

CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

A bank is a financial institution licensed by a government. Its primary activities include borrowing and lending money. Banks no longer restricted themselves to traditional banking activities, but explored newer avenues to increase business and capture new market. Grönroos., (1990)

In the 1990s, greater emphasis being placed on technology and innovation.

New concept like personal banking, retail banking, total branch automation, etc were introduced

Banks' activities can be divided into retail banking, dealing directly with individuals and small businesses: business banking, providing services to mid-market business; corporate banking, directed at large business entities; private banking, providing wealth management services to high network individuals and families: and investment banking, relating to activities on the financial markets. Most banks are profit-making, private enterprises. However, some are owned by government, or are non-profit organizations.

Marketing approach in banking sector had taken significance after 1950 in western countries and then after 1980 in Turkey. New banking perceptiveness oriented toward market had influenced banks to create new market. Banks had started to perform marketing and planning techniques in banking in order to be able to offer their new services efficiently. Marketing scope in banking sector should be considered under the service marketing framework, Performed marketing strategy is the case which is determination of the place of financial institutions on customers' mind. Bank marketing does not only include service selling of the bank but also is the function which gets personality and image for bank on its customers' mind. On the other hand, financial marketing is the function which relates uncongenitalies, differences and non similar applications between financial institutions and judgment standards of their customers.

The reasons for marketing scope to have importance in banking and for banks to interest in marketing subject can be arranged as:

Change in demographic structure: Differentiation of population in the number and composition affect quality and attribute of customer who benefits from banking services. Intense competition in financial service sector: The competition became intense due to the growing international banking perceptiveness and recently being non limiting for new enterprises in the sector. Increase in liberalization of interest rates has intensified the competition.

Bank's wish for increasing profit: Banks have to increase their profits to create new markets, to protect and develop their market shares and to survive on the basis of intense competition and demographic change levels.

1.2 HISTORICAL BACKGROUND OF FIRST BANK NIG. PLC.

First Bank is one of the oldest financial institutions in Nigeria and was the first bank to be established in West Africa. The bank was incorporated as a limited liability company in March 1894 and was listed on The Nigerian Stock Exchange in March 1971. Following the Central Bank of Nigeria's ("CBN"). induced industry-wide consolidation in 2005, the bank acquired its merchant banking subsidiary. FBN (Merchant Bankers) Limited and MBC International Bank Plc. The bank offers a wide array of financial services to a diverse customer base through its local and offshore offices, including 465 branch offices country wide and 532 ATM's. In addition to growing organically through new products and branch development, other viable domestic acquisitions are being explored. The intention is to extend the branch network to 600 by the end of 2008.

1.3 STATEMENT OF THE PROBLEM

Primarily, Banks are regarded as only interested in loan and saving and other related transaction but it is quite certain that beyond that, banks do engages themselves in marketing activities. To this effect, the problem of this research work is to know the extents and ways in which the banks carry out their marketing serving such as making

use of E-banking, Core – Banking, corporate banking, Mobile banking, Plastic money. NRI banking etc in carrying out their marketing services.

1.4 OBJECTIVES OF THE STUDY

The aim of this research work is to analyze the marketing of banking services and the means in which the services are rendered by the banks. It will go a long way to unveil the new innovative method of marketing services used by banking sector such as E-banking, Core – Banking, corporate banking, Mobile banking. Plastic money. NRI banking etc, it will also investigate into the use of Marketing mix of banking sector in marketing services which involve the analysis of the Banks Products, Price, Pricing, Place, Promotion, Process, Physical evidence. To examine the level of market service delivery in First Bank Plc Owerri in relation to Information Technology (IT) innovations To examine the employees' perception of the effects of IT innovations on market service delivery in First Bank Plc Owerri

1.5 SIGNIFICANCE OF THE STUDY

This work though will be carried out in reference First Bank PLC, the findings can be significantly applied to the banking industries at large. The essence of investigating into the role of marketing of banking services is to objectively unveil to improvement it has made in the banking industries in regard to the banking services delivery.

1.6 RESEARCH QUESTION

In order to achieve it aims, these project will try to offer answers to the following questions:

Has the marketing of banking services in the banking industries improved the banking Industries?

To what extent have the E-banking helped in marketing of banking services

Is the use of Core – Banking still in existence?

Is corporate banking necessary in service delivery'?

These and more are the questions this research work has set out to solve.

1.7 RESEARCH HYPOTHESES

For a clearer understanding of the research work and validation of information gotten for the purpose of this research, some hypothetical statement was formulated which will be tested later in chapter four (4). The hypotheses comprise of two: Null hypothesis (H_0 -) and Alternate hypothesis (H_i). the null hypothesis is bound for rejection if the calculated value is greater than the observed value.

Hypothesis I

H_0 : The use of New innovative method of marketing services in the marketing of banking has not contributed to the improvement of the services delivery in first bank plc.

H_i : The use of New innovative method of marketing services in the marketing of banking has contributed to the improvement of the services delivery in first bank plc.

Hypothesis II

H_0 : The application of marketing Mix strategies has not enhanced the quality of service delivery and customer satisfaction in first bank Nigeria plc.

H_i : The application of marketing Mix strategies has enhanced the quality of service delivery and customer satisfaction in first bank Nigeria plc.

1.8 SCOPE OF THE STUDY

This study concentrated on First Bank PLC and it does not in totality analyzed the functionality of the bank but limits it self on the marketing of banking services. This study therefore examines the role the marketing of banking services ,a enhancing the marketing of banking services. Considering these factor the data and response to the questionnaire were limited to staff and customers of First Bank PLC Owerri.

1.9 DEFINITION OF TERMS

MARKETING

According to the Oxford Advanced Learner's dictionary, marketing is the activity of presenting, advertising and selling an organizational products or services in the best possible way.

BANKING SERVICES

Banking services can be seen as those business transactions and services the banks carries out among them and their customers to generate income for the banks and to serve the bank's need.

E-BANKING

The remote deliver of new and traditional banking products and services through electronic delivery channels. (FFIECJ).

E-banking is an abbreviation for electronic banking. E-banking allows you to conduct bank transactions online, instead of finding a bank and interacting with a teller. Most U.S. banks offer E-banking, though the extent of the services may vary. For instance, some banks may offer unlimited bill pay options while others restrict online activity.

CORE BANKING

Core Banking is normally defined as the business conducted by a banking institution with its retail and small business customers. Many banks treat the retail customers as their core banking customers, and have a separate line of business to manage small businesses. Larger businesses are managed via the corporate banking division of the institution. Core banking basically is depositing and lending of money.

COOPERATE AND INVESTMENT BANKING

Corporate & Investment banking is a term used to describe a range of banking and investment products and services delivered to corporate clients, financial institutions, governments, agencies and, in some cases, to wealthy or 'high-net-worth' individuals and families,

MOBILE BANKING

Mobile banking (also known as M-Banking, SMS Banking etc.) is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone or Personal Digital Assistant (PDA).

PLASTIC MONEY

Generic term for all types of bank cards, credit cards, debit cards, smart cards, etc.

MARKETING OF BANKING SERVICES (A CASE STUDY OF FIRST BANK)

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