# Empirical Evidence of Financial Services Marketing in the Nigerian Banking Industry

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## Abstract

The need for marketing in financial institutions cannot be over emphasized because it is a vital arm of any sector. Competition within and outside the shores of the country brought about by globalization and an improvement in customer awareness have made banks to use marketing as an important tool to increase returns, improve on the efficiency of the Nigerian banking system and compete efficiently. This study set out to investigate the impact of marketing of financial services in the Nigerian banking industry with specific focus on deposit money banks. The method used in testing the hypotheses is the T-test method. One hundred and twenty (120) questionnaires were distributed to selected deposit banks and One hundred and one (101) was retrieved. The hypotheses tested found that marketing of bank's products and services has improved the efficiency of deposit money banks banking system and created satisfied bank customer. We recommend that all the units of the bank should be involved in marketing while banks should continue to make their customers feel important and have well equipped and experienced staff personnel in customer services unit to be able to provide solutions to customer's complaints and challenges.

## 1 Introduction

The Nigerian economy can be termed to be a seller's market because the problem in Nigeria is producing not selling because anything can be sold, so therefore the need for marketing of bank's services. The need for marketing is necessary because of competition, ,the need to mop up the excess liquidity in the economy and to attract customers so as to sell loans to them and buy deposits from them. As the economy

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develops and expands around the world, Nigeria is not excluded because there are fresh opportunities as well as threats that will give no chance for any arm chair banker or any banker who is not sound in marketing orientation. But on the other hand, it will favor the advanced banker who is dynamic in his skills, frequently evaluating the internal and external environment, assessing his competitors, evaluating the threats and opportunities to his business and identifying new customers in the sector.

Looking at a brief history of marketing in Nigerian banking, the origin shows how economic, political and social environment have influenced the marketing of financial services in Nigeria. Although conventional banking began in Nigeria in 1891 with the establishment of the African Banking Corporation which later became Bank Of British West Africa, little has been done in marketing because the banks were established mainly to serve the foreigners (that is the British) commercial interests that existed then in the Nigerian colony; so they were not interested in developing new banks or clients. In 1899, Bank of Nigeria another foreign bank was established but was absorbed in 1912 by the Bank of British West Africa. In 1925, Barclays Bank got into the Nigerian banking system as a result of the merging of the Colonial Bank, the Anglo-Egyptian Bank and the National Bank of South Africa. These banks started operations in localities where the British commercial interests were dominant and did not bother to satisfy the needs of the indigenous Africans because of their foreign commercial interests. This was possible due to the fact that there were no regulations regarding the marketing of banking services then and coupled with the fact that the foreign banks were also not helpful to the Africans. This culminated in the      the establishment of indigenous banks to serve the Africans specifically Nigeria. Unfortunately, due to a lot of unrealistic objectives, fraudulent practices, poor staffing, poor capitalization and the 1952 Banking Ordinance many of these indigenous banks were liquidated and foreign banks continued their dominance of the Nigerian banking system unchallenged.

However in the 1950s Barclays Bank brought up a new marketing strategy by building the trust of Africans and establishing more banks and this resulted in an increase of the bank's branches from 8 (in 1950) to 66 in (1960). After Nigeria's political independence, marketing still was still done in secret, but thanks to the competition that set in amongst banks and the Structural Adjustment Programme (SAP) launched in July 1986 by the Babangida administration. The adoption of Structural Adjustment Programme (SAP) resulted to more competition in the banking industry, liberalization of license process and the establishment of Nigerian Deposit Insurance Corporation (NDIC) was established in 1988 to protect depositors from bank liquidation. (Uche & Ehikwe, 2001).

Studies have shown that Nigeria has the second largest financial services sector in Sub-Saharan Africa, after South Africa and it is fast growing and expanding internationally (Becker, et al., 2008). Marketing in years past has played a significant role in the banking system of any country and Nigeria is not an exception. Marketing is the most useful and prime tool for the banking sector and it aims at satisfying customers and bankers since the products of banks have to be marketed in order to tap the potential customers. Due to the level globalization which has turned the world into a global village, the Nigerian banking system is facing tough competition from global banks. In this situation it is a must to have good marketing department and good marketing strategy. In the current scenario, marketing is a very useful tool for the banking sector in attracting customers for their various products. Old days are gone for banking wherein the customer had to walk in to his bank and ask for services. Due to increased competition, it has become imperative for banks to use marketing tool to increase their market share by providing awareness of their

products to their prospective customers. Banks have to provide knowledge of their products to their customers and create enlightenment of their products among the prospective customer and for that marketing has become an important tool which connects the customers and products offered by the bank. Banks need to break their shell and design new avenues for reaching their target group. The emergence of new generation banks and other foreign players have also increased the competition amongst banks thus a clear alignment of the needs and wants of the target group and the marketing strategies of banks is the key to revenue generation and also the solution necessary to attain growth and survival.

Marketing is customer oriented and as such we need to identify our customer's needs and satisfy them. The role of marketing in a bank's existence and growth cannot be overemphasized in today's competitive environment. According to Drucker cited in Mohan and Kotler (2008), marketing is so basic that it cannot be considered a separate function, it is the whole business seen from the point of view of its final result, that is, customer's point of view. The survival of any bank depends upon its ability to acquire resources necessary for its sustenance, and one of the modes of survival is "exchange", whereby a bank creates and offers products and services that are able to attract and satisfy the customers in exchange of its value. This option can be gainfully exercised only if the bank develops the capacity to produce the needed goods and services. The general belief is that the objective of marketing is to maximize the market's consumption of banks products and services. However, it would be desirable to set the goal at maximizing consumer satisfaction rather than consumption only. The bank, in the long run, will benefit from a customer oriented approach to marketing. Customer oriented approach ensure strong foundation for the institution's existence because the concept of marketing has its origin on the premise that man is a creature of needs and wants and there is constant effort on his side to satisfy his needs. Further, his needs and wants keep changing with time, circumstances and the immediate environment in which he is operating. This forms the background for this study.

Up to 1988 there was the era of 'arm-chair banking' in Nigeria banking. During this period the banks were few and were patronized by the indigenous people who had no option. The big four banks Union Bank of Nigeria (UBN), United Bank of Africa (UBA), Afribank and First Bank of Nigeria (FBN) controlled the market share. The entrance of new generation banks from 1989 changed the tempo and tide of banking; new technologies were introduced by Guaranty Trust Bank (GTB), Zenith Bank, Diamond Bank etc. Banks need to contend with how to satisfy customers in terms of their services now that customers have the power and they are more articulate and informed about what they want to purchase than ever before. The recent re-capitalization of bank's capital base in 2005 has necessitated an urgent need for banks to take marketing of their products very seriously. Producer and service providers in banks not only have to satisfy their customer's requirements, they also have to be sensitive to them. Marketing especially in the conservative area of banking involves providing a coherent and well-thought out strategy as well as tactical flexibility and clarity for a complete all round company performance.

With the increase of non-performing accounts in the Nigerian banking industry, the profits of banks are getting thinner. For instance some of the banks such as Afribank, Spring Bank and Bank PHB have been taken over by the Central Bank of Nigeria (CBN) in 2011 because of their poor performance. It therefore means that banks need to spend more funds in marketing its products and services and this is worsened by competition

amongst banks. There is need for new marketing strategies to be applied to attract deposit and source for funds, satisfy customers at all times, increase efficiency of overall operation e.g. returns on investment, turnover, reduce costs etc.   There is also the challenge of marketing in banks. After the distress in the financial services industry in 2009 and the announcement by the CBN that five banks named Oceanic Bank, Union Bank, Afribank, Finbank and Intercontinental Bank were insolvent frequent regulations were rolled out by CBN. The reform programme brought about by Lamido Sanusi the present Governor of CBN was based on four pillars: enhancing the quality of banks, establishing financial stability, enabling healthy financial sector evolution and ensuring the financial sector contributes to the real economy. Some of the reforms include the changing of bank's accounting years to the calendar year, the limitation of the terms of Chief Executive Officer (CEOs) of banks to a maximum of (ten) 10 years which made some sitting CEO's to resign, the disclosure of banks yearly financial statement which must follow a circular (issued by the CBN) detailing the format of financial information to be disclosed etc. (Alford, 2011). Clearly the distress in the financial system and the poor performance of some banks shows there exist the problem of marketing strategies in these banks to foster improvement of their services for improved efficiency.  The major objective of this study is to analyze the impact marketing of financial services on the Nigerian deposit money banks and how it is used to attain various stated objectives. The following are the specific objectives:

1.  To examine the impact of marketing of financial services and products in the Nigerian banking system.
2.  To determine if indeed marketing of banks products and services boosts the success and efficiency in the Nigerian banking system.
3.  To examine how marketing of financial services can be used to satisfy their customers at all times.
4.  To investigate how the problems of marketing in Nigerian banks can be improved upon for efficiency.

The following research questions will be answered in the course of this study:

1.  What is the impact of marketing of financial services in the Nigerian banking system?
2.  To what extent has marketing of banks products and services helped improve the success and efficiency in Nigerian banking system?
3.  How can banks make use of marketing to satisfy their customers always?
4.  How can the problem of marketing in Nigerian banks be curbed?

The study shall cover **four banks** out of the twenty banks we have presently in Nigeria. The selected banks are Guaranty Trust Bank (GTB), United Bank for Africa (UBA), Ecobank Nigeria and Skye Bank. They were selected randomly using probabilistic sampling method. The questionnaires were designed to elicit data from the period between 1960 when Nigeria gained her independence and 2011. Krejcie & Morgan (1970) in Amadi (2005) agrees with the sample as they proposed the population proportion of 0.05 as adequate to provide the maximum sample size required for generalization. To the best of the researcher's judgment, the banks make a good representation of the banking industry in Nigeria. The expert opinion was sought for in order to validate the content and the structure of the questionnaire during the pilot study.

The need for marketing of services and products in the banking system to satisfy customers and to improve profit levels cannot be over emphasized since the sustainability of any economic system is predicated on the viability of the financial system of that country. Banks are established to accomplish their set objectives which includes profit

making and for these objectives to be attained marketing must play a significant role. It is important to know that due to the present competition amongst banks there is the need for the present day banks to adapt and be involved in marketing to give them an edge over other banks in the aspect of continuously satisfying their stakeholders. The study will interest the following Stakeholders such as government or the economy, shareholders, employees, creditors, bank management, customers/depositors, investors. For instance, the shareholders would have more dividends due to company's profits, depositors and creditors would gain more interest on their funds, the customers' needs would be satisfied, employees will be able to maximize profits. The remainder of this paper is divided into four sections. Section two and three dwells on literature review and methodology. Section four explains data collection, analysis and interpretation while Section five ends the paper with conclusion and recommendations.

## 2 Literature Review

Marketing is also the prime tool of the banking sector because it satisfies customer benefit and deals with both the banker and the customer. It deals with the customer by providing their deep wants and desires and also the banker because it assists in identifying and targeting potential clients. The aim of marketing is to serve and satisfy human needs and wants making it a strategic factor in the economic structure of any society. This is because it efficiently allocates resources and has a great impact on other aspects of economic and social life (Ogunsanya, 2003). The power of marketing is essentially the same but there may be some qualitative and quantitative differences like fewer products and services moving through the system and various types of services offered (Baker, 1985).

A company's first task is to 'create customers' as identified by Drucker (1999), however customers are faced with several choice of products, prices and suppliers of services and products. It can be a challenging task for a company to create its own customers which are the purchasers of its services or products, but they can make it less difficult and maximize their standards by forming value expectations and acting upon them. According to Okuonghae (2009), the only way to thrive in competition is to partake in strategic marketing, identify customers' needs and also scan the environment. There is also the need for bank operators to articulate policies geared towards customer satisfaction. Financial products are those products offered by banks to its customers. There are six categories of products as stated in Aigbiremolen (2004).They are retail banking products, corporate banking products, foreign operations, corporate financing and electronic banking.

Marketing function extends across the customer's entire purchase process including research, engagement, purchase and post-purchase (Cohen, 2008). Barile (2007) defines marketing as the means by which an organization communicates to, connects with, and engages its target audience to convey the value of and ultimately sell its products and services while Kotler (1996) says marketing as a concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being. These three different definitions are based on satisfying the customer who is the king through identifying what they need and how to give it to them. The name of the game in marketing is attracting and

retaining a growing base of satisfied customers, creating and implementing a marketing plan will keep marketing efforts focused and increase marketing success (Ward, 2004).

A service is any intangible value which one offers to another but does not lead to the ownership of something. The two main characteristics of services is their nature and the fact that customers consume the service while it is produced and are hereafter involved in the service production process. Other characteristics include intangibility, variability, inseparability, perishability and lack of ownership. The characteristics of marketable services as stated in Worlu, et al. (2007) are intangibility, inseparability, variability, perishability and lack of ownership. According to Zeithhaml (2000), there are generic dimensions that customers use to evaluate service quality. These tangibles and reliability, competence and responsiveness, courtesy and credibility and customer knowledge.

Kotler (1996) defined strategy as "the broad principles by which the business units expect to achieve its marketing objectives in a target market. It consists of basic decisions on total marketing expenditure, marketing mix and marketing allocation". Duro (1999) suggested that the most successful companies are those that take strategic marketing seriously and strive very hard to have competitive advantage. Marketing strategy ensures that products and services offered by a company go along with customer needs, it also helps in deciding when and where to sell products, promote products and set prices. According to Sobowale (1997), strategy can be looked into from another angle, which is the deployment of human and financial resources against competitors in the pursuit of goals and objectives determined by the leaders of business enterprises, organizations, and even nations. He argues further that marketing strategy embraces decisions that involve the kind of company the organization wants to be and the sort of competitor the company wants to compete with. Blue (1984) defined marketing strategy as a major plan or method for achieving major objectives or goals; he further said that tactic is the plan or method devised to implement the strategy.

To Charles and Gareth (1998) strategy as a specific pattern of decisions and actions that managers take to achieve an organization's goals. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization (Lawrence and William 1988). In the absence of strategy, there will be no rules to guide the search by the company for new opportunities, there will be a high risk of making bad decisions and there will be lack of control over the overall pattern of resource allocation (Olujide, et al., 2004). According to Watkins et al. (1995) the two forms of strategies include emergent and deliberate strategy. The concept of emergent strategy is based on the fact that strategy is a pattern meaning it is the activities and behaviors which develop informally but fall into some consistent pattern while deliberate strategy is based on the notion that strategy is a process, it is assumed that strategy exists as a result of consciously planned activities. As cited in Kin (2008) services such as customer loans, cash management and venture capital loans, financial advising and selling retirement plans, equipment leasing, security brokerage investment services have been improved upon by banks to enhance the improvement of the Nigerian banking system.

A bank is a financial institution which accepts deposits from customers and invests it, and also borrows it out when required and gains profits in the process. Deryk (1969) defines bank marketing as identifying the most profitable market now and in the future, assessing present and future needs of the customers, setting business development goals and marketing plans to meet them and managing the various services and promoting them to achieve plans. It shows that bank marketing basically involves carrying out research to know customer's financial capacity, creating products and services based on the research

findings to meet customer's financial capability, marketing these services to banks customers and satisfying customer's needs. In marketing, a banker attracts customers so that deposits can be sold to them and loans and advances can be bought from them.

Allen (2004) posited that the types of bank customers are private customers, commercial customers, industrial customers, government customers and international customers. The consumer marketing and the industrial marketing are the methods that can be used to satisfy the five categories of customers. The bank analyses and interprets data from different sources about a particular market before marketing its products. Under consumer marketing, the bank aims at attracting and serving personal customers. Since each customer in a bank make up the corporate sector, banks give their customer their personal experience which will definitely influence their choice of bank for their corporate body. The bank market function bases its attention on these activities like branch marketing, distribution and location, customer's behavior, attitudes and segmentation, services product introduction and development, advertising, publicity and communication, defining marketing strategy administering and controlling the marketing programme and marketing research that attempts to collect, investigate analysis and interpreting market development. The prospects of marketing in banks should include a well-structured building in a conducive environment suitable for banking which will attract customers, an organized marketing department, the eradication of arm-chair banking, more attention paid to marketing strategies to enhance sale of services due to competition from other banks.

According to Onah (2009), the problems of bank marketing are technological advancement, the problem of structuring services and costs, nature and ownership. Some banks can be controlled by political leaders who constitute the major shareholders of the company. Due to their position in the bank they dictate to management what should be done to their own advantage. There is communication gap within and outside the bank. Bank staff may face the problem of not having the ability to market existing and new services to customers effectively because they lack the necessary information they need with regards to the introduction of new services and delayed orders and conversion of prospect customers. According to Okonkwo (2004), the reasons why there is need for marketing of financial services and products in the banking industry include amongst others the nature of the products and competition in the industry has become intense. Unless aggressive marketing techniques are employed the bank will suffer the consequences. The manner at which new products emerge in the financial services industry is alarming and this is due to an effort to keep up with the development in other countries' economy. As more products emerge, the product lives are becoming shorter with time. Marketing is therefore needed to create awareness of a new product and to enable innovative organizations reap benefits from their efforts before product eventually dies off or is overtaken. The fiduciary nature of banking services requires that persuasion should be used extensively. Persuasion and marketing go along together and are use in marketing financial services. Marketing of financial services is needed to win more customers and businesses so as not to lose momentum of operations in the highly competitive market, to promote bank's image and sell more services to customers and to make potential and existing customers aware of the existence of the bank, its products and services. According to Ikpefan (2012) and Kin (2008), the prospect of the banking industry is greatly influenced by how the problems facing the industry at large are solved. The industry is changing, it is not as it were before 1980 due to numerous reasons like change in technology, increased competition amongst the new generation banks,

globalization etc. The banks need to manage these changes effectively by providing quick, efficient and effective services on a continuous basis. Banks should also engage in training their staff to work together to provide customer satisfaction always and the welfare of all staff should also not be neglected. The hardworking members of staff should be awarded with promotions and remunerations because they are the channel for effective marketing.

## 3  Methodology

The research design adopted is the case study research design because it involves going out to the research field to gather information for the purpose of study through the use of questionnaire. Data will be generated and results will also be generated by processing data. The questionnaires administered will be 120; 30 for each banks used as case studies and the questionnaires will be given to the staff and customers of Guaranty Trust bank, United Bank for Africa, Ecobank and Skye Bank.

### 3.1 Questionnaire Assumptions

The following are the assumptions for using questionnaire in the collection of data for this study:
1)  The respondents will answer the questions honestly.
2)  The questionnaire will be completed without bias or fear since there is no need for the respondents to reveal their identity.
3)  The respondents will return the questionnaire they are given.

### 3.2 Sampling Technique

For this research study the technique adopted would be the simple random sampling technique. Simple random sampling technique is a sampling technique where samples are selected randomly from a sampling frame. This technique allows every member of the population to be a respondent by selecting the respondents without bias.

### 3.3 Data Collection

The data used for the research work is classified into primary and secondary sources of data. Secondary data are already analyzed data that supplies the researcher with information and thus the researcher does not have to generate the data himself while the source of primary data includes the administration of questionnaires. The source of secondary data consists of published documents like magazines, journals, textbooks, seminars, conferences, workshop papers and past projects related to this research study while the primary source of data is from the administration of questionnaires.

### 3.4 Validity and Reliability Test

Validity test is testing to degree to which the measuring instruments measures what it has been designed to measure and it also assists the researcher asses the questionnaire's

contents. Lawrence (2001) defines the reliability of a research instrument as the degree to which a research instrument consistently and efficiently measures what it intends to measure. The test-retest method of reliability was adopted out of all the various types of measures. The Cronbach's alpha co-efficient will be used to test the questionnaires to ensure the consistency of the research instrument.

Table 1: Reliability Statistics

| Cronbach's Alpha | N of Items |
|:---:|:---:|
| .71 | 20 |

Source: Computerized Results From SPSS (2012)

From Table 1 above the Cronbach's alpha is 0.71. If the Cronbach's alpha is 0.7 or above 0.7 then it is said to be reliable statistically and the researcher can rely on the research instrument.

## 3.5 Method of Data Analysis and Presentation

The data collected through the administration of questionnaires will be presented using frequency distribution tables and processed using a statistical method of analysis called T-test. The decision rule with using this test is that if the calculated value of the T-test is greater than the tabulated value the null hypothesis is rejected. T-test has the formula:

$$t = \frac{\bar{X} - \mu}{\frac{S}{\sqrt{N}}}$$

Where:
$\bar{X}$ = Mean of the frequency
$\mu$ = Mean of the population
S = Standard deviation
N = number of questionnaires returned
The degree of freedom used in this test is N-1

**Hypotheses:** The hypotheses are stated in their Null form as follows:
**Hypothesis 1:** $H_0$: There is no significant relationship between marketing of bank's products and services and the efficiency of banking system since Nigeria's Independence.
**Hypothesis 2:** $H_0$: There is no significant relationship between marketing and the satisfaction of banks customers.
**Hypothesis 3:** $H_0$: There is no significant relationship between the problems of marketing in banks and the Nigerian banking system.

## 4  Data Presentation, Analysis and Interpretation of Results

The details and findings of major questionnaires administered and returned are shown in the tables below.

Table 2: Analyses of Respondents

| Questionnaire | Respondent | Percentage |
|---|---|---|
| Returned | 101 | 84.2% |
| Not Returned | 19 | 15.8% |
| Total | 120 | 100% |

Source: Research Survey (2012)

Table 2 shows that out of 120 questionnaires that were administered 101 questionnaires which is represented by 84.2% were returned back to the researcher and 19 represented by 15.8% were not returned.

Table 3: Sex Distribution.

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 57 | 56.4 | 56.4 | 56.4 |
|  | Female | 44 | 43.6 | 43.6 | 100.0 |
|  | Total | 101 | 100.0 | 100.0 |  |

Source: Research Survey (2012)

Table 3 shows that out of the returned questionnaires male respondents were represented by 56.4% and female respondents were represented by 43.6% of the total population.

Table 4: Age Distribution.

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 18-30 | 31 | 30.7 | 30.7 | 30.7 |
|  | 31-40 | 29 | 28.7 | 28.7 | 59.4 |
|  | 41-50 | 22 | 21.8 | 21.8 | 81.2 |
|  | 51-60 | 13 | 12.9 | 12.9 | 94.1 |
|  | 61 & above | 6 | 5.9 | 5.9 | 100.0 |
|  | Total | 101 | 100.0 | 100.0 |  |

Source: Research Survey (2012)

Table 4 shows that out of 101 responses 30.7% were between the age 18-30, 28.7% were between age 31-40, 21.8% were between ages 41-50, 12.9% were between ages 51-60 and 5.9% were ages 61 & above.

Table 5: Marital Status Distribution.

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Single | 40 | 39.6 | 39.6 | 39.6 |
|  | Married | 41 | 40.6 | 40.6 | 80.2 |
|  | Divorced | 5 | 5.0 | 5.0 | 85.1 |
|  | Others | 15 | 14.9 | 14.9 | 100.0 |
|  | Total | 101 | 100.0 | 100.0 |  |

Source: Research Survey (2012)

From table 4-4, 41(40.6%) and 40 (39.6%) represents married and single respondents respectively while (20) 19.9% represent others. One can safely say that the sample frames for this study are responsible persons.

**Hypotheses Testing:** The following hypotheses were tested:
**Hypothesis 1:** $H_0$: There is no significant relationship between marketing of banks products and services and the efficiency of banking system since Nigeria's Independence.
$H_1$: There is a significant relationship between marketing of banks products and services and the efficiency of banking system since Nigeria's Independence.
Objective: To validate that there is a significant relationship between marketing of banks products and services and the efficiency of banking system since Nigeria's Independence.
**Question 10: The introduction of marketing has led to efficiency of Nigerian banking system since Independence.**

Table 6: Hypothesis 1

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Agree | 70 | 69.3 | 69.3 | 69.3 |
|  | Indifferent | 28 | 27.7 | 27.7 | 97.0 |
|  | Disagree | 3 | 3.0 | 3.0 | 100.0 |
|  | Total | 101 | 100.0 | 100.0 |  |

Source: Research Survey (2012)

Table 6 shows that 69.3% agreed that the introduction of marketing has led to efficiency in the Nigerian banking system since independence, 27.7% were indifferent and 3.0% disagreed that marketing had not led to efficiency of the Nigerian banking system.

Table 7: One-Sample Statistics

|  | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| The introduction of marketing has led to the efficiency of Nigerian banking system since Independence. | 101 | 1.34 | .534 | .053 |

Source: Computerized Results from SPSS (2012)

The one-sample statistics above tells us that we have 101 observations represented by N, the mean number is 1.34 and the standard deviation is 0.534. The standard error of sampling mean is 0.053 approximately 5% which is an acceptable percentage of standard error.

Table 8: One-Sample Test

|  | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
|  | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
|  | Lower | Upper | Lower | Upper | Lower | Upper |
| The introduction of marketing has led to the efficiency of Nigerian banking system since Independence. | 25.138 | 100 | .000 | 1.337 | 1.23 | 1.44 |

Source: Computerized Results from SPSS (2012)

**Interpretation**: The second column above gives us the calculated t-test value of 25.138, the third column tells us that this t-test has 100 degrees of freedom (101-1 = 100), the fourth column tells us the two-tailed significance (the 2-tailed p value) and the fifth column shows a mean difference of 1.337. Using the table of critical t values to determine critical t with 100 degrees of freedom, level of significance ($\alpha$) at 5% one-tailed, the critical t is 1.660.

**Decision:** Here we determine if we can reject the null hypothesis or not. The decision rule is that if the one-tailed critical t value is less than the calculated t and the means are in the right order, then we reject null hypothesis ($H_0$). From the above table the critical t is 1.660 (from the table of critical t values) and the calculated or observed t is 25.138 (from the one-sample test obtained from SPSS) so we reject null hypothesis ($H_0$) and accept alternative hypothesis $H_1$. Hence there is a significant relationship between marketing of banks products and services and the efficiency of banking system.

**Hypothesis 2:** $H_0$: There is no significant relationship between marketing and the satisfaction of banks customers.

$H_1$: There is a significant relationship between marketing and the satisfaction of bank's customers.

Objective: To validate that there is a significant relationship between marketing and the satisfaction of bank's customers.

**Question 14: The introduction of marketing has increased customer satisfaction.**

Table 9: Hypothesis 2

|  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Valid    Agree | 56 | 55.4 | 55.4 | 55.4 |
| Indifferent | 30 | 29.7 | 29.7 | 85.1 |
| Disagree | 15 | 14.9 | 14.9 | 100.0 |
| Total | 101 | 100.0 | 100.0 | |

Source: Research Survey (2012)

Table 9 shows that 55.4% agree that the introduction of marketing has led to increase in customer satisfaction, 29.7% were indifferent and 14.9% disagreed that marketing since its introduction has led to increased customer satisfaction.

Table 10: One-Sample Statistics

|  | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| The introduction of marketing has increased customer satisfaction. | 101 | 1.59 | .737 | .073 |

Source: Computerized Results from SPSS (2012)

The above one-sample statistics shows that there are 101 observations represented by N with mean number 1.59 and standard deviation of 0.737. The sampling mean standard error is 0.073 approximately 7% which is an acceptable percentage of standard error.

Table 11: One-Sample Test

|  | Test Value = 0 | | | | | |
|---|---|---|---|---|---|---|
|  | T | Df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
|  | Lower | Upper | Lower | Upper | Lower | Upper |
| The introduction of marketing has increased customer satisfaction. | 21.729 | 100 | .000 | 1.594 | 1.45 | 1.74 |

Source: Computerized Results From SPSS (2012)

**Interpretation:** The second column above gives us the calculated t-test value of 21.729, the third column shows the degree of freedom (101-1 = 100), the fourth column gives the two-tailed significance (the 2-tailed p value) of .000 and the fifth column shows a mean difference of 1.594. Using the table of critical t values to find out critical t with a level of significance ($\alpha$) of 5% one-tailed and 100 degrees of freedom, the critical t is 1.660.
**Decision:** We determine if we should reject the null hypothesis or accept the alternative hypothesis. The decision rule is if the one-tailed critical t value is less than calculated t and the means are in the right order, then the null hypothesis ($H_0$) is rejected. From the table above the critical t is 1.660 (from the table of critical t values) and calculated t is

21.729 so we reject null hypothesis ($H_0$) and accept alternative hypothesis $H_1$. Hence there is a significant relationship between marketing and the satisfaction of bank's customers.

**Hypothesis 3:** $H_0$: There is no significant relationship between the problems of marketing in banks and the Nigerian banking system.
$H_1$: There is a significant relationship between the problems of marketing in banks and the Nigerian banking system.
Objective: To validate that there is a significant relationship between marketing of banks products and services and the efficiency of banking system since Nigeria's Independence.
**Question 17: Do you think the problem of marketing in your bank has a negative impact on the Nigerian banking system?**

Table 12: Hypothesis 3

|  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Valid    Yes I Agree | 46 | 45.5 | 45.5 | 45.5 |
| I'm Indifferent | 34 | 33.7 | 33.7 | 79.2 |
| No I Disagree | 21 | 20.8 | 20.8 | 100.0 |
| Total | 101 | 100.0 | 100.0 |  |

Source: Research Survey (2012)

Table 12 shows that 45.5% agrees that the problem of marketing has a negative impact on Nigerian banking system, 33.7% are indifferent and 20.8% of the population disagree that the problem of marketing has a negative impact on the Nigerian banking system.

Table 13: One-Sample Statistics

|  | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| Do you think the problem of marketing in your bank has a negative impact on the Nigerian banking system? | 101 | 1.75 | .780 | .078 |

Source: Computerized Results from SPSS (2012)

The one-sample statistics above tells shows there are 101 observations represented by N, the mean number is 1.75, the standard deviation is 0.780 and the standard error mean of sampling mean is 0.078 approximately 7% showing that the standard error is at an acceptable percentage.

Table 14: One-Sample Test

| | Test Value = 0 | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | T | Df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | Lower | Upper | Lower | Upper | Lower | Upper |
| Do you think the problem of marketing in your bank has a negative impact on the Nigerian banking system? | 22.585 | 100 | .000 | 1.752 | 1.60 | 1.91 |

Source: Computerized Results from SPSS (2012)

**Interpretation:** The second column of the one sample test above gives the calculated t-test value as 22.585, the third column gives the degrees of freedom as 100 (101-1 = 100), the fourth column shows the two-tailed significance (the 2-tailed p value) and the fifth column shows a mean difference of 1.752. Using the table of critical t values to determine critical t with 100 degrees of freedom, level of significance (α) at 5% one-tailed, the critical t is 1.660.

**Decision:** We determine if we accept the alternative hypothesis or accept the null hypothesis. The decision rule is that if the one-tailed calculated t value is more than the critical t value and the means are in right order we accept alternative hypothesis ($H_1$). From the table of t values the critical t is 1.660 and the observed t is 22.585 making the observed t higher so then we can reject null hypothesis ($H_0$) and accept alternative hypothesis $H_1$. Hence there is a significant relationship between the problems of marketing in banks and the Nigerian banking system.

## 5  Findings, Conclusions and Recommendations

### 5.1 Theoretical Findings

From the review of literature in chapter two it was discovered that the principal objective of marketing is to provide services and products to satisfy customers and from the list of services and products offered by banking institutions it is obvious that there are a wide range of offers to the public. The study revealed that marketing does not only affect the nation's banking system, it also has an impact on other aspects like social and economic life (Ogunsanya, 2003). From all previous studies done by other researchers referenced in this research it is obvious that marketing can either be a catalyst if it is actively used or lag if inactively used in the financial system of Nigeria. The first step to be taken by the company is to 'create customers' having in mind that these customers are faced with different choices of producers, products as well as prices of products and services (Drucker, 1999). Banks also need to build a loyal customer base, have an effective and efficient way of dealing with competition from other banks, ensure products and services they offer meet the needs of consumers and have an efficient channel of sales distribution. Banking operations began in Nigeria in 1892 even before Independence under the supervision of the colonial masters. Then banks did not have sufficient assets to meet the demand of customers and this made banks unable to invest in real assets which could not

be easily realized to cash when needed without incurring any loss thereby making the Federal Government establish the Loynes commission in 1958, this also led to the establishment of the company acts of 1968 (Somoye, 2008). Another aspect of the theoretical findings is based on bank marketing. Bank marketing is setting the goals of the bank in line with the present and future profitable segment of the market and the present and future customers' needs. According to Onah (2009) bank marketing is needed to identify threats and weakness that the bank is exposed to due to high rate of competition and to also work on them to convert them to opportunities and threats. He also explained the problem of bank marketing includes non-computerized bank branches due to low level of technological advancement making work pace to be slow, the problem of structuring services and costs in most cases leading to the deterioration of services, problem of nature and ownership, communication gap within and outside banks and the problem of turning prospect customers to loyal ones. Marketing has greatly impacted the Nigerian banking system by assisting banks deal with competition nationally and internationally, helping to make awareness on the availability of a product, make customers know about the services they are being offered and their benefits. Okonkwo (2004) emphasis the importance of marketing in banks as it will contribute largely to the overall development of the entire Nigerian Banking system. Marketing is also useful because it helps to promote the image of the bank which is key, it helps to win more businesses and customers so as to maintain market share.

## 5.2 Empirical Findings

Based on the data gathered through questionnaires that were distributed to both customers and bank staff of Ecobank, United Bank for Africa, Skye Bank and Guaranty Trust Bank to measure the impact of marketing in the Nigerian banking system some observations and findings were made. To form the basis of the findings three hypotheses were stated in chapter one, after they were all tested using the T-test the three alternative hypotheses were accepted and the null hypotheses rejected stating the following:

1) There is a significant relationship between marketing of banks products and services and the efficiency of banking system.
2) There is a significant relationship between marketing and the satisfaction of bank's customers.
3) There is a significant relationship between the problems of marketing in banks and the Nigerian banking system.

From the above it can be concluded that marketing of bank's products and services affects the efficiency of banking system, marketing leads to the satisfaction of bank's customers and the problems of marketing go a long way to adversely affect the Nigerian banking system.

The following are my findings:

1. We found out that respondents feel the quality of services provided by banks is good.
2. Banks also offer timely and prompt services.
3. Most of the respondents agreed that all the units of the bank and not just the marketing unit should be involved in marketing.
4. We found that banks still have to improve more on their marketing strategies.
5. Banks should engage in quite a number of promotional activities including billboards, radio, television, personal selling, sales promotion etc.

6. Respondents agreed that their bank introduces better ways of satisfying their customers. One of the ways by which this can be continuously carried out is by creating a good platform for any of customer's complaints on any issues and challenges and by also making efforts on making customers feel important and keeping them delighted.
7. We found that marketing has led to efficiency in the Nigerian banking system since independence and has assisted banks in achieving their goals and objectives.

## 5.3 Recommendations

The following are being recommended based on the result of my findings:
1. We recommend that banks should work on the quality of services they provide to their customers because customers expect a high level of quality of the services rendered to them.
2. We recommended that banks should continue to offer prompt and timely services. No one customer wants to go to their bank to carry out some transactions and end up being held up for a long time due to reasons like manual ways of performing banking operations like it was done in the 80's.
3. All the units of the bank should be involved in marketing. It is recommended that not only the marketing department of the bank should market the bank's products but all other units should also be involved. This is because in the case of any loss incurred as a result of poor marketing it is not just the marketing unit that will suffer the consequences but all the units of the bank.
4. We recommend banks to continue to improve on their strategies of marketing. The bank management should select suitable and consistent principles to achieve profit objectives and to ensure long term patronization from present and potential customers.
5. Banks should always endeavor to communicate the value of their products to customers, ensure their services are newsworthy and inform the public on the availability of services.
6. We recommend that banks should continue to make their customers feel important and have well equipped and experienced staff personnel in customer services unit to be able to provide solutions to customer's complaints and challenges.
**7.** Finally, we recommend that marketing should be seen as a very important tool for the purpose of assisting banks in achieving their goals and objectives, as well as improving efficiency in the Nigerian banking system.

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## Appendix

**Research Questionnaire**
Department of Banking and Finance,
College of Developmental Studies,
Covenant University, Ota, Nigeria
June, 2012
Dear Respondent,
This questionnaire is an avenue to generate data on the topic **"EMPIRICAL EVIDENCE OF FINANCIAL SERVICES MARKETING IN THE NIGERIAN BANKING SYSTEM".** Please kindly answer all the questions as honestly as you can as all the information provided will be treated with utmost confidentiality and will be used for this research only. To guarantee the anonymity of the respondent there will be no need to put your name on the questionnaire.
Thank you for your co-operation.
Yours faithfully,

Ikpefan, O.A

**Instructions:** Please fill in the following information, thank you.

**SECTION A**
**BIO-DATA**
1. Sex of respondent:  Male (   )    Female (   )
2. Age group:        18-30 (   )    31-40 (   )    41-50 (   ) 51-60 (   )  61 & above (   )
3. Marital status:     Single (   )  Married (   )  Divorced (   )
   Others please specify……………………………..
4. Educational Qualifications:WASC/GCE (   )   HNC/NCE/OND (   )  B.SC/HND (   )
   MSC/MBA (   )   Ph. D (   )   others please specify…………………………..
5. Which of these banks do you patronize?
   Guaranty Trust Bank  (     )
   United Bank for Africa Plc.  (      )
   Ecobank  (      )
   Skye Bank Plc.  (      )
**SECTION B**
Please read carefully and tick the appropriate answer amongst the given alternatives, thank you.
1. Do you know about marketing?
   Yes (     ) No (      )
2. Do you have a marketing unit in your bank?
   Yes (     ) No (      )
3. How did you get to know about the bank?
   Advertisement (     )        People (     )        Bank Staff (     )
 Others please specify………………………
4. Which of these bank accounts do you operate?
   Savings account  (     ) Current account  (      ) Fixed deposit account  (     )
5. Your bank's location is easily accessible

Agree (   ) Indifferent (    )    Disagree (   )
6.  Bank offer timely and prompt services with little or no delay
    Agree (   ) Indifferent (   ) Disagree (    )
7.  What rating would you give the quality of the services provided by your bank?
    Excellent (    ) Good (    ) Poor (    )
8.  Bank advertises its product and services by using
    Bill boards(   ) Television (   ) Radio(   ) Personal selling(    ) Sales promotion(   )
    others…………………………
9.  Does your bank contribute positively to the efficiency of the Nigerian banking system?
    Agree (    ) Indifferent (    ) Disagree (    )
10. The introduction of marketing has led to efficiency of Nigerian banking system since Independence
    Agree (    ) Indifferent (    ) Disagree (    )
11. Marketing determines the quality of services rendered by the bank
    Agree (    ) Indifferent (    ) Disagree (    )
12. Marketing has assisted bank in achieving its set goals and objectives
    Agree (    ) Indifferent (    ) Disagree (    )
13. The adoption of marketing has led to long-term relationship between customer and bank.
    Agree (    ) Indifferent (    ) Disagree (    )
14. The introduction of marketing has increased customer satisfaction
    Agree (    ) Indifferent (    ) Disagree (    )
15. Marketing has led to increase in customer patronage
    Agree (    ) Indifferent (    ) Disagree (    )
16. Bank introduces better ways of satisfying their customers
    Agree (    ) Indifferent (    ) Disagree (    )
17. Do you think the problem of marketing in your bank has a negative impact on the Nigerian banking system?
    Yes I agree (   ) I'm indifferent (    ) No I disagree (    )
18. All the units of the bank and not just the marketing unit should be involved in marketing
    Agree (    ) Indifferent (    ) Disagree (    )
19. Bank performance has greatly improved due to aggressive marketing
    Agree (    ) Indifferent (    ) Disagree (    )
20. Bank should improve more on their strategies of marketing
    Agree (    ) Indifferent (    ) Disagree (    )