

**MARKETING BANKING PRODUCTS IN RURAL AND COMMUNITY BANKS:
A CASE STUDY OF NWABIAGYA RURAL BANK**

BY

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DECLARATION

I, hereby, declare that this submission is my own work towards the MBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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ABSTRACT

The nature of competition in the rural and community banks has call for the banks to make use of the marketing mix in marketing their products and services to their customers. The strategy formulation that Nwabiagya Rural Bank outlines to implement the broad marketing strategies in order to stay competitive are the main reasons of conducting this research work. The main objective of the study was to evaluate the level of awareness of products and services available to the customers of Nwabiagya Rural Bank, how to assess the strategies used in pricing the products and services and to examine distribution as a strategic tool in marketing banking products. The research instrument used for the collection of data for the study was questionnaire which was made up of thirty- eight items for the customers and twenty- five items for the marketing manager of the company. However, it was clear that advertisement was popular among the customers who responded to the questionnaire while the nature of transacting business with the bank was customers going to the bank rather than the bank coming to the customers in this environment of competition. It was recommended that, the Bank should consider promotional activities as continuous process to ensure high consistency in their awareness programmes. Tools that can be used to achieve this include advertisement, public relations, sales promotions, personal selling and direct marketing. The idea of updating the staff with customer relations activities must be part and parcel of the banks programmes as far as in-service trainings are concerned.

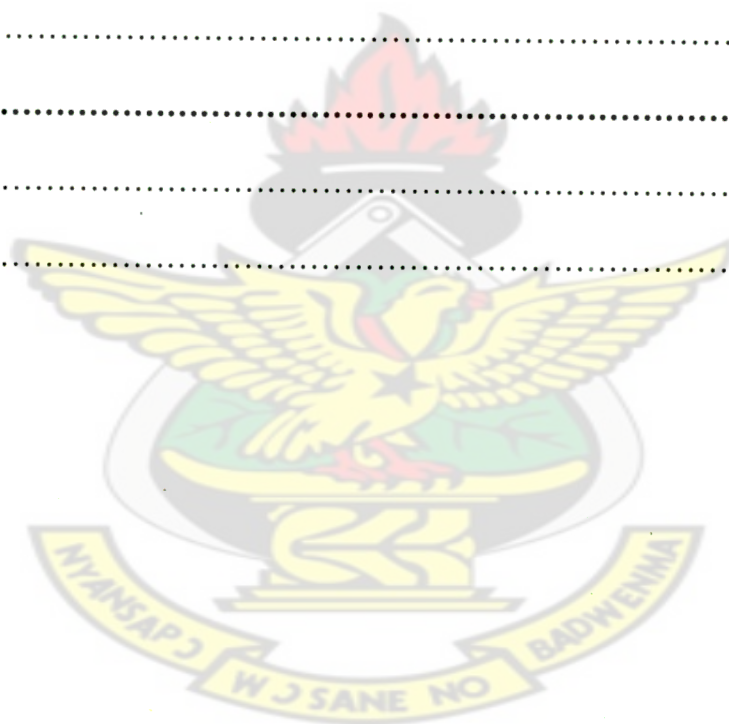
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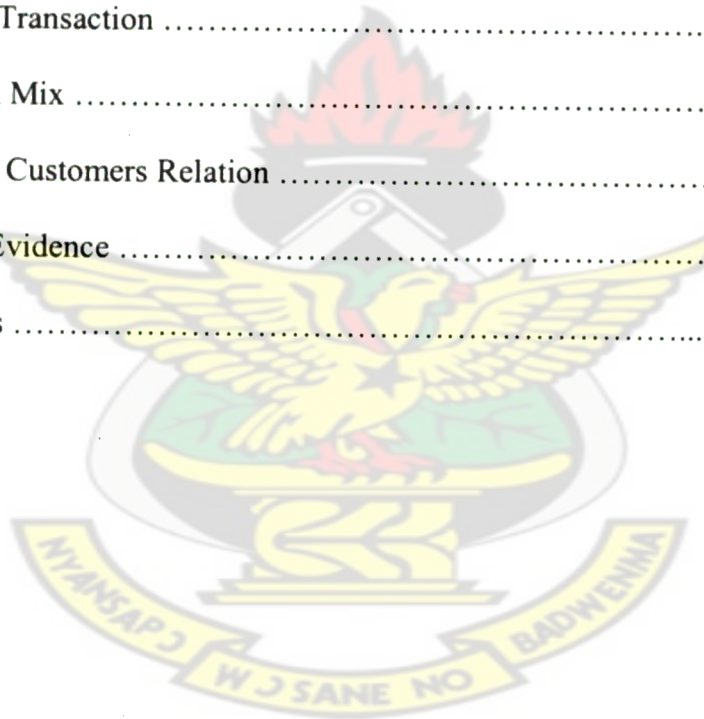
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

Globalization is growing faster than ever. In order to keep up with the competition, banks are forced to think globally and to expand their business within the country and across borders. Service companies have become more and more important that banks are willing and able to adopt so many ways of delivering good services to their customers.

Today services are the fastest growing part of world trade and account for the largest share of gross domestic product in almost every country. This is due to the fact that services generally cannot be separated from the person performing or selling them. One of the sectors within the service industry that has been influenced the most by the changes in the globalization process is the banking sector.

Banks have been encountering numerous challenges during the past two decades these includes competition, recessions, and image problem which calls for the banks to adopt strategies of marketing their products.

In Ghana, the idea of Rural/ community banking was conceived some thirty-two (32) years ago by the Bank of Ghana when it opened a dialogue with the Ministry of Finance about what was called “junior league” of banking institutions to serve the special needs of the rural population. Thus bringing banking services available to the door steps of the rural folks.

In response to this, the first Rural Bank established by the bank of Ghana was in Agona Nyakrom in the Central Region in 1976. To date, there are 120 rural/ community banks with over 500 branches/ agencies throughout Ghana

The Association of Rural Banks (ARB) which commenced banking business on 2nd July 2002 serves as the central bank (head) of all rural / community banks in Ghana.

Due to the competition pertaining in the banking industry, the rural / community banks have spread their tentacles beyond the rural areas and are now found in the urban centers but they still maintain their headquarters in their rural settlements

1.2 Statement of the Problem.

The nature of competition in rural banking has generated the need for banks to differentiate. The need to differentiate calls for strategies. The problem is how the rural banks strategize to differentiate their marketing activities from others.

The strategy available includes the ability to create awareness of their banking products available to their customers. Customer / staff relationship and above all the nature of the distribution channel at the bank.

1.3 Objectives of the Study:

The researcher intends to identify the types of banking products available at Nwabiagya Rural bank.

- To evaluate the level of awareness of products and services available to the customers of Nwabiagya Rural bank.

- To assess the strategies used in pricing product and service at Nwabiagya Rural bank.
- To examine distribution as a strategic tool in marketing banking products.
- To assess the use of physical evidence, process and people in the marketing strategy of the bank

1.4 Research Questions

The study will be guided by the following questions

- What tools does the bank use to promote and create awareness about their products and services?
- How does the bank use distribution in their marketing strategy?
- How can the pricing strategies of the bank be described?
- How does the bank use physical evidence, process and people in their marketing strategy?

1.5 Significance of the study

The study is an attempt to make a modest contribution to Nwabiagya Rural Bank as a stakeholder in the financial institutions in Ghana, to use it as a basis in reviewing the on going process of the proposed Banking products available to their customers.

It can be a useful literature for other researchers in the field of banking in general and marketing of banking products in particular.

The study will also enable bankers and other financial institution to effect the necessary attitudinal changes among bankers that the opening of accounts is not the only product to be marketed by the various banks in the country.

To the customers, through this study, it will help them to be abreast of the necessary information concerning the various banking products available in the bank.

1.6 Overview of Research Methodology

The researcher made use of questionnaires in soliciting facts and opinions from both customers and the marketing manager of the bank, the sample size chosen was 110 customers from the seven branches of the bank. Since the research was a qualitative type the researcher made use of documentation as far as information seeking was concern and also used the excel spread sheet to generate bar charts and pie charts in the analysis of the questionnaire.

1.7 Delimitation

Looking at banking products in general, although it is broad, the researcher's interest is focused on how bankers can market the banking products available to their various customers and what are expected from the customers.

1.8 Organization of the Study

The research is organized into five chapters. Chapter one deals with the general introduction which includes the background, statement of the problem, objective of the study, research questions, significance of the study, delimitation and organization of the

study. Chapter two reviews literature relevant to marketing banking products in the rural and community banks. These include introduction, marketing strategies in banking, developing banking products, pricing banking products/ services, promotion of banking services, and distribution channel in banking.

Chapter three deals with the methodology of the study which includes introduction, research design, the sample and sample techniques, research instrument, data collection procedure, problems encountered during the data collection, method of data analysis and the organizational profile of the case study.

In chapter four, the research deals with the data presentation, analysis and discussion in which the following are inclusive: introduction, social demographic characteristics of respondents and educational background.

The last chapter of the research deals with the summary, findings and recommendations which includes introduction, summary of findings, and implication and recommendations.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In general, customers expect banks to provide the basic banking services. They also expect different levels of services to maximize the value they can derive from the banks. Hence, customers evaluate competing offers in terms of the totality of the product and service as well as the relationship that exists between themselves and the bank.

To gain marketing advantage, banks have to exceed customer's expectation rather than merely meet the bare minimum. To succeed, a bank must distinguish itself from its competitors not just in the quality of the core product but also in how it manages the "service surround".

Every interaction with a customer provides an opportunity to be "unique" and to "go beyond the call of duty". Presents the design and management of the core correspondent banking products and the "services surround in terms of market quality."

2.2 Marketing strategies in banking

Marketing strategy in the financial - banking domain is a target, a direction, a call. Strategy can be expressed in most cases in a few words or phrases; words reach their purpose only if they express the system value essence, if it impulses the desire of making (Nora & Oryan, 2007).

The strategy essence of financial - banking service represents its quality. Decisive role of service quality is represented by its essential elements: fairness in service, promptness, politeness and kindness to the consumer.

Service strategy should contribute to increasing the system value of financial-banking institutions and the company on long term, in general.

A real strategy helps each employee to develop his/ her knowledge and skills and to raise aspirations. An excellent strategy requires creativity and taking risks not only at management level, but at the institution level which involves maximum effort. It must push the organization to perform above the mediocrity limits.

Marketing is a certain way of thinking at organization level. The person follows in the planning, organizing and control of all internal and external activities of the organization, which aim to achieve marketing objectives by directing the activity results in the customer's use, with the meaning of *consistent orientation towards customer* (Bruhn, 2001).

A marketing strategy of financial-banking services oriented towards the client should define the general parameters of the services providers' role. Services standards are those that classify specific tasks, resulting from services parameters and provide the specific elements through which employees can assess their own performance, and company managers can evaluate performance of the company in general. Too many service standards can reduce the possibility of assessing priorities and company emergencies, but

too general, don't give a clear direction to employees and a minimum start-up to measure performance.

The more difficult to differentiate the company value system from the marketing strategy, the more is better. In fact, for successful companies, the strategy and system are one and the same.

Lasting success in the financial-banking services system needs, at first, a fundamental base strategy, to support human resources and potential to transform the potential in performance. The basic strategy is to define the company activity object and it changes quite rare. For its support it must be conceived a subsystem of strategies, which transpose the basic idea into a service or product package – service provided on the market.

Secondary strategies are amended whenever new additional tasks arise, required for the successful implementation of the basic strategy (Berry, 1999).

The project realization depends on the secondary individual strategies. The basic strategy is changed whenever consumers demand it, but the basic mission remains unchanged. True innovation requires a focus on consumer and less on competition.

A strategy must be implemented, no matter how good it is. For this, is needed to identify the most suitable employees to carry it out. Especially in the case of services where the provider's share of labor is high, the quality of his activity is part of the consumer experience.

Services are provided directly to consumers or for the benefit of consumers. Services provided directly to consumers involve the consumer presence during the delivery. Standing relationships with the public during the day are not easy.

A superior service providing assumes a degree of flexibility, of adapting to market conditions. A flexible system allows companies to cut out services as required by customer specifications.

Customer orientation is placed in the 90's of the past century and the concept of marketing is specific in the relationship with the customer. After 2000, the basic attitude is the orientation towards the clients' network, in order to grow loyal and attach on long-term the profitable customers, corresponding to an inclusive vision over marketing (Bruhn, 2001).

An institution oriented towards customer visualizes a different approach called intuitive-reactive marketing: customers, distribution channels, market offers, production entries and economic activities (Kotler, 2004).

Customer orientation is directly related to the goods and/or services of a bank and the interaction between supplier and customer. A financial-banking institution is oriented towards customers in meeting the following characteristic features of the activity: high quality products and/or services; active management of complaints and referrals; quick and uncomplicated response to special requests of customers; strong motivation of employees (Bruhn, 2001).

So, customer orientation is a strategy that, with improving the quality of contacts with customers, is done by attaching them to the enterprise in order to ensure the success for a period as long as possible.

Until recently, the theory and practice of marketing concerns were focused on attracting new customers.

Currently marketing researches are oriented towards existing customers, in order to attach them to the enterprise (Florescu, Mălcome & Pop, 2003).

To achieve this goal, the so-called entry barriers are lowered to a low level. Attaching customers has for target the existing customers for which the institution has some information. Entrepreneurs have become increasingly aware that to attract and grow loyal the customers should have as much information about them to make them relevant offers on this basis and of a customized manner (Kotler, 2004).

In order to maintain relationships with clients, may be built barriers that hinder the clients intent of migrating and which can be achieved through a series of instruments: the provision of certain clauses in contracts, providing price incentives, communication of financial, social or psychological risks, the formation of customers habits, etc (Fornell, 1992).

For a potential customer to become a client attached to an enterprise, the relationship the supplier / client goes through are these stages: potential customer, probable customer, first acquisition customer, occasional customer, faithful customer. Some specialists make an analogy of "life duration" as a customer, with the life cycle of the product. This analogy, actually, renders the provider about the danger of loyal customer's migration.

In conclusion, for the attachment of a customer to the bank, the organization should link all marketing activities in terms of targeting marketing functions to the same idea: customer orientation (Pop & Dumitru, 2001).

In the financial services sector, the services providing process involves a variety of relationships between provider and consumer. The concept of attention to the consumer is closely linked to the consumer satisfaction.

To establish and develop long-term marketing relationships with consumers, financial institutions must develop ways to provide, so as to provide efficient and more accessible services to consumers, at quality standards.

The need for construction of such relations is given by the wishes of consumers, staff and social-economic environment in a constant change. Companies realize that investing in long term marketing relationships with customers is not an expense, but a long-term profit.

Issues concern employees problems is also an opportunity for the company. As an organization increases its number of employees becomes even more "anonymous", communication deteriorates and the staff-client and personnel-company management relations get worse.

The services companies can use a variety of strategies to maintain and improve relationships with consumers, from classical forms (as an amicable and polite behavior), continuing with the provision of improved services and ending with the consideration and treating each consumer as if they were a distinct market segment.

However, not any relationship with consumers needs to be cultivated. Some consumers no longer correspond to the institution's strategy, either because the strategy has changed, either because the desires or behavior have/has changed. A careful analysis may show that some relations are no longer profitable for the institution whereas their maintenance costs more than the profit that it generates.

From the consumer's point of view, a profitable relationship is a relationship in which he meets again the value for which the resulted benefits of the provided service differs significantly from the costs of acquisition. For services companies, a valuable relationship is the one who becomes profitable in time and the benefits of serving the client extends beyond the obtaining of a profit, including the pleasure and satisfaction of working with and for them. Having a solid relationship between two parts involves a mutual constructive approach, differentiated from the ending of a simple anonymous transaction.

A transaction is an event where it takes an action of the exchange of values between two parts. A single transaction does not constitute a marketing relationship.

Marketing relationship in the long run usually leads to the loyalty growth of a consumer for a particular service.

Consumer's loyalty growth is particularly important in services sector, because they represent a consumer's decision to establish preferential relations with a certain providing company and recommending it to others. For company, this is a stable income source in the long term. However, retention of consumers does not keep by itself. She will continue

as long as the consumer realizes that he receives an additional value (quality, price) in detriment to another similar company.

The main aim of a marketing relationship is to build and maintain a circle of loyal customers that are profitable for the company. First, we must try to identify potential consumers to develop preferential relationships with them. When they have established a relationship with the company, consumers will become permanent customers, to the extent that they will find a constant value in the services offered.

Consumers build long term relationships when what they get from company (quality, satisfaction, various facilities) exceeds what they offer (monetary or not monetary costs).

The strategies for maintaining and training customers loyal to the company is based on the special quality of services, on a rigorous segmentation and monitoring the preferential relationships change over time (Cetină,2007). *The basic service quality*. Strategies for maintaining consumer will have minimal chance of success if they are not built on a high quality service. This does not imply that an institution has to be the best on the market in terms of quality or consumer satisfaction. However, it should be competitive and even more than that. Each employee of a financial-banking services company contributes in a greater or smaller, visible or invisible, to the positive or negative perceptions of quality. It can be said that all of the company staff is forming a chain of quality. (*Preferential relations monitoring*). Basis for the monitoring of preferential marketing relationships is developing a marketing research as a survey among consumers. Loyal consumers can be surveyed to determine their perceptions regarding the value received, quality, satisfaction of which have benefited. The organization will communicate regularly with the best

customers. Knowing the consumers that frequently appeal to the company services, the purchasing behavior, the income they generate, the costs involved in servicing them, forms the basis of such a database of consumers. Maintaining strategies comprise the following levels: financial; social; personalized relationships; structural.

These reports have chapters devoted to special issues of responsible lending, chapters addressing the following topics which are the most sensitive groups to the financial services? Which one of financial services generates the greatest risk to consumers? Which are the most effective ways to prevent risks arising from financial services how we innovate and how we adjust the portfolio of products to meet financial needs and expectations of specific groups or specific populations: students and young married couples, people from rural areas, young entrepreneurs, small farmers, communities underdeveloped or developing countries (Diaconu, 2009).

It is a finding already verified that financial education and financial power (financial literacy) respond in a large extent to these problems.

It may be said, therefore, that financial education is an essential ethical obligations related to responsible lending.

Also, financial education is one of the healthiest approaches to risk management and proactive management in the financial-banking industry.

CSR Reports of serious western banks give priority to problems and financial education programs. These reports give account of the objectives, investment and financial education programs impact of the financial-banking institutions.

In Ghana no local banks or multinational banks have initiated financial education programs. None of the banks in Ghana did include in its CSR strategies the responsible lending and financial education theme

About reporting, nor can be. From this point of view, the Ghanaian banks can be considered socially irresponsible, indifferent over specifics and the needs of local market, passive and retrograde in relation with innovation, standards and practices of mature financial markets.

Finally, the researcher noted that the use of advanced marketing strategies should take into account the specifics of financial banking services marketing, which is reflected in the highest degree by the interactive and internal marketing content (Jelev, 2008).

Interactive marketing regards only the supply of financial-banking products and services, at the meeting between client and provider taking action a service providing, which presumes environment, equipment, contact staff, customer, price, promotion at the action place and actions related to service delivery.

Internal marketing involves a communication process between service units and senior management at headquarters, where are conducted many other activities (invisible) to extend and complete the providing act.

Under crisis conditions the orientation to customer acquires new dimensions, quality and social responsibility, which may also be in as many performance strategies, possible solutions to overcome financial-economical crisis.

2.3 Developing Banking Products

New service development (NSD) is an imperative to suppliers in today's highly competitive banking markets. Communication during the new service development process is important if the needs of customers are to be met functionally as well as economically.

In today's highly competitive and rapidly changing environment the customer's role can be important in new product development. Customer participation in new product development (NDP) has been widely acknowledged (Bowen, 1986; Kelly et al, 1990; Lovelock and Young, 1979; Mills and Morris, 1986). Many studies have demonstrated a link between customer participation and new product and service development success (Filiatrault and Lapiere, 1997; de Brentani and Ragot, 1996; de Brentani Drew, 1995a; Cooper and Kleinschmidt, 1994; Karagozoglou and Brown, 1993).

Customer involvement can be important for decreasing development time; This is especially useful in incremental innovation (Karagozoglou and Brown, 1993), and can improve the effectiveness of the product process (Cooper and Kleinschmidt, 1986; Zirger and Maidique, 1990). It has been claimed that customer participation is important in the development of new services that are either relatively complex, such as consultancy; or relatively long lasting, such as certain types of banking; or both, such as life insurance (Ennew and Binks, 1996, 1997). Business - to - Business markets have been identified as requiring extensive customer participation (de Brentani, 1991, 1995; Bitner et al 1997) customer participation has been identified as participation has been for new service development (NSD) in rapidly changing markets in which

communication can decrease uncertainty and initiate risks (Mullins and Sutherland, 1998; Atuahene – Gima, 1996; Drew, 1995 b; franbach et al, 1998; Akamavi et al 1998a).

Customers provide information through a communication effort. The study reported here considers the nature of developing customer communication and examines how firms manage communication effectively. Specifically, the analyzes focused on the way new service developers communicate with their corporate customers.

The whole idea centers on the assumption that the richest understanding of potential new products is held by just a few users. Lead users are those rare members of the population who have the strongest need for new products or services. Because few others share this need, lead users lead the market and foreshadow demand (von Hippel, 1989). Lead users have two major characteristics: they face needs that will be general in the marketplace, but face them long before the bulk of the marketplace encounters these; and they are positioned to benefit significantly by obtaining a solution to those needs (Urban and Von Hippel, 1989).

The use of “lead users” has been proven to be very beneficial for companies since Herstatt and Vo Hippel (1992) found that the lead user method can be much faster than traditional ways of identifying promising new product concepts, as well as less costly.

Lead customers are likely to be present in every market. The operations challenge is to decide on the extent and on how they are to be used for New Service Development (NSD) purposes. The aim of the study was to investigate whether highly successful developers work more closely with lead customers than do less successful developers and

so achieve a continuous flow of quality information that helps them develop new services.

There are cost effective and error- free service for transfer of funds arising from a commercial activity that originates in or is routed through Z banking system.

Any payment of funds must be supported by a system of countersigning, and one signatory must be a senior officer. Expected service delivery. This is an interbank automated payment system for wider coverage of international currency, for higher efficiency and flexibility, i.e. multi – currency system.

Expected service consistency

To provide a manual and reading material for subjects covered in a taking programme.

Added service

To respond to members' and participants' requirements continuously, and to provide new letters to maintain the contacts.

Potential service to be innovative

Unless a bank is able to differentiate itself by the market quality of each of its prime products, it is very unlikely that the bank will be able to gain or sustain a competitive edge in the industry

Expected service consistency

This consist of compliance with rules and regulations, procedures, system maintenance, and the presence of a contingency back –up system with a high degree of automation that enables straight through payment capability.

Potential service

Research and Development in product diversification and use of new technology, such as flexibility, in providing tailored solutions to customers and a system which enables the bank to effect payments details.

Trade finance

Core service

A basic mechanism which facilitates cross border trade such as letter of credit, forfeiting, and contemporary counterbraced transactions.

Expected service delivery

Services delivered by staff with professionalism, time consciousness, and with bilingual or trilingual ability to handle customers' queries and requests,

Added service

Automated and speedy services, risk sharing activity in the secondary market which allows diversification of risks, and the possibility of confirming and negotiating letters of credit for obtaining pre – financing.

2.3.1 Customer Participation in the Product/Service Development

Customers participate in product and service development in different ways. Participation ranges from supplying new concepts ideas through to co – producing the product (Mills et al, 1983; Akamavi et al, 1998a; Von Hippel, 1978, 1986, 1989; Foxall and Tierney, 1984; Ennew and Binks, 1996, 1997).

Customer involvement in the new product development process has been shown to improve the effectiveness of the product concepts in the rational plan stream. (e.g. Coopeer and Kleinschmidt, 1987; Zirger and Maisique, 1990). However, it is not clear exactly what roles customers play and how and when customers are appropriately involved in the development process (Brown and Eisenhardt, 1997; Akamavi et al 1998b).

The importance of the customer's role in the development of service has been highlighted in the literature (e.g. Von Hippel, 1986, 1989; Zirger and Maidique, 1990) such a role has been shown to be different from the one performed in the development of a tangible product (Johne and Storey, 1998; Matin et al, 1999). Whereas in product offerings, clients play a singular role – that of a customer in services, clients play a dual role that of customer and also that of the co – producer of the offering.

Researchers have shown that the corporate customer's role is more important and extensive than in retail markets, mainly because services offered to organizations are characterized by high customization to customers needs (Jackson and Cooper, 1988).

In financial services, and especially in banking, the corporate sector is considered to be considerably more complex, especially in terms of frequency and value of transactions than the more frequently examined retail banking market (Tyler and Stanley, 1999). In the corporate market the complexity of demands is commonly greater than in the personal market and there are more non – standard or bespoke elements in the product and service mix as one progresses away from retail banking applications through to corporate of

different size (Stevenson, 1989). Larger companies have specific needs and can require complex products that are highly tailored in order to solve the client banking problem. The complexity of products generally has implications on the level and frequency of contact between the client and the account manager, particularly as to the number of accounts a corporate account manager can handle. As a result, corporate financial services commonly require closer and more frequent contact with customers than do retail financial services. Due to the special need for extensive contact with customers, as well as to the level of customization necessary in services, especially business – to business financial services, the corporate customers' role has become increasingly important.

2.3.2 *Designing of Market Quality for Banking Products.*

For product its strategies as to where and how to compete, what resources are required and the risks involved, as well as establishing objectives as to the rates of return, profit margin, market position or market share. However the basic emphasis on product design in the product development stage is still that the market, otherwise the objectives may not be able to sell in the market, a fundamental consideration for the customer would be the benefits to be derived from the product and the price. There are competitors providing similar services at a competitive price level. So there are other questions to be addressed such as: how is the service delivered and is it delivered according to a consistency pattern or not? What added values can a customer derive and what are the potential services the bank will be able to [provide in the long term? The amalgamation of all these

requirements of a service product design results in the emergency of the concept of market quality.

Market quality encompasses the core service value at a nominal price level, the expected service delivery quality, the added service value and the potential services.

2.3.3 Marketing of Banking Products.

The last decade has seen fundamental changes in the marketing for retail banking products. Indeed “a profession, no less than a craft, is shaped by its tools. The tools at its disposal at any movement determine the profession of marketing. When the tools change, the discipline adjusts. Clearly, marketing’s tools kit has been experiencing unsettling amounts of innovation. The boom in direct database marketing, the electronic commerce, new ways to automate sales force management, and the blossoming of the World wide Wes all suggest that the marketing discipline is reshaping.

“Moreover, the important applications of any significant new technology are usually unthinkable in advance. Since Descartes, our model of thinking has been linear and sequential. The best collaborations will probably feature non – linear and parallel thinking. “I refer in this instance to lateral thinking, re innovative thinking as well.

In Europe, deregulation started in the early seventies but culminated in the European Union programme of liberalization of the financial services industry as of 1992 notwithstanding this, still a lot needs to be changed, not to talk about the mentalities of both government and citizens. The seventies saw the internationalization of the industry, pushed by the large money centre banks.

The eighties saw: the split up of banks into retail, corporate or wholesale and investment banking, which meant for retail banking: increased segmentation based systems, increased competition for both deposits and loans. For the banking industry the 80s meant the development of systems products and further competition from non – banks, i.e. fund managers, insurers and retailers.

As far as system is concerned, these changes, in conjunction with increases in personal income and wealth, expansion in other sectors of the economy, trends towards globalization and developments in information technology, have created an increasing competitive, demand – driven financial services sector.

The ATM (Automated Teller Machines) has been leading the way, allowing for unattended facilities at diverse locations. Branches at work, at school, at travel centers, in supermarkets and other new locations increase the number of customers, interaction points. The use of ATMs for interchange and shared access further increases coverage and usage fees.

As far as non – bank competition is concerned; every major banking product or service is now available from a competitor in another industry. Since the 1980s, regulations have allowed competitors to offer a broad range of previously exclusive bank products and services. On top of it, many competitors are better trained in investment and financial planning and pension products. Mutual funds routinely offer a wide range of investment, retirement and money market options. Many of these non – banking financial services include offers of cheque accounts, debit and credit card account access. In the

commercial banking arena, some financial services institutions have better credit ratings than their bankers; they can get funds from credit markets at lower rates.

Retail Bankers are therefore, caught in a dilemma: how to enter new markets with scarce resources, whilst they have to support many new or improved branch products with more sophisticated branch personnel and simultaneously develop processing needs, to make further use of network based self – service remote devices.

People are more and more familiar with the marketing efforts of the financial industry mainly due to marketed efforts of retailers. People are setting all sorts of mailings predominantly as a deregulation of the financial industry linked with the increasing competitions.

Financial services need, henceforth to be proactive in their marketing efforts.

Many financial institutions had to establish, only a few years ago, marketing departments and computerized marketing information systems and more rapidly along a very steep learning curve.

2.4 Pricing Banking Product/Services

For a bank the price is one of the elements of the marketing mix. The prices must always be in conformity with the other four Ps and they must not be considered as a purely financial problem, in which they are calculated by estimating the costs, to which a margin for profit will be added. The marketing evaluates the market, essentially, from the client's point of view. Thus, the perception of the price by the client is more critic than the size of the development costs or of the profit that will be realized.

Nowadays, the clients take into consideration the value perceived by them for services, the producers recover the costs afferent to the production and commercialization of the merchandise. The recover of the costs creates the premises of the economic activity resumption.

The evaluation of the cost of a service involves two problems (Bateson, Hoffman, 1999, p. 179).

The identification of the costs relevant for the company when the profit for a certain service is calculated;

The identification of some methods for the allocation of the relevant costs on this service.

The best answer for the relevancy problem is the consideration of some “unique costs” for a service.

From the ones mentioned before we may break off three main differences between the evaluation of the price in the material goods and its evaluation on services (Zethaml, Bittner, 2000, p. 429)

The consumers have in most of the cases incomplete or insufficient information about services.

The price is a visible element of the service's quality.

The monetary costs are not the only relevant elements in the settlement of the price.

One of the most used methods of price calculation is the one based on the value of the service perceived by the consumer.

The consumers define the value in four ways:

The value represents a low price;

The value represents what they expect from a product or service;

The value represents what they receive for the price they pay;

The value represents what they receive for what they give.

In the calculation and promotion of the price policy, many of the concepts applied in the domain of material goods are also used in the case of the services, reason for which, from the peculiarities' point of view, they are placed on a secondary position in the mix.

Finally, in defining the price the importance of the price must also be taken into consideration from the seller and the consumer's point of view.

2.4.1 Pricing Strategies in Banking

According to Kotler (2004) the price is a very important part of the marketing mix. If a product is not given a correct price, this may affect the sales and may lead to the product's failure. The price and sales of the product are therefore related to one another. There are 6 main strategies to settle the price for a product. These are:

1. *Cost plus profit* – this is the most sensitive strategy to costs; the institution calculates how much the manufacturing of the product cost it, adds a margin for the profit and requires the clients this price;
2. The settlement of the prices for “*taking the cream*” – this strategy may be used for products that are very new and of high quality; it means the settlement of the price when the product is freshly introduced on the market to “take the cream” of the demand for that product, maximizing the profit to cover the research and development expenses, after which, later, in time, the price may be reduced to increase the demand;
3. The settlement of the price *depending on the competition*

this strategy takes into consideration the price the competition practices, thus the price will be similar to the one of the competition, but will allow the covering of the expenses and the profit margin;

4. The settlement of the price *on the market* – the price of a product is settled depending on the price of a similar product already existing on the market. The difference in comparison to the settlement of the price depending on the competition is that the settlement of the price on the market might not cover the production expenses of the product;

5. The settlement of the price *depending on the value* –this strategy is based on the evaluation of the clients' perception vis-a-vis the value of the product answering the question "How much a client would pay for this product?", this strategy is then the most oriented towards marketing.

6. The settlement of the price *to penetrate* – the bank will settle a low price for a product with the purpose to win fast a big quota of the market and thus to realize a fast and substantial penetration.

Entering more detailed in the mechanisms of the price forming, first, the difference between, on one side, the services for which the prices are settled centralized, either as a small price, either as a price interval and which are (usually) published and, on the other side, the services for which the prices are negotiated individually with the involved

2.5 Promotion of Banking Services

Promotion is the direct way an organization tries to reach its publics. This is performed through the five elements of the promotion mix, i.e. advertising, sales promotion,

personal selling, public relations, and direct marketing. (Czinkota & Ronkainen, 2004)

With the growing importance of the financial sector, pressures are escalating for more effective marketing management of the financial services. Despite the recent recessions, the financial service sector continues to grow in terms of turnover and profits and thus, has a supreme impact on the other spheres of the economy. Consequently, there is currently growing interest in applying marketing techniques and tools in banking. (Meidan, 1996)

In spite of major changes of the market of banking institutions, there are indications that banks have not successfully embraced the marketing philosophy or achieved levels of its implementation consistent with satisfied customers. Financial institutions are realizing that their established promotion practices are adequate for new market conditions as levels of customer defection in the sector is growing. Traditionally, banks have tried to reach out to everyone in the community, but according to Dawes and Brown (2000) recent research proposes that banks should aim to identify and serve micro-segments.

The role of promotion has been redefined into managing long term relationship with carefully selected customers, including construction of a learning relationship where the marketer maintains a dialogue with an individual customer (Dawes & Brown, 2000) Due to this fact; the personnel are one of the most important resources of the bank. Their competence will determine the quality of the bank and how well it operates. (Marquardt, 1994)

2.5.1 Strategies of Promoting Banking Products/Services

According to Brassington & Pettit (2000) promotion is the direct way in which an organization communicates the products or service to its target audiences. Within the financial services industry, promotion is used in many different ways (Meidan, 1996).

Brassington & Pettit (2000) has categorized the promotional tools into five main elements;

- * Advertising,
- * Sales Promotion,
- * Public Relations,
- * Personal Selling, and
- * Direct Marketing

2.5.2 Advertising as a Promotional Tool in Banking

Brassington & Pettit (2000) define advertising as any paid form of non-personal communication directed towards target audiences and transmitted through various mass media in order to promote and present a product, service or idea. The key difference between advertising and the other promotional tools is that it is impersonal and communicates with a large number of people through paid media channels.

Meidan (1996) states, that a financial services organization can use its advertising for either its short-term or long-term objectives. A bank attempting to generate a long-term build-up of its name would use institutional advertising, while a bank interested in promoting its brand name and its different services would use a brand advertising policy.

Meidan (1996) further states that the institutional advertising consists of promotion of the firm's image as a whole, and the promotion of the products offered, with extra emphasis on the specific firm's name. The organization seeks through its marketing communications, to build awareness and to impress customers looking for the best range of financial services. Due to the former impression of banks as impersonal institutions with no interest in their customers as people, and of financial service as abstract and quite similar, the institutional advertising has become more and more important. Brand advertising follows closely in the footsteps of institutional advertising. Its purpose is to create awareness of the bank's name and to advertise the different services it is offering. Since financial firms are serving as a mass of people, the problems of the brand advertising are to know who to advertise to, and how to advertise. While institutional advertising is directed towards the whole population, the brand advertising of particular products has to be much more selective, since it has to show that the consumer will benefit from the service. Furthermore, all the individual campaigns of brand advertising have to be compatible in tone and presentation, and match the image the bank has created through its institutional advertising.

Mortimer (2001) states that an important part of advertising is to make the service tangible in the mind of the consumer in order to reduce perceived risk and provide a clear idea of what the service comprises. Furthermore she considers it important to advertise consistently, with a clear brand image, in order to achieve differentiation and encourage word of mouth communication.

According to Meidan (1996), there are two types of advertising channels appropriate for financial advertising. That is “above-the-line” and “under-the-line” advertising. Above-the-line advertising contains different channels of communication, such as television, radio, posters, magazines, and newspapers. Under-the-line advertising constitutes a huge part of a financial organization’s advertising activities. It is invisible advertising of the bank’s services, including leaflets, pamphlets, explanatory guides and manuals that can be used to support selling of specific service. It is hard to draw a definite distinction between under-the-line advertising and sales promotion. Under-the-line advertising is very easy and cheap to produce, but it must be used discreetly. Furthermore, this kind of advertising does not attract new customers but depends on personal selling for its effectiveness.

2.5.3 Sales Promotion in Banking

According to Brassington & Pettit (2000) sales promotion is different tactical marketing techniques with mostly short-term incentives, which are designed to add value to the product or service, in order to achieve specific sales or marketing objectives. Furthermore, Meidan (1996) states that it has two distinctive qualities. Firstly, it provides a “bargain chance”, since many sales promotion tools have an attention-gaining quality that communicates an offer that will not be available again to purchase something special. The disadvantage, however, is that although they appeal to a wide range of buyers, many customers tend to be less brand loyal in the long run. Secondly, if sales promotions are used too frequently and carelessly, it could lead to insecure customers, wondering whether the service is reliable or reasonably priced.

Meidan (1996) indicates that due to the conflicting ideas concerning the benefits of sales promotions, a financial service organization must base its decision upon relevance and usefulness of sales promotion, as well as cost- effectiveness. Peatti &Peatti (1996) claim that normally, coupons, special offers and other forms of price manipulations are the dominant forms of sales promotion. However, price-base promotions are difficult and probably dangerous to use for financial service markets. This is due to the fact that the price setting of financial service is already a difficult process, and that consumers often see lower prices as a result of lower quality. However, Meidan (1996) states that sales promotion within financial services appears to be most effectively used in combination with advertising. The primary objectives with sales promotion within financial services are to attract new customers; to increase the level of deposit accounts, thereby increasing the banks share of savings; to increase market share in the selected market segments; and to lower the cost of acquiring new customers by seeking to avoid direct price competition with other financial institutions.

2.5.4 Public Relations in Banking

According to Brassington &Pettit (2000) the essence of public relations (P R) is to look after the nature and quality of the relationship between the organization and its different publics, and to create a mutual understanding. PR covers a range of activities, for example the creation and maintenance of corporate identity and image; charitable involvement, such as sponsorship, and community initiatives; media relation for the spreading of the good news, as well as for crisis management, such as damage limitation.

Moreover, an organization can attend trade exhibitions to create stronger relationships with key suppliers and customers as well as enhancing the organization's presence and reputation within the market.

Meidan, (1996) states that another part of public relations is the publicity gained through magazines. Financial services obtain considerable publicity in the so called quality press, such as different financial journals. In popular newspaper the publicity is, in contrary to the quality press, often negative from the financial firm's point of view. Meidan (1996) further claims that the importance of public relations is being increasingly attended and financial services often have public affairs officers, working actively to generate publicity.

2.5.5 *Personal Selling in Banking*

Brassington & Pettit (2000) define personal selling to be a two way communication tool between the representative of an organization and an individual or group, with the intention to inform, persuade or remind them, or sometimes serve them to take appropriate actions. Furthermore, is a crucial element in ensuring customers' post-purchase satisfaction, and in building profitable long-term buyer-seller relationship built on trust and understanding?

Verhallen *et al* (1997) state that the increased competition within the fast changing environment of financial services has led banks to develop and maintain comprehensive relationships with their customers. Furthermore, Julian & Ramaseshan (1994) state that the long-term person-to-person relationship is an important factor for retail bank to

achieve a competitive advantage. Meidan (1996) points out that once a customer has chosen its bank, he is likely to switch to another. Thus, personal selling is probably the most important element in the communication process within the financial services industry. Lee (2002) states that personal selling can be performed either face-to-face or through technological aids such as the internet.

According to Julian & Ramaseshan (1994) the relationship between the salesperson and the customer is perceived as being of great importance for the marketing of a bank. Hence, the sales force within the financial services industry needs not only to be trained the art of selling, but also to be aware of all the services available and be able to clearly explain what each service offers. Since customers' needs and motivation are likely to be complex, and their ability to assess alternative courses of action without professional assistance is likely to be limited, it is of great significance for the sales forces to know their customers, as well as their products. Verhallen *et al.* (1997) indicate that banks should see the selling as a problem-solving process in which the sales force engages and co-operates towards the customers, trying to find a solution to the customer's problem, rather than only persuading him to purchase the products or services. In addition, Meidan (1996) claims that it is up to the sales force to enhance the bank's reputation by looking after its customers.

2.5.6 Direct Marketing in Banking

According to Brassington & Pettit (2000), direct marketing is an interactive system of marketing, using one or more advertising media to achieve measurable response anywhere, forming a basis for creating and further developing an on-going direct

relationship between an organization and its customers. To be able to create and sustain quality relationship with sometimes hundreds or even thousands of individual customers, an organization needs to have as much information as possible about each one, and needs to be able to access, manipulate and analyze that information. Thus the database is crucial to the process of building the relationship.

Lee (2002) states that the fast advances in technology over the past 30 years have reshaped how consumers of today interact with their financial institutions. The financial has extended its “face-to-face” selling towards direct marketing of products and services in the form of phone, mail, or computer transactions.

Mols (2000) claims that as computer literacy and the availability of computers increase and the costs decrease, internet banking consumers are increasing considerably. Through the internet banks, the customer can identify what interest them. Furthermore, the internet technology also makes it possible to follow individual customer usage. With the information gathered in an integrated database it is possible to read the customers needs and satisfy them. This knowledge can be used for different kinds of direct marketing.

2.6 Distribution Channel in Banking

According to economic distribution channel theory, the “ideal” distribution system or the normative distribution channel can be determined by exploring what the consumers want in terms of service outputs from the distribution channel, how much they are willing to pay for a given service level, how the services can be provided to them, and what the

costs of the alternative distribution channels are (Bucklin, 1966, 1970; Stern and Sturdivant, 1987; Stern *et al.*, 1996). Based on this information it can be determined which distribution system most efficiently meets the customers' wants. Thus, an economic distribution channel model takes a customer perspective, analyses the output from the commercial part of the different distribution channels and relates it to the customers' costs and benefits from the different levels of service output offered by the available distribution channels.

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The adaptation process in the retail banking sector is rendered visible by the adoption and promotion of electronic distribution channels. This influences the future distribution channel structure in two ways. First, the cost of using them is different from that of other available distribution channels, and the service output they provide to the consumers is different from the service output provided by the branch-based channels. Some banks have customers that ask for the electronic channels; they consider them to be important distribution channels and are quick to introduce and promote them to their customers. Other banks have only a few customers who want to use the electronic channels and these banks are more hesitant to introduce them. Second, the electronic distribution channels influence the consumers. Many of them are exposed to the promotion of the electronic distribution channels. Some of these customers invest time and resources in becoming PC literate and in getting to know the Internet or they learn to use the telephone for conducting their banking activities. Other consumers do not want to use the telephone for banking services; they do not become PC literate and do not get familiar with the

Internet. These different customer segments are not likely to have the same wants and are not likely to be willing to pay the same price for electronic banking.

The interaction between the adoption and promotion of electronic channels by the banks and the changes in the customer segments is input to a change process where the structure of the distribution channel is adapted to the new environment. However, this is not likely to happen overnight because of barriers and temporal constraints (Bucklin, 1966; Carman and Tournois, 1998; Frei *et al.*, 1997). For example, some banks will have invested in a huge branch network, which will be of no use if all or most of its customers want to switch to an electronic channel, and the customers will be tied to their present bank and its distribution channel because of habits, and perceived social, psychological and financial risks associated with switching banks. Besides, they will have to spend time searching and evaluating alternative banks in order to find a more suitable bank. Therefore, the existing distribution channel structure will also influence the changes in the distribution channel structure.

The change process will end when the new channel is the normative distribution channel (Bucklin, 1966).

2.6.1 The Four Distribution Channels

Several different distribution channels are used by the retail banks. They offer their services through branch networks, automatic teller machines, the telephone and PC/Internet-based home banking systems.

Also channels such as car dealers, mobile branches (buses), and retailers are used for distributing bank services. In this research the focus is on the branch network and the three electronic home banking channels:

- (1) Telephone banking;
- (2) PC banking; and
- (3) Internet banking.

Ordinary branch banking requires the customers to come to the branch, where they have access to a wide variety of banking services but have to wait in line before getting served. Telephone banking requires the customers to phone the bank. It is more cost effective than an ordinary branch and it is more convenient for the customer. PC banking can be used by customers who have access to and can use a personal computer and a modem, whereas Internet banking furthermore requires access to the World Wide Web (cf. Frei *et al.*, 1997; Kalakota and Frei, 1997). Early versions of PC banking were expensive, complicated and did not achieve a sufficient level of consumer acceptance (Channon, 1997), but today it is even more cost-effective than telephone banking, and it is also more convenient (Katz and Aspden, 1997; Tilden, 1996). Besides, a larger number of more complex banking operations can easily be handled with PC and Internet banking.

2.6.2 The Customer Segments

Several studies have investigated why individuals choose a specific bank (cf. Ennew and McKechnie, 1998), but none of them explicitly related the consumer selection criteria to the advantages connected with the four alternative distribution channels. However, it can be argued that the customers have less time to spend on such things as visiting a bank and

therefore want greater convenience and accessibility (Devlin, 1995). Recent studies have also focused on the major determinants of customer satisfaction and future intentions in the retail bank sector (cf. Levesque and McDougall, 1996; Mols, 1998a). Thus, Mols (1998a) found that and compared to non-users, Danish home banking users are more satisfied with their banks, have higher intentions of repurchasing, provide more positive word-of-mouth communication and have a lower propensity to switch to another bank. In a survey conducted in the USA, Katz and Aspden (1997) found that 17 per cent reported “convenience as a way to do banking” a very important reason for becoming an Internet user, and 30 per cent reported that it was an important reason.

As a point of departure the research defines the market segments in terms of the different channels of distribution. Thus, it is suggested that four pure bank customer segments exist: the branch segment, the telephone segment, the PC bank segment and the Internet segment.

The branch banking segment consists mainly of older, non-computer literate persons, who value personal relationships (Heskett *et al.*, 1997). These customers value the face-to-face contact with the bank teller and emphasize a trustful relationship. They do not own a PC and do not work with information technology. Today this segment is still large and important but it is shrinking.

In many ways the telephone segment is similar to the branch segment. Some of these customers have not had the time or the resources to learn to use a PC. Some of them do not use information technology at work and have not learned it in school. Contrary to the branch segment, they do not value the personal interaction, but they like the convenience, accessibility and time saved, which are the consequences of being able to perform the

banking activities at home. They possess credit cards and rarely visit a branch. As the PC and Internet segments grow, this segment is likely to shrink. The customers belonging to the PC segment are all computer literate, they have a modem and many of them are Internet users.

Most of them have a credit card and do not value the personal interaction in a bank branch. They like the convenience and time saved that the PC bank provides. Today, the segment consists of mostly younger persons and it is dominated by males (e.g. Heskett *et al.*, 1997; Mols, 1998a). At present this segment is smaller than the two former segments, but because of the growth in the possession and use of personal computers (e.g. ISPO, 1997), its potential size is increasing. A part of this segment fears the security problems connected with the use of the Internet (Angelides, 1997; Carman and Tournois, 1998), and therefore it will take some time before they become a part of the Internet segment.

The Internet banking segment is very similar to the PC segment. The persons are connected to the Internet for the use of e-mail, for the search of information about special interests, etc. (Katz and Aspden, 1997). They do not put a high value on the personal relationship with the local bank, they are relatively price conscious, affluent and well-educated (Birch and Young, 1997; Evans and Wurster, 1997; Katz and Aspden, 1997; Rosen, 1997). Today, this segment consists of mostly younger customers and more males than females (Katz and Aspden, 1997).

Regarding the Internet, several historical overviews and surveys of the demographics of the Internet are available, and they all point in the direction of continued growth in the number of Internet users (e.g. Find/SVP, 1997; ISPO, 1997; Network Wizards, 1997;

Zakon, 1997). Thus, the segment is growing fast, which may change its characteristics slightly.

In fact, customers may prefer to use more than one distribution channel (Mols, 1998b; Prendergast and Marr, 1994). So, besides the pure segments there will be customers who will use different distribution channels for different purposes. They will use the branch for obtaining financial advice in connection with major decisions such as buying a new house, whereas for bill payment and retrieval of up-to-date balance information on deposit and loan accounts, they will use telephone, PC or Internet banking. This customer segment may be labelled the multiple channel segments.

2.6.3 Development of Distribution Channel

Today large banks have many branches and small banks have few branches and most bank customers communicate with the bank by visiting the bank branches. The present distribution channel structure is aimed at serving the branch banking segment. Internet banking is still at an embryonic stage (Daniel and Storey, 1997).

The Internet banking segment will grow and eventually be larger than the other three segments, and accordingly fewer branches, telephone services and PC banks will be needed. However, for a long time there will be customers who are not likely to favor PC/Internet banking. Hence, it is predicted that the future retail banking structure will consist of a few banks with a dense branch network. In other words, only a fraction of the branches existing today are likely to remain.

Many banks will rely on the Internet as their main distribution channel.

This is the starting point of the study. How do the Ghanaian banks value the different distribution channels in 2009? Is a clear pattern of distribution strategies emerging? Is it possible to differentiate between branch and home banking strategies?

Physical Evidence

A service cannot be experienced before it is delivered. This means that choosing to use a service can be perceived as a risky business because you are buying something intangible.

The uncertainty can be reduced by helping potential customers to “see” what they are buying. Case studies and testimonials can provide evidence that an organization keeps its promises. Facilities such as clean, tidy and well- decorated reception area can also help to reassure. If your premises aren’t up to scratch, why would the customer think your service is?

The physical evidence demonstrated by an organization must confirm the assumptions of the customer – a financial services product will need to be delivered in a formal setting, while a children’s birthday entertainment company should adopt a more relaxed approach.

Although, the customer cannot experience the service before purchase, he or she can talk to other people with experiences of the service. Their testimony is credible, because their views do not come from the company. Some companies engage these customers and ask

for their feedback, so that they can develop reference materials. New customers can then see these testimonials and are more likely to purchase with confidence.

People

From a customer's perspective, the encounter with service staff is probably the most important aspect of a service. From the firm's perspective, the service levels and the way service is delivered by the front line can be an important source of differentiation as well as competitive advantage. In addition, the strength of the customer/ frontline staff relationship is often an important driver of customer loyalty.(Liliana L (2001)

Service staff is so important to customers and the firm's competitive positioning because the front line

.Core part of the production. Often the service staff is the most visible element of the service, delivers the service, and significantly determines service quality.

. Is the service firm. Frontline staff represents the service firm; from a customer's perspective, the frontline is the firm.

. Is the brand. Frontline staff and services are often the core part of the brand. It is the staff that determines whether the brand promise gets delivered.

Furthermore, frontline staff plays a key role in anticipating customer's needs, customizing the service delivery, and building personalized relationships with customers ultimately lead to customer loyalty.

The important impact of service staff on customer loyalty was integrated and formalized by James Heskett and his colleagues in their research on the service-profit chain. The authors demonstrate the chain of relationship between (1) satisfaction, retention, and

productivity; (2) service value; (3) customer satisfaction and loyalty; and (4) revenue growth and profitability. Unlike the manufacturing, our frontline staffs are in continual contact with customers, and we have solid evidence showing that employee satisfaction and customer satisfaction are highly correlated.

Process

The process of giving a service and the behavior of those who deliver are crucial to customer satisfaction. Issues such as waiting times, the information given to customers and the helpfulness of staff are all vital to keep customers happy.

Customers are not interested in the detail of how your business runs. What matters to them is that the system works.

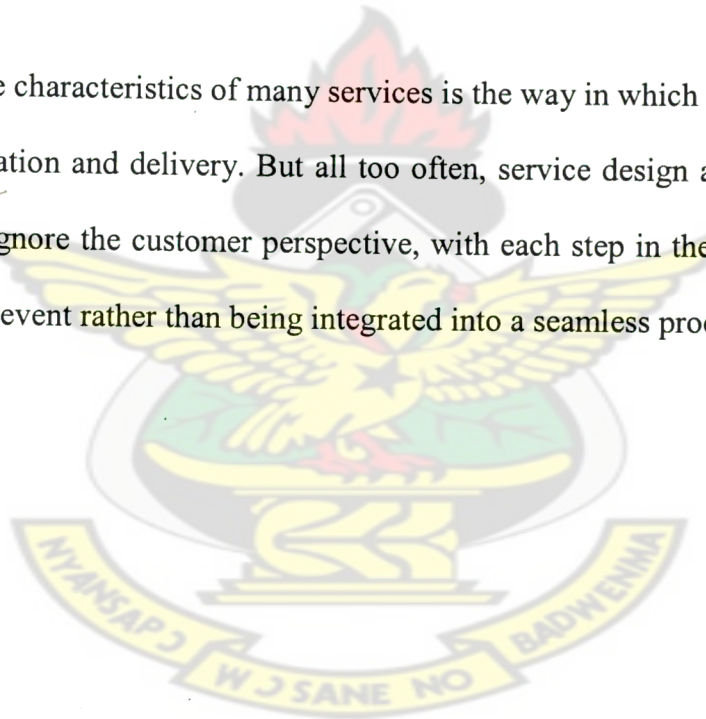
Do customers have to wait? Are they kept informed? Is your service efficiently carried out? Do your people interact in a manner appropriate to your service?

Process is one of the 'p's that is frequently overlooked. A customer trying to reach your company by phone is a vital source of income and returning value; but so often customers have to stay on hold for several minutes listening to a recorded message before they are able to get through. Many of these customers will give up, go elsewhere and tell their friends not to use your company- just because of the poor process that is in place. Even if they do get through, they will go away with a negative impression of the company.

The reason for this is that the systems are not usually designed by marketers- they are designed for the company's benefit, not the customers.

This part of the process is the first experience of a company that many customers have. There is no value in making the rest of the company run perfectly if this part is faulty. As a consequence, this 'p' could be a great source of competitive advantage if used wisely. According to Lynn (1992) in a high contact service, customers themselves become an integral part of the operation. Badly designed processes, often result in slow, frustrating, and poor- quality service delivery and are likely to annoy customers. Similarly, poor processes make it difficult for frontline staff to do their jobs well result in low productivity, and increase the risk of service failures.

One of the distinctive characteristics of many services is the way in which the customer is involved in their creation and delivery. But all too often, service design and operational execution seems to ignore the customer perspective, with each step in the process being handled as a discrete event rather than being integrated into a seamless process.



CHAPTER THREE

3.0 METHODOLOGY AND ORGANIZATIONAL PROFILE

3.1 Introduction

This chapter presents an outline of the methods and techniques for the design of instrument and the collection of data for the research. This includes the research design, the population, sample, research instrument, data collection procedures and the method of data analysis.

3.2 Research Design

Yin (2003) distinguishes three types of research: Exploratory, descriptive and explanatory. Explanatory research is applied when a problem is difficult and you have little knowledge about the area you are studying (Eriksson and Wiedeshein – Paul, 2001). It can be seen as a pilot study, in which the researcher creates a base of understanding to formulate more precise questions or a testable hypothesis (Gummesson, 1991). According to Wallen (1996), it gives a basic understanding of the problem and its context. According to Patel and Davidson (1994), the purpose of exploratory research is to collect as much information as possible about a specific subject. It is suitable as a base, when formulating interesting questions for future research.

Descriptive studies are focusing on illustrating characteristics for the research object and are consisting of gathering and systemizing existing data (Wallen 1996). Description is compared to reduction; which grants possibilities to deduce and recommend

(Gummesson, 1991). The descriptive research is used when the goal is to develop a careful description of different patterns that were expected during exploratory stage. The objective is to describe how something is without explaining why (Ying 2003].

Explanatory research is used when the researcher is searching for a cause and effect relationship, to be able to create theory that can be used to explain empirical generalizations (Erikson and Wiedesheim Paul, 2001) Explanation is the superlative of understanding in a learning environment (Gomm et al 2000).

The study was a descriptive survey: the researcher chose this because the study aimed at describing the existing conditions of variables during the conduct of the study. This type of research method is deemed useful for diagnosing a problem and examines the trend or state of a phenomenon of a relative large scale. This makes room for meaning generalizations.

3.3 The Sample and Sample Techniques

A total of one hundred and ten (110) customers were selected using the convenient sampling or the non probability sampling for the study. The reason is that, looking at the nature of work at the bank, the researcher interviewed customers who were willing to answer the questionnaire since some of the customers were feeling reluctant to compromise with the researcher. The researcher therefore went round all the seven branches\ agencies to ascertain the needed information.

3.4 Research Instrument

The research instrument designed for the collection of the data for the study was questionnaire. This was designed by the researcher with assistance from his supervisor. This data collection instrument was used because it is the best method through which accurate information could be elicited in a study of this kind where the variable under investigation requires statement of facts and personal opinions.

The instrument was made up of a mixture of closed and open ended questions. Respondents had to tick the appropriate column or select from the alternative answers and also provide significant information through the few open ended questions. The questionnaire for customers had thirty eight (38) items divided into four main parts and twenty five (25) items for the marketing manager. The first section was designed to gather demographic data such as age, sex and customer's branch name. The rest of the questionnaire was aimed at acquiring information on the various types of products in their various branches and how they use the marketing mix to promote the products of the bank.

3.5 Data Collection Procedure

According to Yin (2003) the field of qualitative research has six forms of sources of evidence for collecting data. The six forms are documentation, archival records, interviews, direct observations, participant observations and physical artifacts.

Documentation is important for almost every case study. Documents can be letters, memoranda, agendas, newspapers, clippings or other articles in mass media or community news letters. In case studies, documentation is best used to confirm argument

evidence from other sources (Yin 2003). General information about the bank has been found at their web pages in printed materials such as annual reports. Interviews are a narrative method of collecting data. The interview consists of two or more participants that engage in a conversation that constitutes a learning process (Blaxter et al 2001). To better grasp the research purpose, interviews provide a more in-depth insight into the research area. By interviewing the research is limited to fewer informants with rich information sharing (Denscombe, 2003). According to Yin (2003) the interview is the most important source when it comes to obtaining information within the case study.

The questionnaires were personally distributed by the researcher. The researcher collected an introductory letter from the School of Business, Kwame Nkrumah University of Science and Technology and made copies available to the various branches of Nwabiagya Rural Bank.

Upon arrival at the branches, the researcher first called on the head of marketing department who in turn introduced the researcher to the entire staff and solicited their co-operation. The researcher then administered the questionnaire to the customers who were willing to complete them and waited for the respondents to complete them. By this procedure, the researcher was able to retrieve all the one hundred and ten (110) questionnaires.

This data collection procedure enabled the researcher to interact personally with the respondents and to explain the significance of the study to them and also some of the issues on which their understanding were clouded. Also, the informal interaction offered vital information which gave the researcher better insight into the prevailing conditions.

The researcher again solicited information from the marketing manager by way of answering some information guide questions which was of great help.

3.6 Problems Encountered During Data Collection

The researcher however encountered a number of problems during the administration of the questionnaires. Some customers showed unpreparedness to accept the questionnaire in spite of the introduction from the bank officials; some did not extend their maximum co-operation.

3.7 Method of Data Analysis

A case study should start with a general analytical strategy that provides the basis for what to analyze and why. There are different general analytical methods. Relying on theoretical propositions, thinking about rival explanations or developing a case description. Yin (2003) says that without a general analytic strategy, a case study analysis will be difficult to carry out.

According to Yin (2003), the first strategy, relying on theoretical propositions, is the most preferred. It means that you are following the theoretical propositions that lead to your case study. The original objectives and design of the case study presumably were based on such propositions, which in return reflected a set of research questions, review of the literature and new hypotheses or propositions.

The responses from the research were tallied and tabulated according to the items on the various sections. The results obtained were recorded and put into percentages using

tables and charts provided in each section. Discussions and interpretations were then made.

3.8 Organizational Profile of Case Study

Nwabiagya Rural Bank Limited was incorporated under the companies code of 1963(Act 179) and issued certificate to operate the business of banking under the banking Act 1970 (Act 339) on 4th June 1987.

As is the case for most business entities, the teething years of our operation witness some problems .However, thorough well focus direction and planning, couple with the well motivation staff and our enviable customers, the bank can now boast of six outlets located at Offinso, Bohyen, Anwiam, Magazine, Sagoe Lane, Abuakwa, with the Head Office still at Barekese from where the various departments oversee the activities of the Bank through the frontliners at the agencies. Presently, the Bank is managed by eleven (11) able-bodies directors and staff population of (123).

The bank has fully computerized its operations and has begun in earnest, the networking of its agencies, two already linked, and a third to be added soon. The introduction of modern equipment and technology into the bank's activities have propelled and engineered growth in all aspects in our operations.

Vision

The Bank's short and medium term goals will be geared towards deposit mobilization, customer care, growth and human resource development, profitability, efficiency and

increase in community development assistance, to enable us attain our mission which we have termed “journey to the top”.

With the motivation and training packages for our staff through the establishment of staff development policy, the networking of all agencies via the wide area network to improve efficiency, effectiveness, customer’s turn-out time is expected to reduce to 15-10 minutes. It is also anticipated that payment of dividends will be tied to earnings on a share.

With a well-resourced internal audit department already in place to ensure the safeguarding of the bank’s assets, monitoring of proper accounts keeping and documentation of loans and advances and strict adherence to regulatory controls and development agenda to support sanitation, education, health and environment issues will also be well sustained during the period.

Growth

The bank has shown persistent growth over the years and continues to meet all statutory requirement of the bank of Ghana and the relevant bodies.

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter is devoted to the presentation and analysis of the data obtained from the field. It enabled the researcher to make comparisons on variables, used frequencies, percentages and charts to derive the right perception and the reality of how banking products are marketed in the financial institutions especially Nwabiagya Rural Bank.

The first part of the analysis is limited to background information of the respondents. Consideration was given to these characteristics because of the influence they have on the social life of individuals especially on people in the Banks branches catchment areas.

Socio-demographic variables analyzed include age, gender and educational background.

The subsequent part involves the analysis of the views of the respondents on how the bank markets its products to the customers. This part was analyzed and organized in terms of the objectives of the study.

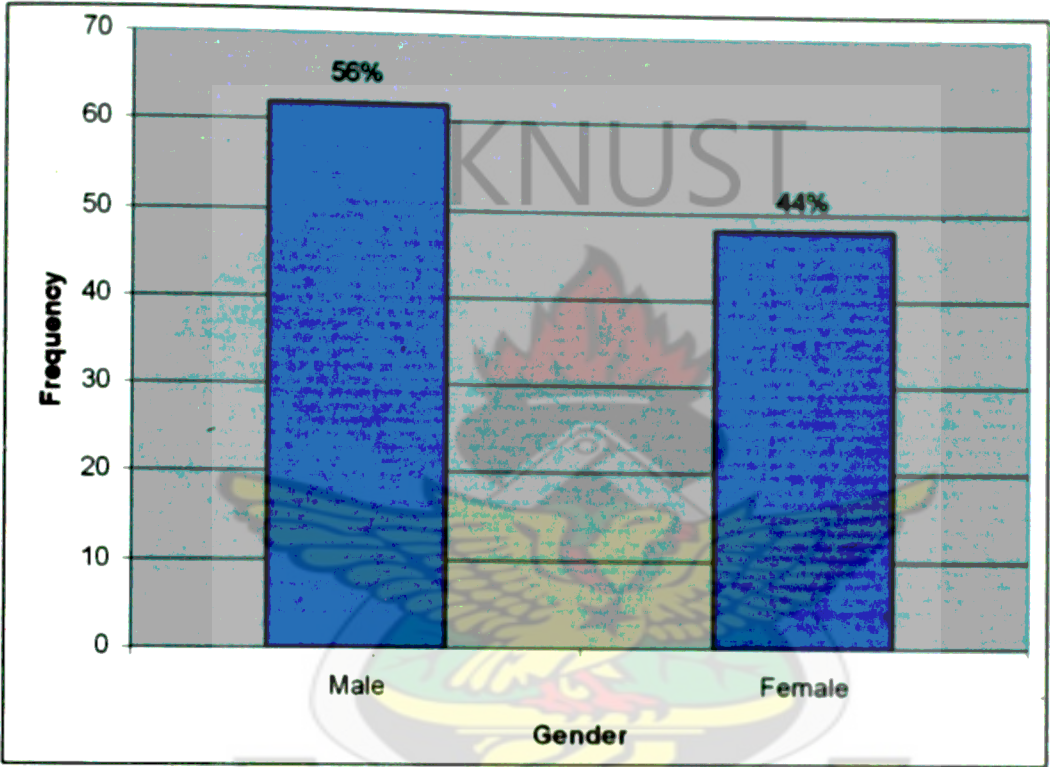
4.2 Socio-Demographic Characteristics of Respondents.

Sex is a very important factor to consider when dealing with customers understanding of products available at their various branches. In Ghana and perhaps in most of the developing countries, gender equality in the benefits has not been possible. The reason is that most decision makers are males and therefore their decisions are skewed in favour of males. According to Jones et al, (2004:330) "widespread stereotype of women is that they are nurturing, supportive and concerned with interpersonal relations". In view of this

most corporate bodies do not see the need to involve women and girls in delivering of products and services, especially in the financial institutions.

On the nutshell, the researcher managed to secure the views of some women and men even though men were in majority.

TABLE 1: Sex Distribution of the Respondents.

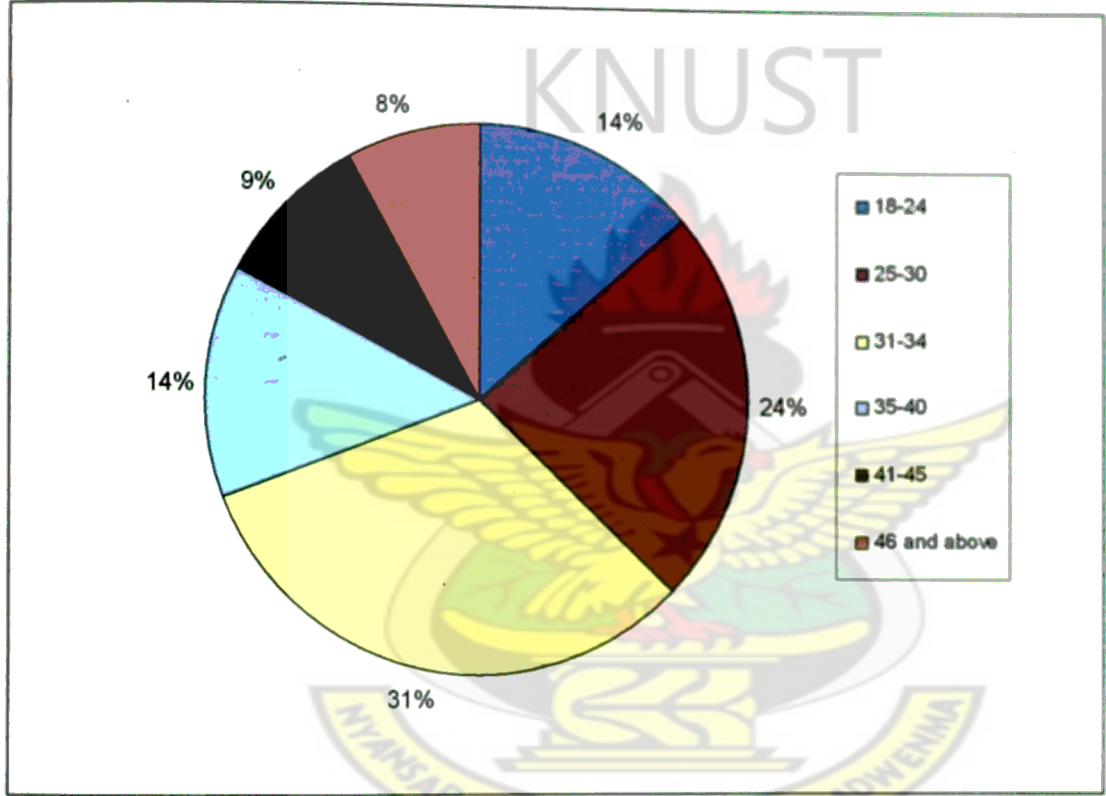


Source: Researcher’s field work (2009)

From the above, it is obvious that majority of the respondents were males, that is 62 representing (56%) of the total respondents while the female respondents were 48 representing (44%). This was not due to any conscious effort by the researcher to interview many males but a coincidence of the population of the bank which is predominantly male. This means that the outcome of the study represents the general views of the age distribution of the respondents, consideration was given to selection of customers within the range of 18 to 46 years and above. This was done in order to solicit

information from a wide range of customers based on their ages. The data showed that majority of the respondents interviewed fell within the age group of 31-34 years (modal age group) with a frequency of 35, representing (32%) of the total respondents. The ages of the respondents are depicted in the table below.

Figure 2: Age of the Respondents



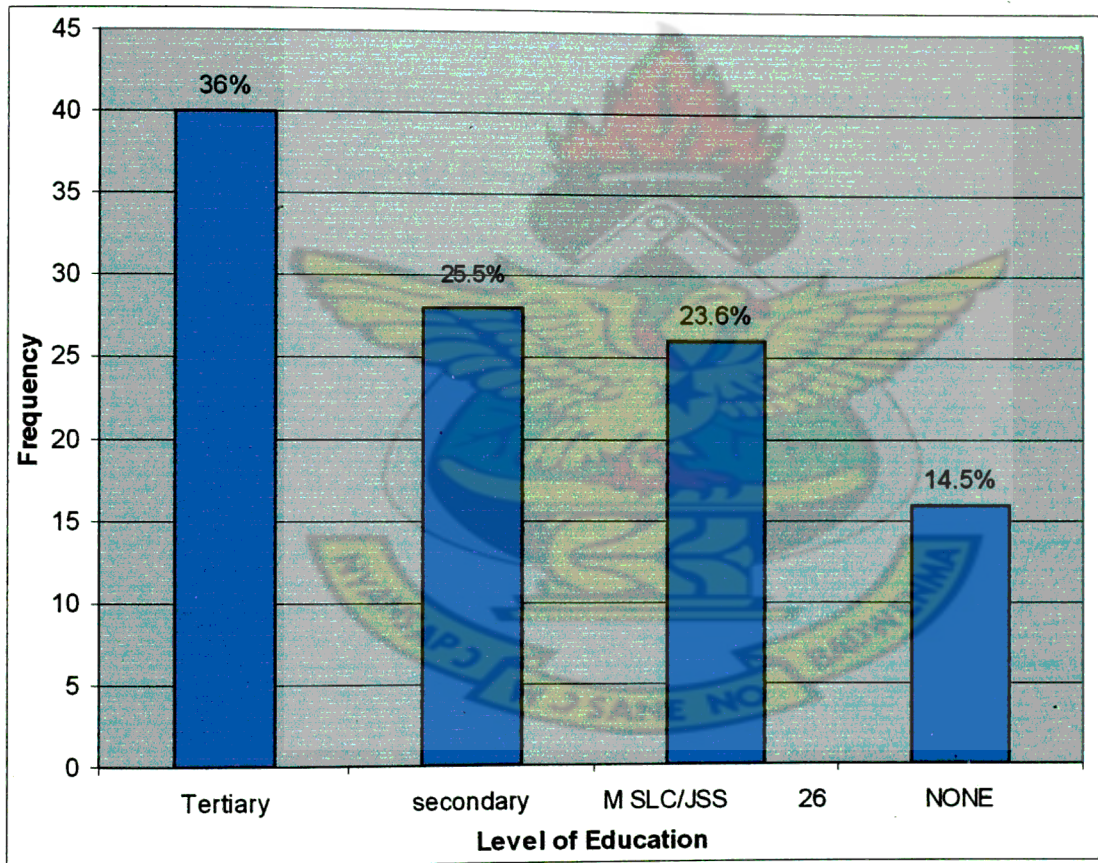
Source: Researcher's field work (2009)

A cursory observation of the age distribution of the respondents showed that about (83 %) of respondents are youth (below 40 years) while (17 %) is 40 years and above. This age structure indicates that most of the customers at Nwabiagya Rural Bank are youthful. This situation was explained by the marketing officer as being the result of the old adage which says “catch them young and they shall be yours forever”

4.3 Educational Background.

Education is said to influence and determine one’s life chances including the idea of purchasing a product from a bank. In view of this, the level of education of respondents was factored into designing the questionnaire. Companies dealing with customers with different background mean a lot to their operation. This is because the company has to provide different operational platforms in explaining issues to the customers.

Figure 3: Educational Background of Respondent



Source: researcher’s field work 2009.

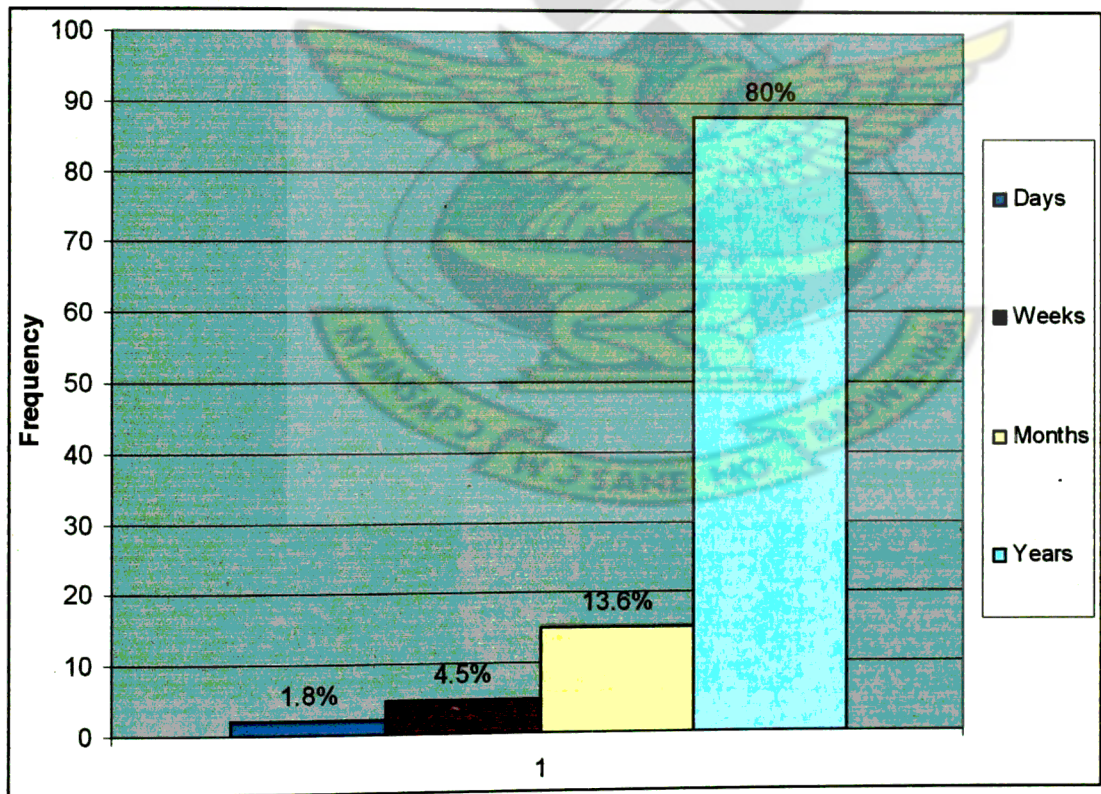
The chart above reveals that 16 (14.5%) of the respondents had no formal education. and 26 (23.6%) of them have attained Junior Secondary School level. It also shows that 28 (25.5 %) of the respondents have up to secondary school level. Whilst those with tertiary

education accounted for 40 (36 %). The reason for the majority of the respondents falling within the tertiary category is that most customers of the bank are teachers residing in the catchment areas of the bank.

4.4 Period of Transacting Business with the Bank

How long people transact business with a bank may determine their understanding of how the bank operates and their policies. Customers who do business with a bank for years are likely to comprehend certain operational policies of the bank as compared to customers who are within days, weeks and months. The periods for which the respondents have been doing business with the bank are presented in the table below;

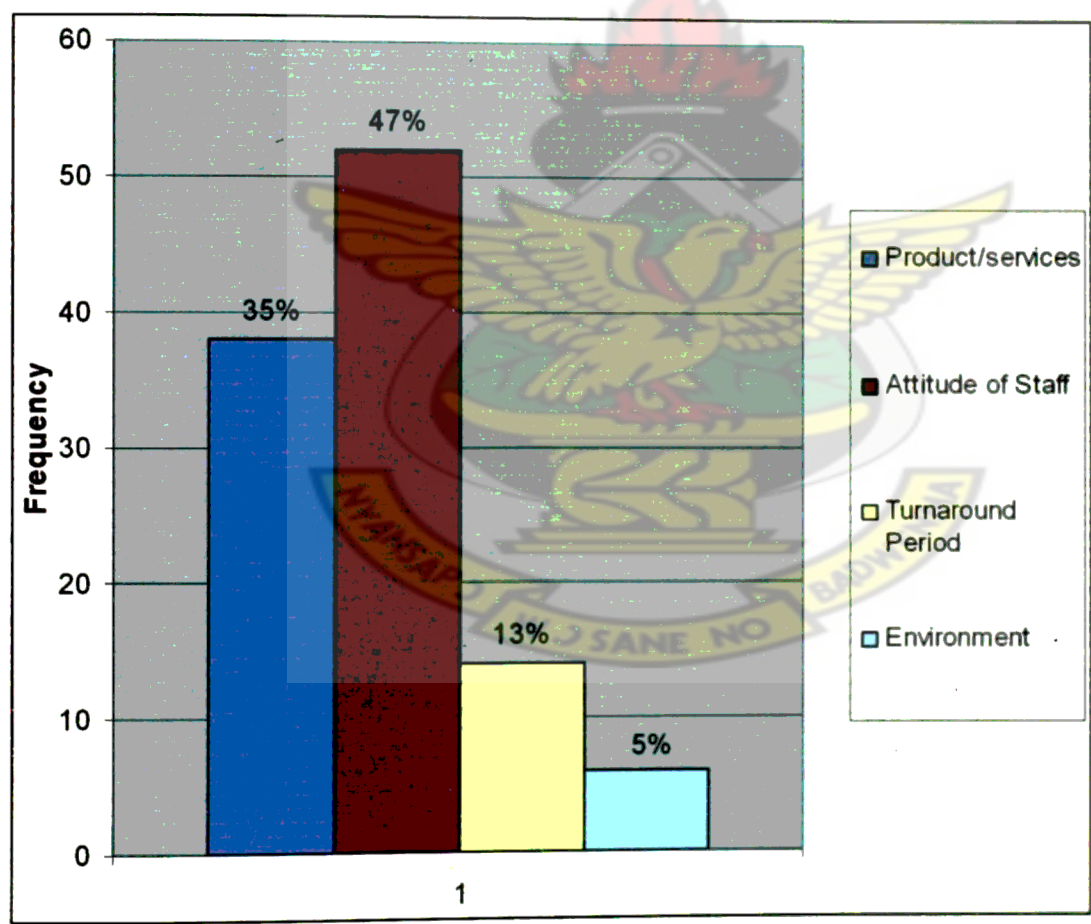
Figure 4: Period of Transacting Business with the Bank



Source: Researcher’s Fieldwork (2009)

It is noted from the table above that respondents who have been transacting business with the bank within few days were 2 showing 1.8%. 5 respondents showing 4.5% have been transacting business with the bank for weeks. The weeks were defined within a period of one month and twelve months. Respondents who have spent months doing business with the bank were 15 which represent 13.6%. 88 respondents indicating 80% of the total respondents have been transacting business with the bank for years. This was defined for any period after one year. This means that majority of the respondents might have understood the operational policies of Nwabiagya Rural bank.

Figure 5: Why Doing Business with the Bank



Source: Researcher's field work (2009).

It is seen from the chart above that, 52 (47%) customers out of the 110 respondents selected to answer the questionnaire were of the view that they patronize the bank as a result of the attitude and behavior of the staff. It is inferred from the table that about 38 (35%) believed that the effectiveness of the product or service of the bank was above average. They further explained that since the marketing department has relaxed a bit, the idea of marketing products of the bank would be less effective. Those who patronize the bank base on turn around period represent 14 (13%) of the selected population with about 6 (5%) as those who patronize the bank on the environment of the bank.

4.5 Product:

Banks tailor their products/service to suit the needs of customers. This means that such products are to satisfy specific need.

The views of the customers relating to the kind of banking products/services they transact with the bank are presented in the table below;

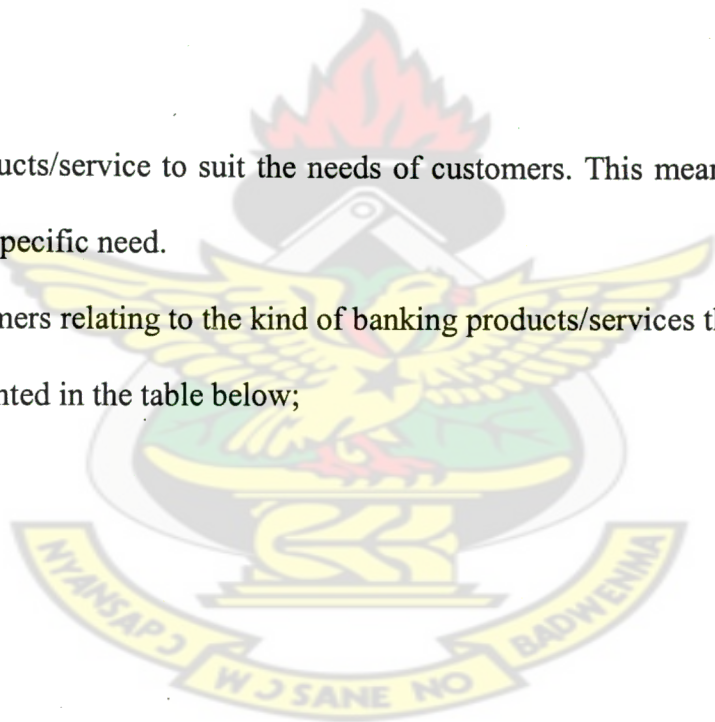
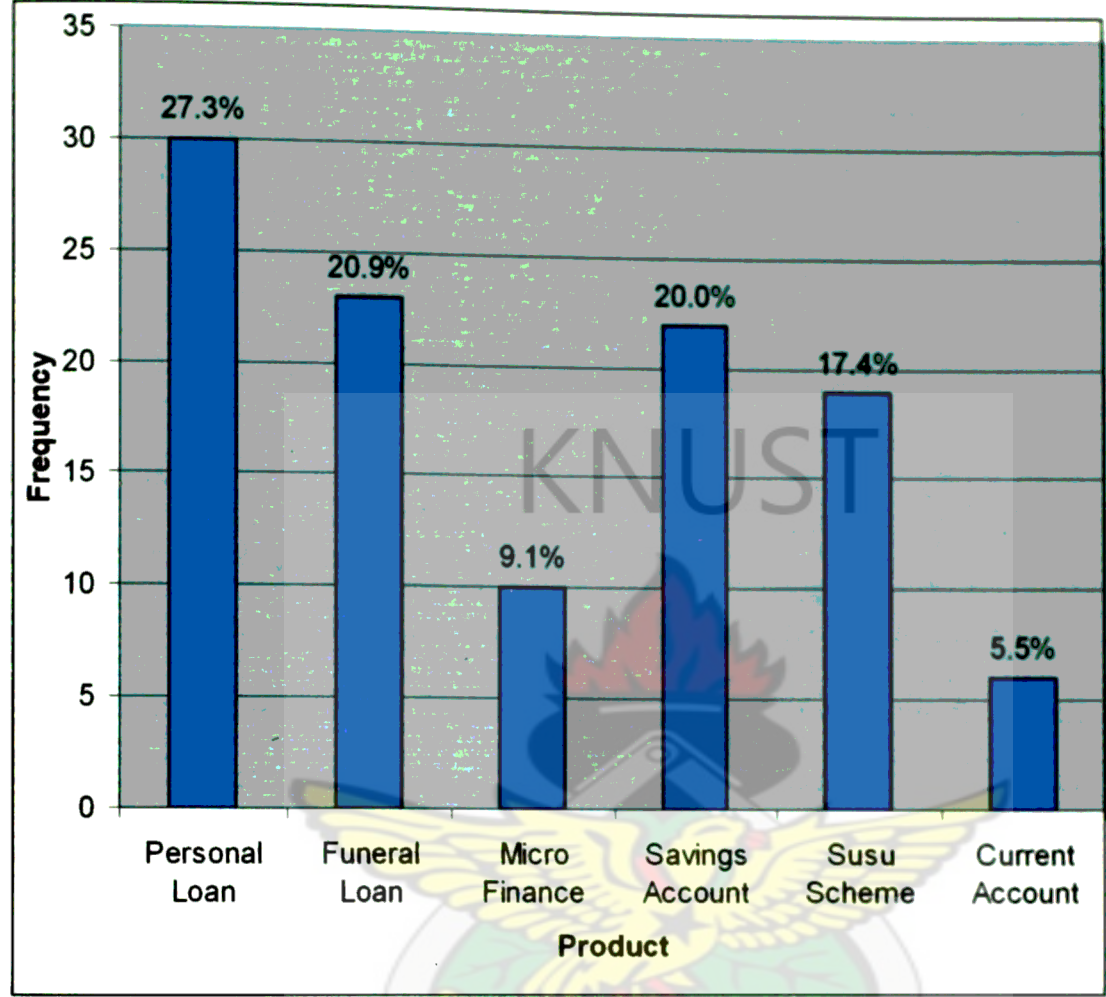


Table 6: Products Customers Transact with the Bank



Sources: Field Research (2009)

It is observed from the above table that 30 customers representing (27.3%) is the product that motivated them to transact business with the bank, with 23 representing (20.9%) suggested that funeral loan is the product they transact with the bank, whilst 10 of the respondents representing (9.1%) went in for micro- finance. However, savings account accounted for 22 customers representing (20.0%). On the issue of the susu scheme 19 customers representing (17.4%) said is the product they transact with the bank, current account was the minimum among the types of products customers transact with the bank which 6 customers representing (5.5%) of the respondents.

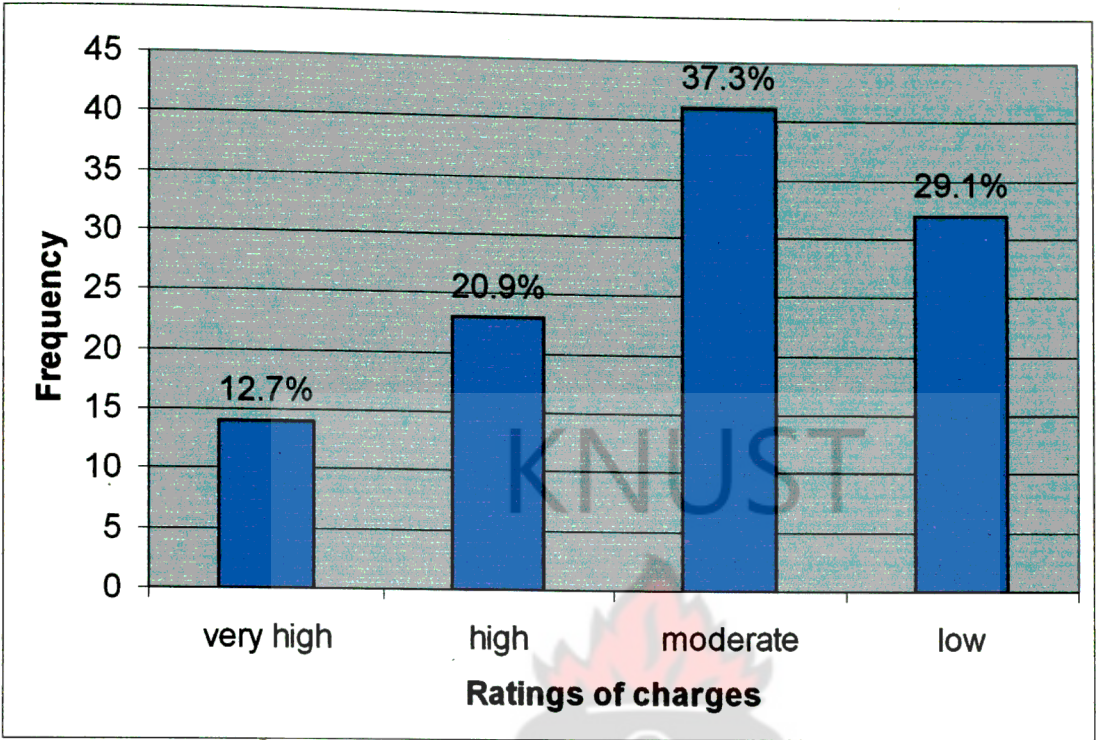
The marketing manager of the bank was of the view that the bank has a lot of products that attracts more customers apart from those mentioned above. The bank has products such as “akuafoo nkosoo “ woba daakye” and ennidaso as other products for the low income earners within their catchment area. The manager further elaborated that they have designed their products in such a way that they look very attractive to its numerous customers.

4.6 Pricing

4.6.1 *Rate of Charges of the Bank*

Pricing is more complex in service than in manufacturing. Because there is no ownership of services, it is usually more difficult for managers to determine the financial cost of creating process or performance for a customer than to identify the cost associated with creating and distributing a physical good. The nature of pricing is such that it becomes a cost to the customer. There is the need therefore for banks to price their products in such a way that it will not be too expensive to customer. The respondents were asked to express their views on the rate of charges at Nwyabiagya Rural bank. The views are presented below;

Figure 7: Rate of Charges



Sources: Field Research (2009)

As indicated in the chart above, the rate of charges of the bank shows that 14 customers representing (12.7%) of the respondents were of the view that the bank charges are very high and (20.9%) are also saying high to the charges, (37.3%) of the customers who responded suggested that the charges of the bank are moderate, whilst (29.1%) are of the view that the charges are low.

The respondents who suggested moderate and low charges revealed that as far as they are concerned, the bank charges the least as compared to most of the rural banks and commercial banks in the area. The customers therefore suggested that the public relations activities of the bank has clearly thrown more light on the rate of charges of the bank,

The marketing manager of the bank was of the view that, the management takes various things into consideration when pricing their products, for example the income level of the rural folks and the intent of the rural banking activities to mobilize funds within the rural areas and improve upon the lives of the people.

4.7 Distribution

In distributing services firms consider many things. This is done at the convenience of the customer. The nature of transacting banking services at NRB according to the customers includes customers visiting the bank, the bank coming to their workplaces, through electronic and other means. The various responses from the customers are presented in a chart below;

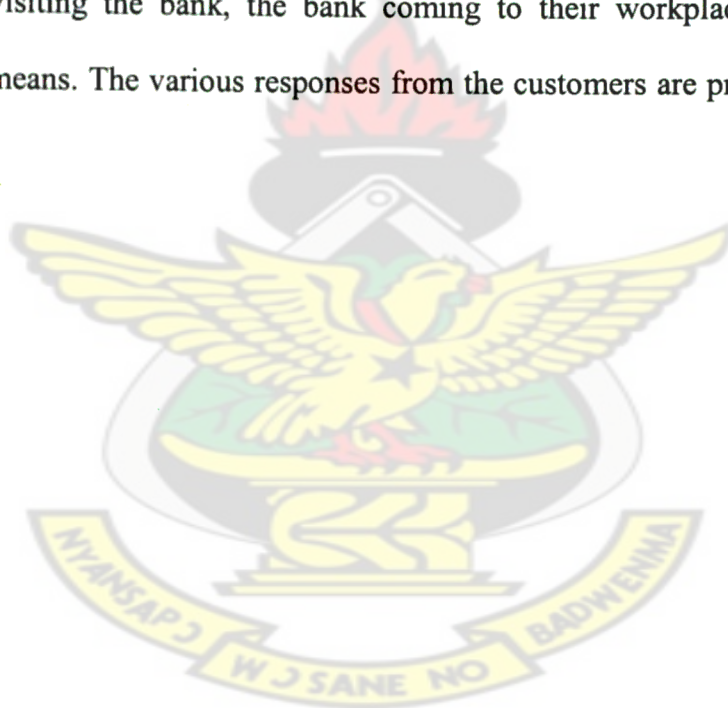
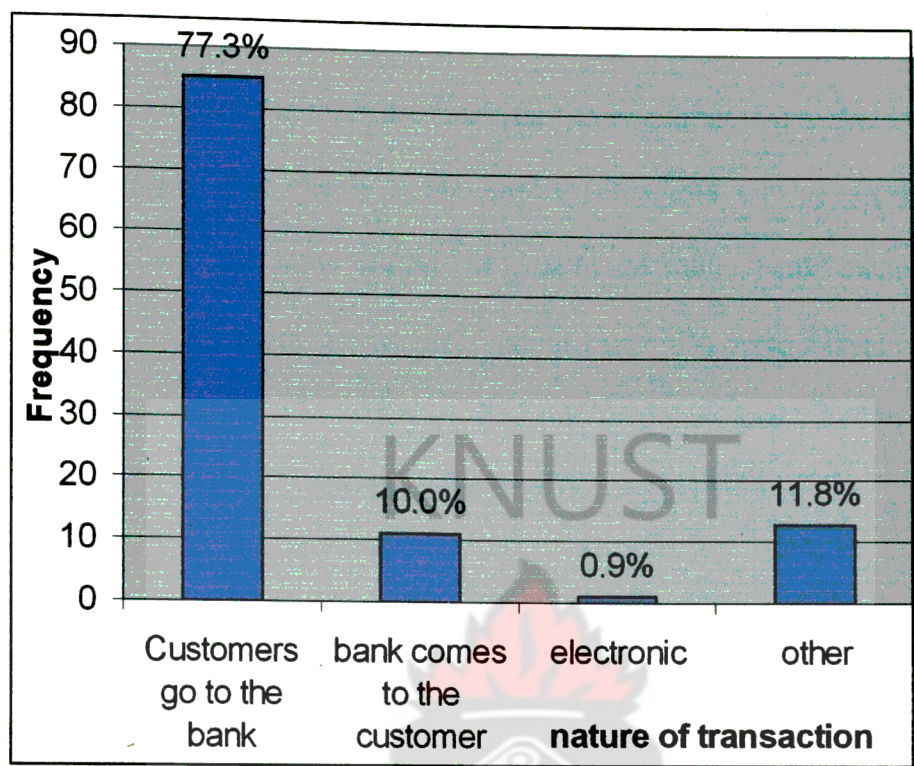


Figure 8: Nature of Transaction



Field research (2009)

It can be noted from the chart that, majority of the customers of the bank representing (77.3%) can transact business with the bank only when they go to the bank but looking at the competitive nature of banking these days there is the need for the bank to move to the customers rather than the customers coming to them.

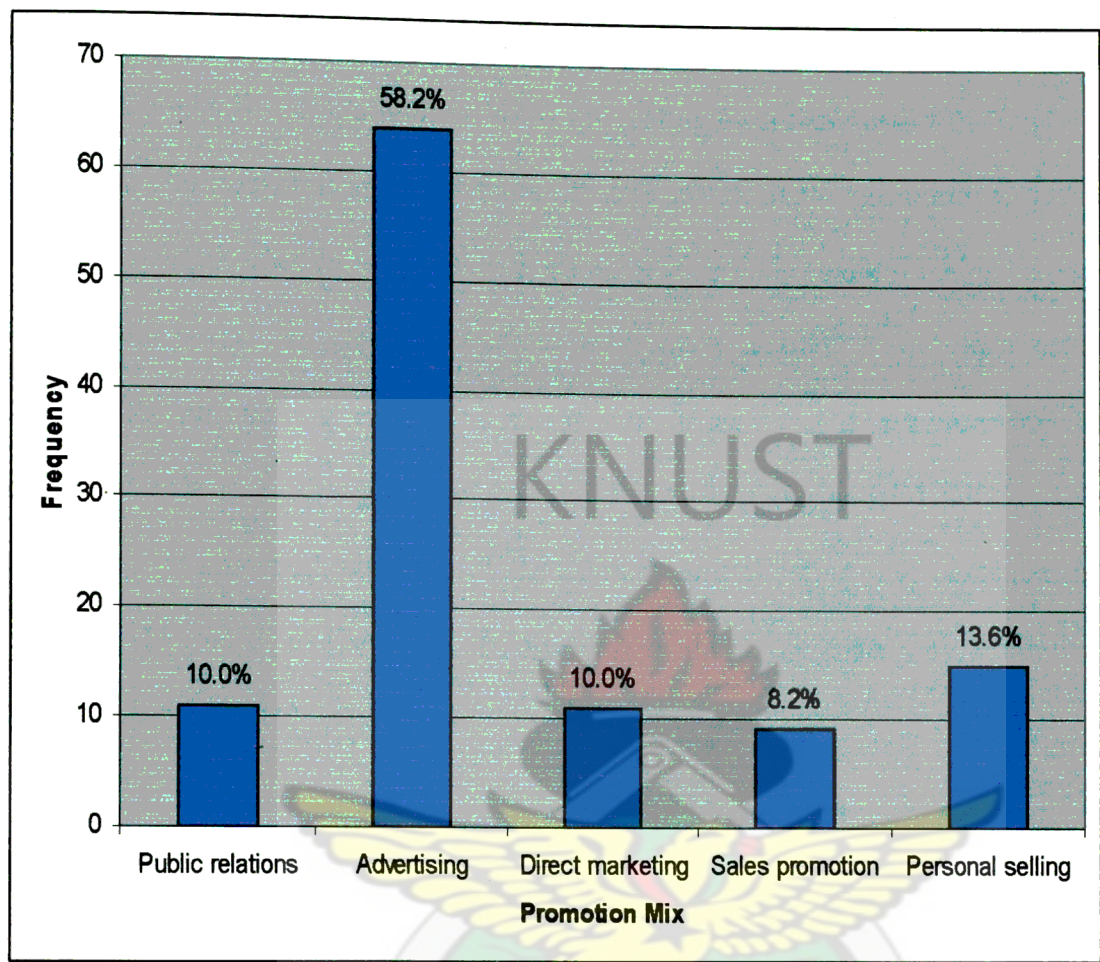
The marketing manager was of the view that, the bank has complied with the Apex bank directives that all rural banks should move from the manual way of banking to computerization. NRB has plans of moving to the next stage of the distribution channel, which is the telephone segment after it has been able to network the seven branches of the bank. In order to stay competitive the bank has been able to network all its agencies and is looking forward to introduce the rest of the channels as directed by the Apex bank.

4.8 Promotion

Communicating about services can be difficult to the service provider because of the intangibility nature of them. It is therefore important to emphasize that service marketers need to create messages that clearly communicate intangible service attributes and benefits to the consumers. In communicating the bank to the public, banks can rely on the promotional mix which includes advertising, public relations, personal selling, direct marketing and sales promotion. Customers of the bank were therefore asked to comment on which of the promotional tools provide them with the needed information. Their views are presented in the chart below:



Figure 9: Promotion Mix



Sources: Field Research (2009)

A cursory look at the chart on the promotional activities of the bank shows that 64 customers representing (58.2%) indicated that they get information on the bank through advertisement. 11 (10.0%) of the customers mentioned that it is public relations which help them to understand issues from the bank. another 11(10.0%) declared that direct marketing provides them with information whilst 9 (8.2%) of the respondents stated that personal selling is the most effective way of receiving information from the bank.

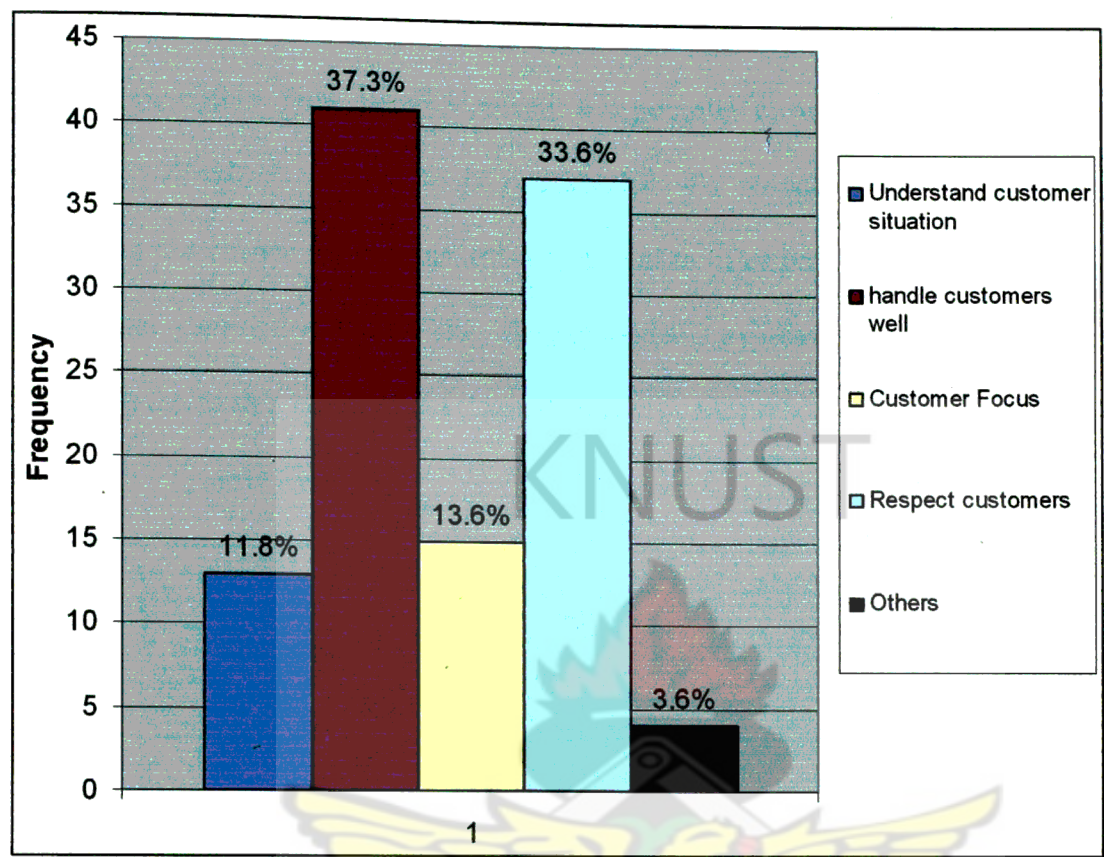
It is therefore important that the bank would adopt the vigorous means of creating awareness of their products.

At NRB they use all the promotional tools in creating awareness about their service and operations. The marketing manager hinted that as which of the promotional tool to use depends on which specific objectives to be achieved. The bank's major promotional activities confirmed the views of customers on advertisement. Thus, the modal class 58.2% of the promotional tools. The manager confirmed that it is advertising that the bank uses most in reaching out to their customers and the general public. The data gathered on promotional activities of the bank is an indication that customer and the public are likely to assess a lot of information about the bank any time they use advertisement.

People

Service personnel usually feature prominently in such dramas and are in roles as either uncaring, incompetent, mean-spirited villains or heroes who went out of their way to help customers by anticipating their needs and resolving problems in a helpful and empathetic manner. From the firm's perspective, service staff are crucially important, as they can be a key determinant of customer loyalty. From the chart about (37.3%) of the respondents suggested that the staff handle customers well, as (33.6%) of them was of the view that the staff of the bank respect its customers. Notwithstanding this there are others who were of the view that the staff of the bank do otherwise but looking at the percentage wise they constitute about (3.6%) of the respondents.

Figure 10: Staff and Customers Relation



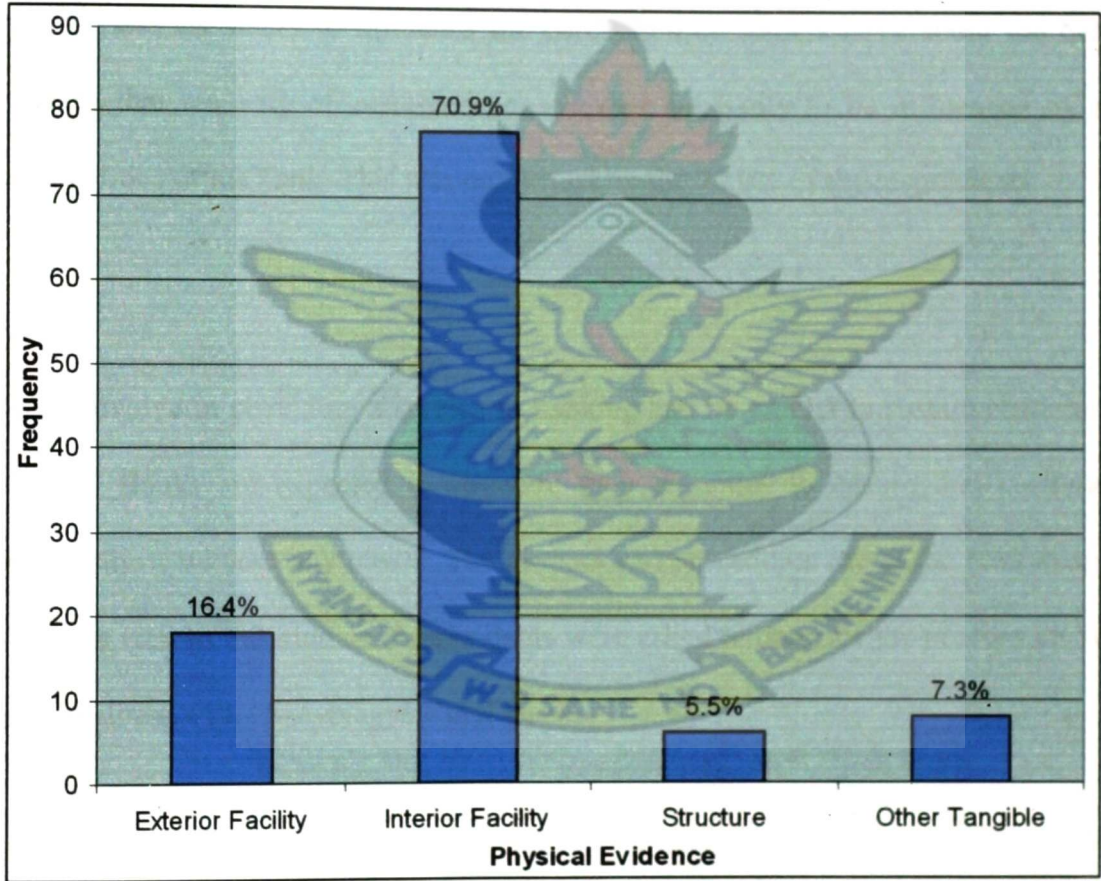
Source: Field research (2009)

The marketing manager was of the view that, the bank acknowledges how important people are and the need for management to take good care of their staff, because in banking where the customers meet the frontline can be considered as the moment of truth and as such the bank keeps on conducting in-service training for the staff intermittently to abreast them of how to deal with customers who are the assets of the firm.

Physical evidence

Unlike a physical product, a service cannot be experienced before it is delivered, this makes it intangible. This, therefore, means that potential customers could perceive greater risk when deciding whether to buy a service. To reduce the feeling of risk, thus improving the chance for success, it is often vital to offer potential customers the chance to see what a service would be like. The respondents expressed their views on what they like about the bank’s physical evidence. The results are presented in the table below;

Table 11: Physical Evidence



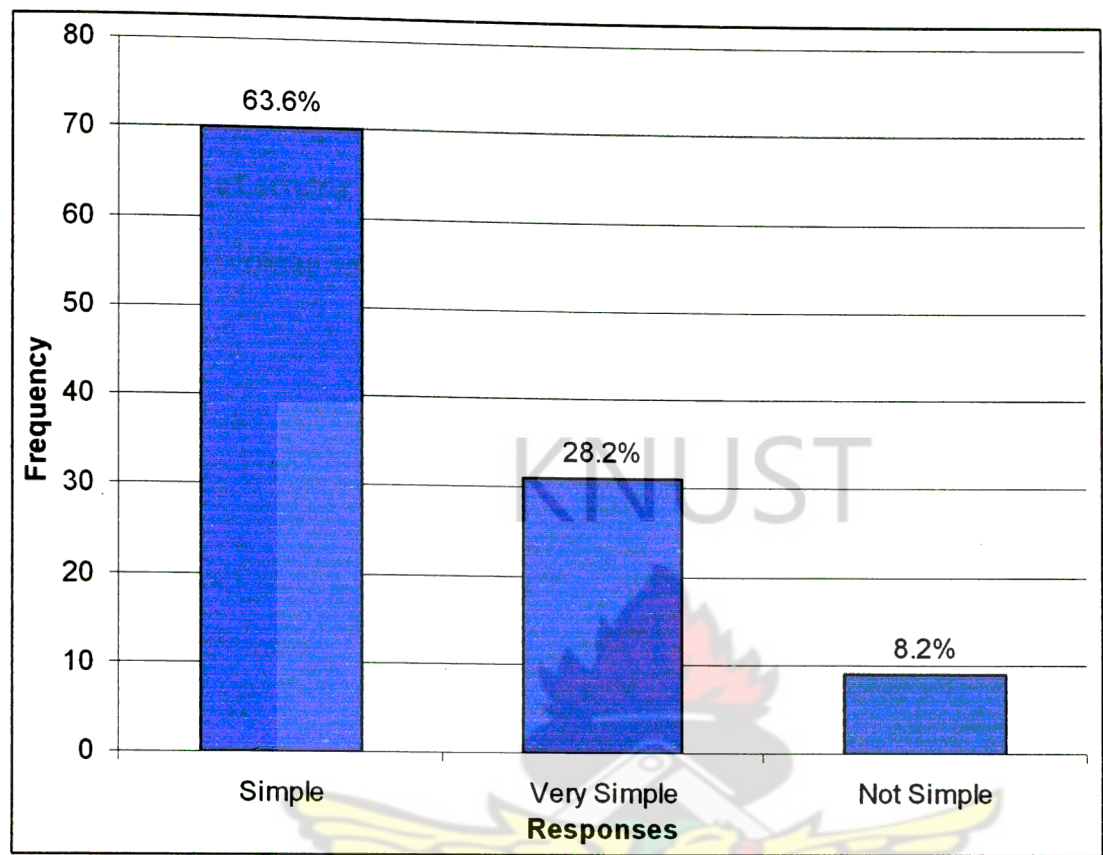
Source: Field Research (2009)

It can be observed from the table that 18 customers representing (16.4%) mentioned that they like the exterior facility of the bank. The respondents who indicated that they like the interior facility of the bank were 78 which represent (70.9%) of the total respondents, whilst 6(5.5%) of the respondents mentioned that they like the structure of the bank. Respondents who selected other tangible were 8 showing (7.3%). At NRB managing physical evidence is very importance in their marketing activities. The marketing manager of the bank stressed that managing the physical evidence is one of the strategic tools of the bank. He continued that managing the physical evidence conveys customers' expectation and are likely to influence the perception customers have about the bank. This means that majority of customers interviewed are likely to be influenced by the interior facilities of the bank. This was confirmed by the 70.9% of the respondents.

Process

Processes involve in providing a service in banking can be crucial to sustain customer's satisfaction. Banks are expected to structure their activities to ensure that customers transact business without any hassle. The process and procedures use at the Nwaybiagya rural bank is vital to this studies. Respondents were asked to describe the process involve in doing business with Nwaybiagya Rural Bank.

Figure 12: Processes



Sources: Field Research (2009)

As noted from the above chart, (28.2%) of the respondents said that the process of transacting business with the bank was very simple. As (63.6%) suggested that the processes was simple whilst (8.2%) of the respondents were of the view that the process was not simple.

Base on the responses of the customers, the ease at which customers transact business with the bank was due to the proper arrangement of the tellers and other staff of the bank. On the part of those who answered that the process was not simple and loan assessment was cumbersome, it was due to the fact that most of them were within the illiteracy range of the customers.

The marketing manager of the bank remarked that they try as much as possible to avoid long period of staying in the banking hall for transacting business. They have queuing policy during peak period, if the queue starts forming then more tellers are open to increase the rate of serving the customers within a short period of time and as such they have arrange the banking hall to suit the situation.

KNUST



CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The researcher in this final chapter intends to summarize the findings, the implications and recommendation as well as the limitations of the study. The researcher also intends to offer suggestions for further research.

In embarking on the study all the seven branches of the bank were selected. Customers were conveniently sampled meaning the researcher used the non-probability sample since customers of the bank who responded to the 38 questionnaire composed of both open and close ended items respectively answered them on their own convenience.

5.2 Summary of Findings

From the foregoing analysis the following were obtained;

That the age structure of the respondents are youth (below 40 years) which is a plus for the bank in order to maintain or retain them for a longer period of time.

5.2.1 Educational Background of Respondents

That the educational background of respondents is within the tertiary since (36%) of the respondents were teachers working in the catchment area of the bank. This was the modal among the various categories of the respondents.

5.2.2 Rate of Charges

That the customers were divided as to the rate of the bank charges. This is testified on the chart as (37.3%) of the respondents were of the view that the bank charges on its products is moderate.

5.2.3 Promotional Mix

That, it was clear that advertisement was popular among the customers who responded to the questionnaire since (58.2%) of them suggested that they received their information on the bank through advertisement.

5.2.4 Nature of Transaction

That the customers go to the bank to transact business instead of the bank coming to the customers in this environment of competition. It is clearly seen from the chart that about (77.3%) of the respondents confirmed that their means of transacting business with the bank is to go the bank.

5.2.5 Staff Attitude towards Customers

That the staff of the bank was highly recommended by majority of the respondents, representing (37.3%) they said that customers are handled very well by the staff of the bank anytime they transact business with the bank this can be considered as a credit to the bank.

5.2.6 Processes of Transacting Business with the Bank

That majority of the customers representing (63.6%) were of the view that the process of transacting business with the bank is simple and does not require going through a lot of hassle.

5.2.7 Physical Evidence of the Bank

That the physical evidence of the bank as far as the interior decorations was concerned rated the highest representing (70.9%) of the respondents.

5.2.8 Products of the Bank

That personal loan was the most attractive product that about (27.3%) of the respondent prefers to transact with the bank.

5.3 Implications and Recommendations

5.3.1 Age Distribution of Respondents

With reference to the findings, taking into cognizance, customers age structure are youthful. This implies that the target of the bank of catching them young and they shall be yours forever could be achieved.

However, the researcher is of the view that the marketing department of the bank should adopt vigorous advertisement to draw more youthful customers to the bank .The researcher therefore suggests that, the bank should make available more products like the

automatic teller machine(ATM),Saturday banking to attract the youth to the bank in order to retain them.

5.3.2 Educational Background of Respondents

With reference to the educational background of the respondents, it is clear that majority of the customers fall under the tertiary column since most of the customers are teachers residing or working in the catchment area of the bank. Notwithstanding this there was a higher number of respondents whose educational background was below expectation and as such the researcher recommends to the marketing department of the bank concerning the complex nature of banking operations to integrate different medium like Radio discussion, organizing events and word of mouth to educate the less privileged customers of the bank to attract others to the bank.

5.3.3 Rate of Charges

On the issue of bank charges , since the respondents were divided, the bank should embark on vigorous promotional programmes to explain and educate the customers on why the bank charge certain rates and to ensure them that their charges are low as far as the rural banking sector is concerned.

The researcher then recommends to the bank that as a result of the competition pertaining in the financial institutions in Ghana, the bank should be in the position to keep their customers by way of educating the customers on the rates of the bank and how part of the profit of the bank is used to perform the banks corporate social responsibility.

5.3.4 Promotional Mix

With reference to the promotional mix, the bank should consider advertisement as a continuous one that would educate customers on the products that are available to customers and ensure high consistency in their awareness rate. Tools that can be used to achieve this includes public relations, sales promotion to argument the awareness of the products of the bank.

The researcher believes that, the marketing department should continue with vigorous advertising programmes and improve upon those promotional tools that are less effective in order to boost the promotional activities of the bank.

5.3.5 Process of Transacting Business with the Bank

The respondents were of the view that the process of transacting business with the bank can be classified as simple. The researcher therefore suggests to the marketing department that the process must be made to sustain and if there is the need to improve upon it they should not hesitate to do so.

5.3.6 Staff/ Customer Relations

Finally, the respondents gave reasons why the customers patronize the bank. They said that the behavior of the staff, product/ services of the bank, turnaround period of the bank and the environment of the bank. The respondents rated the behavior and the attitude of the bank staff as their number one. The researcher therefore recommends that, regular in-service training on staff/customer relation should be organized for the staff to abreast them of the new ideas of dealing with customers.

5.3.7 Product of the Bank

On the issue of the bank products/services it is clear that most of the respondents are well informed on the products available to customers. The marketing department in conjunction with the entire Bank staff must embark on rigorous education on the products of the bank and their benefits.

5.4 Limitations of the Study

In the course of the study the following constraints were encountered by the researcher.

- Unwillingness of some customers to answer the questionnaire, since most of them consider it as a breach of trust or otherwise leaking information of the bank ,hence the researcher could not reach out to a large number of respondent.
- The researcher was constraint financially hence the inability to reach a greater number of the customers within the branches of the bank.

5.5 Suggestions for further Research

Considering the limitations the researcher encountered, the following suggestions regarding how the research on the same topic can be conducted in the future are outlined:

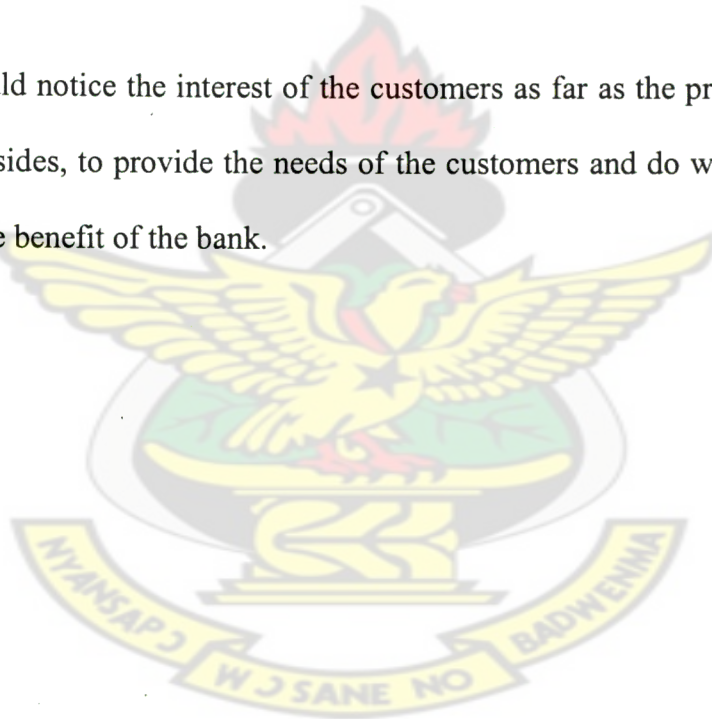
- Further researcher on the topic can be conducted to cover a relatively large size of the sample.
- Other areas under the same topic such as the impact of marketing banking products on the activities of the Bank.
- Researcher also suggests that the same study can be repeated by further researchers in different bank apart from the Rural Bank.

5.6 Conclusion

In conclusion, the researcher suggests that efforts should be made by the marketing department of the bank and the entire management team to collaborate in finding lasting solution to minimize the ignorance of some of the customers as far as the products of the bank is concerned

Additionally, the distribution channel of the bank must be improved to the next level, since customers these days are bombarded with more attractive products wherever the customer may find himself /herself.

Finally, the bank should notice the interest of the customers as far as the products of the bank is concerned, besides, to provide the needs of the customers and do well to use the promotional mix to the benefit of the bank.



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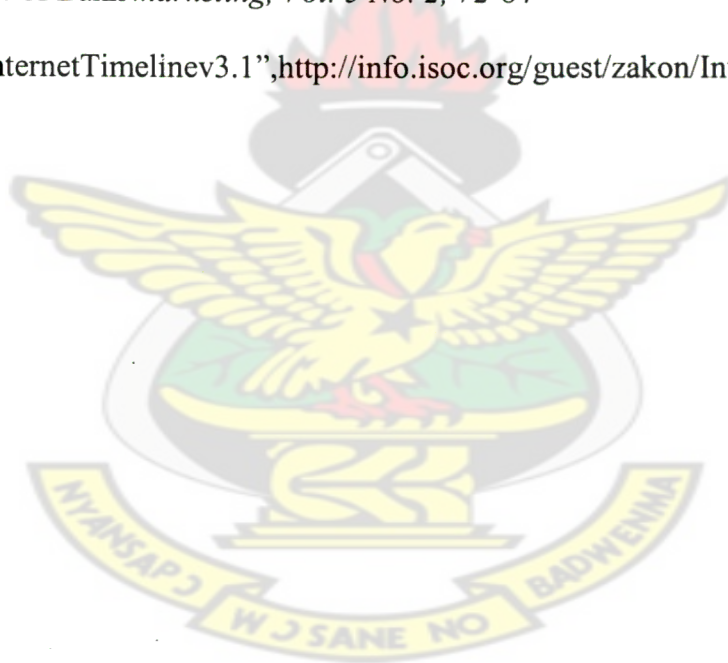
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APPENDIX: 1

Sample Questionnaire for Customers

**TOPIC: MARKETING BANKING PRODUCTS: IN RURAL / COMMUNITY
BANKS**

A CASE STUDY OF NWABIAGYA RURAL BANK

You have been selected from among many others to respond to the set of questions below. Your responses are very necessary to enable the researcher find out how Bankers market banking products in their various financial institutions. You would be contributing towards a great cause if you answer the questions as honestly, objectively and thoroughly as possible. Be assured that your answers will be treated with strict confidentiality as the purpose of this study is purely academic.

SECTION A: BACKGROUND INFORMATION

1) Name.....

2) Age Range:

- i) 18-24
- ii) 25-30
- iii) 31-34
- iv) 35-40
- v) 41-55
- vi) 56 and above

3) Gender:

- i) Male

ii) Female

4) Profession/occupation.....

5) Educational background

i) Tertiary

ii) Secondary

iii) MSLC/ JSS

iv) None

6) Branch/Place of interview:

KNUST

General information

7) How did you get to know about the products of the bank?

i) Radio ii) TV iii) Newspaper iv) Word of mouth v) Outdoor vi) Information van

8) What banking products of Nwabiagya rural bank are you aware of?

.....

9) Does the bank still use the manual way of banking? Yes or No

10) If yes, what is your suggestion for the bank?

11) What are the reasons why you purchase a product from the bank?

a) Efficiency b) Safekeeping c) Reliability d) Comfortability e) Assurance

12) How does the interest paid on savings account and other interest accrued products looks like?

a) Very high b) High c) Moderate d) low

13) How do you rate the charges of the bank?

a) Very high b) High c) Moderate d) low

- 14) Do the charges of the bank seem attractive to you as the customer?
- a) Yes b) No
- 15) Are you aware of the interest rate of Nwabiagya rural bank? Yes/ No
- 16) How do you rate the interest charges of the bank?
- i) High ii) Moderate iii) Low
- 17) How do you rate the awareness programmes of Nwabiagya rural bank?
- a) Very high b) High c) Moderate d) Low
- 18) How often do you get information about the products of the bank?
- a) Very often b) Quite often c) Often d) Not at all
- 19) What medium do you hear the advertisement of the bank?
- a) Radio b) Television c) Information
- 20) How has the advertisement of the bank educate you on the products of the bank?
- a) Very well b) Moderately well c) Well
- 21) Have you participated in the sales promotion programmes organize by the bank before?
- Yes/ No
- 22) Are you aware of the direct marketing programmes are concern? Yes/No
- 23) How do you transact business with bank?
- a) Branch banking segment b) Telephone Segment c) P C Segment
- d) Credit Card Segment
- 24) How does the channel of distribution of the bank improves the marketing activities of the bank?
- a) Very effective b) Effective c) Not effective

- 25) What is the relationship between you and the bank staff?
- a) Very cordial b) Cordial c) Not cordial
- 26) Have you ever raise objection to the bank's products?
- a) Yes b) No
- 27) If yes, how were you treated by the staff?
- a) Politely b) rudely
- 28) What do you think is the reason why customers patronize the products?
- a) Product/ service of the bank b) Turnaround period c) Attitude of staff d) Environment of the bank
- 29) Are you attracted by the interior decoration of the banking hall? Yes/ No
- 30) Are you attracted by the physical evidence of the bank? Yes/ No
- 31) What do you like about the physical evidence of the bank?
- a) Structure of the bank b) Exterior outlook c) Interior decoration
- d) Others tangibles
- 32) Does the behavior and attitude of the bank staff encourage you to visit the bank regularly? a) Yes b) No
- 33) How does the process of transacting business with the bank look like?
- a) very simple b) simple c) not simple
- 34) How do you assess the staff of the bank?
- i) Understand customers situation
- ii) Handle customers well
- iii) Respect customers
- iv) Customer focus

v) Others

35) Are you satisfied with how the bank treats you as a customer? i) YES ii) NO

What is the staff attitude towards you as customer?

i) Very good ii) Good iii) Poor iv) Very Poor

36) What are the reasons for buying a product from this bank? a) efficiency b) safekeeping c) reliability d) comfortability e) assurance

37) What are the banking products you are aware of?.....

38) How did you get to know about the products of the bank? a) Through the media b) by word of mouth



APPENDIX 2

QUESTIONNAIRE: MARKETING MANAGER

- 1) What products are available to customers of your Bank.....
- 2) When was those products introduced?.....
- 3) Are your customers aware of the products?.....
- 4) What marketing mix tools do you use to create awareness of the bank products?.....
- 5) What factors do you consider when setting up prices/ charges of your products?
- 6) What pricing strategies do you adopt when pricing products at Nwabiagya Rural Bank?
- 7) Does the price strategy help the bank to stay competitive in the rural banking environment?
- 8) Do you organize Public Relations activities?
- 9) What PR activities do you organize? Community relations, media relation
- 10) What are the objectives of organizing such programmes? Augment marketing activities
- 11) What tools do you use in organizing such programmes?
 - Sponsorship
 - Events
 - Press conference
 - Brochure
 - Press release
 - Radio Interview
- 12) Do you advertise your products /services?
- 13) Which media do you use in your advertising campaign?

14) What are the objectives of such advertising campaign?

- Inform
- Educate
- Remind
- Create awareness

15) Do you organize sales promotion? i) YES ii) NO

16) What kind of sales promotion do you organize?

17) What are the objectives of organizing such campaign?

18) How does the channel of distribution improve the marketing activities of the bank?

19) What is the channel of distribution adopted by your bank to customers?

a) Branch Banking segment b) Telephone Segment c) P C Segment d) Credit Card Segment

20) Does the bank have any intention of progressing to the next level of the distribution channel? a) Yes b) No

21) If yes state the next level.....

22) Does the distribution strategy help the bank to stay competitive in the rural banking environment? a) Yes b) N

23) How often do you update your staff towards customer relations?

a) Very frequent b) Frequent c) Not at all

24) How does your staff manage customers who normally raise objection to your products?

25) How do the staff handle post-purchase dissonance?.....