uppal. (2010). Customer satisfaction is yet to be recognized as the essence of marketing efforts in banking organization. It was also discovered that many people in the country are enthusiastic about incorporating current information technology into their business operations and marketing efforts. In the coming years, mastery and efficient deployment of information technology will be essential success elements in banks. With rising competition and growing consumer expectations, success in the banking industry will be defined by the accuracy of information transfer and the speed with which it expedites customer business activities. The level of technical knowledge of the bank's goods was also found to be average among customers and even marketing officers, Goncharuk, A. G. (2016). This has the potential to positively influence the consumer's product selection. Adequate marketing officer training and client education will go a long way towards resolving this issue.

### 5. CONCLUSION

As competition intensifies and the banking sector becomes more popular, customers are making excessive demands on the services they provide. Today we see new trends. Banks also recognize that financial service providers need to use their social channels differently than retailers and other industries. In the new era of liberalization and globalization, one of the biggest business challenges for companies is managing and maintaining good customer relationships hence to maximize the use of CRM's, Virendra M. Chaudhari. (2020). Technology is very important in today's Indian banking sector. However, in order to achieve customer satisfaction, banks must implement marketing concepts that lead to increased profitability. Some banks still don't consider customer satisfaction a central part of their marketing efforts (Goyal and Joshi, 2012). It was also pointed out that many domestic companies are actively incorporating the latest information technology into their operations and marketing activities, Kamath et al., (2003). Familiarity and efficient use of information technology will be one of the most important success factors for banks in the years to come. With increasing competition and rising customer expectations, success in the banking industry is defined by accuracy in communicating information and accelerating customer business. Here we have focused on rural markets, transparency, customer expectations, risk management, banking sector growth, human factors, global banking, environmental issues, social and ethical issues, employee and customer loyalty, Gupta, R. (2023)

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