

SERVICE MARKETING IN JAMMU AND KASHMIR BANK

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ABSTRACT

Marketing has evolved as one of the vital components of the modern banking industry. And with the advent of customer orientation approach monopoly and stability in banking industry is almost nonexistent. As a result service marketing needs to be given due weightage if any bank wants to a lead player in today's market. This paper describes the service marketing mix adopted by Jammu and Kashmir bank so as to best serve its interest as well as to have a strong position in the market. There are also some suggestions and recommendations that the bank can follow so as to maintain its competitive advantage and improve its efficiency and performance that will enable to position itself strongly in the minds of its customers.

Keywords: 7P'S of Marketing, Performance of J & K Bank Ltd., CSR

INTRODUCTION

Services: A service is any act of performance that a party offers to another in an intangible form, which does not result in transfer of ownership of any goods but has value for the other. Since a long time banks are providing valuable services to their customers. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India. Earlier customers had to wait in long queues to get their cheques cleared or to withdraw cash from their accounts but now scenario has changed and the same procedures are get done instantaneously.

Jammu And Kashmir Bank limited was incorporated on 1st October 1938 by the then ruler Maharaja Hari Singh and it commenced its business from 4 July 1939 at in Kashmir India. The bank was first in India as a state owned bank .Today, the bank has 650 branches and 540 ATMs and has become a 10 billion dollar company with its registered office at M A Road, Srinagar 190 001,Jammu and Kashmir.

Profile

- Incorporated in 1938.
- Governed by the companies Act and Banking regulation act of India.
- Regulated by the Reserve Bank of India and *SEBI*.
- Listed on the national Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
- 53 percent owned by Government of J&K.

- Four decades of uninterrupted profitability and dividends.

Unique Characteristics

- Private sector bank despite government holding 53 percent of equity.
- Sole banker and *lender of last resort to government* of J&K.
- Strong capitalization with good resource profile.
- J&K Bank functions as a universal bank in Jammu & Kashmir and as a specialized bank in the rest of the country.
- It has tied up with MetLife to offer life insurance and with Bajaj Alliance General Insurance Co. to offer general insurance.

Key Risks

- Geographical concentration risk as majority of operations are limited to J&K
- Risk of nonpayment from customer
- Slowdown in economy could reduce credit off take
- Competition

In the present dynamic, highly evolved technological market Banks need to analyze and have a constant check on its service marketing mix so as to retain its strategic and competitive advantage and to ensure maximum customer satisfaction. To be the best player in the field banks need to adopt customer orientation and leave behind marketing myopia so as to ensure its customer retention.

7p's of Marketing with reference to J&K Bank**Product**

Product mix has 3 product lines:

Product line 1 Deposit products:

Recurring plus deposit plans: Invest variable installments in multiples of 100 any number of times in a month .Tenure of scheme varies from 6 months to 5 years and carries compounded rate of interest on quarterly basis .Various accounts here in this category are :

- Savings bank accounts.
- Savings plus accounts.
- Salary plus accounts.
- **Current deposits::**Six variants (platinum, gold, premium plus, premium, basic, grameen). The current deposits are intended to provide the facility to individuals to have an unlimited number of transactions with the bank.
- Platinum ,gold, premium plus and premium accounts enable customers to avail number of discounted services like issuance of drafts ,fund transfer, cash deposits etc.

- A high end debit card: gold debit card offered on platinum, gold and premium plus current account has daily cash withdrawal limit of Rs 1 lac on Atms and 1.50 on point of sale machines.
- An international debit card offered on premium basic and grameen current a/c's has a daily cash withdrawal limit of RS 0.40 lacs on Atms and 0.75 lacs on point of sale machines.
- **Tax saver term deposits:** Minimum deposit amount is Rs 1000 and multiples thereof .Minimum tenure is 5 years and interest on deposits shall be paid either monthly, quarterly or at maturity. It has income tax benefit under section 80 c of income tax act 1961.

Product line 2: Loans and advances:

- Bills purchased and discounting.
- Cash credits and overdrafts.
- Loans on demand and term loan: J&K Bank housing loan, loans can be availed by employees, businessman as well as self-employed individuals, Margin varies from 15% to 20% and maximum repayment period of 20 years allowed and no closure charges.
- J&K Bank scooty finance for Girls. Finance up to 85% of cost of scooty, targetted at girl students and working ladies, concessional rate of interest.
- The bank construction equipment finance: Early available finance for the purchase of construction equipment ,cranes ,excavators .finance available up to 75% of invoice subject to maximum of Rs 100.00 lakhs for borrower

Product line 3: Auxiliary services:

- Foreign exchanges, payment of cheques, Technology based financial services.
- Anywhere banking(power to access a/c's across all over branch network)
- Internet banking: Enable fund transfer and more
- Atm services, mobile banking
- Products for specialized segments:
- NRI banking:
- Personal banking: home loans, car loans
- Artisan banking: artisan credit card
- Agriculture banking: crop loans etc.

Product addition and deletion: Emphasis on new products and renovation of existing ones occurs simultaneously and continuously in the bank ex introduction of J&K Bank solar lightening and photovoltaic finance, kissan dost finance , J&K Bank girl finance ,poultry venture capital finance etc. J&K Bank has introduced a specialized “Apple project “to provide solution to the stakeholders of apple fruit which is the main component of Kashmir fruit industry.

Price:

The pricing strategies revolve around the interest rates because this determines people willingness to invest in the banks. RBI and IBA are concerned with the regulations. The bank follows administrated pricing strategies which are twofold: first is concerned with interest and fee charged and second with interest paid. There needs to be a positive correlation between the two so that both the buyers and sellers have a feeling of winning. J&K Bank also takes into account the risk of loss. For high value deposits interest rates vary from 5.25% per annum for 30 days maturity period to 8.25 % for 5 years to 10 years. Prime lending rate (PLR) is 14.75 % w.e.f 15.02.2013 and base rate is 10.25% for loans and advances.

Place:

This is related to offering of services. Services are sold through branches and ATMs. While selecting a branch factors such as safety and security, convenience to both the parties are taken care of.

No of branches: 650 all over India

No of Atms: 540 all over India

Promotion

J&K bank concentrates on both personal and impersonal strategies. It adopts a mix of promotional tools and spends on rural prospects also. During the last year the bank continued to position its brand favorably in public memory. The products and achievements are effectively communicated to customers, shareholders through advertisements and publicity it uses a mix of various tools

- Advertisement: (TV, radio)
- Print media : (hoardings, newspapers, magazines)
- Publicity: road shows, conferences and seminars
- Sales promotions (gifts, incentives)
- Another important tool used for promotion is community interest programs like development of recreational parks like Iqbal park in Srinagar or organizing blood donation camps or health camps
- Customer feedback: feedback forms are provided to customers and suggestion boxes are kept at every branch.
- Promotion through Corporate social responsibility of J&K Bank

Education sector: Bank donates hefty sum for establishment of a library at a remote educational institute in south Kashmir. Special emphasis is laid on supporting orphans

Health: It donated trolleys and wheel chairs to leading hospitals ex SKIIMS hospital Srinagar and SMHS hospital Srinagar to contribute to the health of public concern and organized health camps across the valley like a recent gastroenterology health camp at its corporate office Srinagar on world health day. Over 300 patients received free treatment at J&K Bank's medical camp at RAJOURI. The bank has launched an initiative of HEALTH FOR ALL.

Environment: Environmental concerns are taken care of by supportive initiatives like massive plantation drives and also dedicate parks for twin purposes of serving environments and providing recreation to4 people like Iqbal park in Srinagar, Gulnar park in Baramulla.Also active participation in awareness campaigns like Dal conservation, ban on polythenes etc.

Sports: Bank has formally launched its own football club and academy committed to development of sports.

Physical Evidence

- Almost 55 new business units were established in the last fiscal year. There is no specific design for the branch layout but adequate caution is taken to ensure locker security. Every branch has a seating place for its customers and employee designation is displayed at respective counters
- Bank provides tangibles such as diaries, calendars, pens etc. to its valuable customers
- Excellent ventilation.
- well-dressed employees

Process

Bank offers real time gross settlement (RTGS)payments and also national electronic fund transfer (NEFT) Flow of activities follow RBI guidelines .The new bank account can be opened very easily with a sum of as less as Rs 500within 24hrs. J&K Bank also issues instant Atms for ease of customers .Speed and accuracy of payment is most important for this IT and warehousing is important .J&K Bank uses Finacle software for this purpose. The hierarchy has following structure:

1. C.E.O /chairman
2. Board of directors
3. Executive presidents
4. Presidents
5. Vice presidents
6. Support staff

People

The main aim is to have a strong internal customer awareness. For this bank employs following strategies:

1. Hire the right people.
2. Train them
3. Provide the needed support system

In the new departmental restructure J&K bank has redefined the core functions of human resources. J&K Bank is moving towards a system where it will facilitate performance improvement, measured not only in terms of certain financial indicators of operational

efficiency but also in terms of quality of financial services provided. The primary concern of the Bank is to bring in proper integration of human resource management strategies with the business strategies. The J&K Bank has over 8,000 employees and was also looking for a technology to help it cut down paper work, reduce manual work. The bank selected Wipro InfoTech, the IT business arm of Wipro Ltd, to implement Oracle's PeopleSoft Enterprise Human Capital Management 9.0.

- Recruitment and selection is done through a competitive examination conducted by IBPS and internal recruitment through promotion of experienced and talented people is also done. First advertisement is given in local newspapers followed by aptitude exam and an interview
- Trainings: it has set up a number of training centers where in they have class room teachings by professionals and an adequate support system to provide necessary information to the employees' .Many in house publications are circulated like yearly annual reports and some journals to keep its employees abreast of all latest developments and information.
- Benefits to employees:
- Salary and scale is revised every 4 years. Dearness allowance, Financial benefits ex car loans, welfare benefits ex educational scholarships.

SUGGESTIONS

1. Strengthen internal marketing, external marketing and interactive marketing.
2. Frontline employees should be given involvement in decision making.
3. Spend more on promotion.
4. Recognize marketing as an important function.
5. Training of employees.
6. Recruitment selection be taken care of and should be away from nepotism.
7. Hire the right people and give induction trainings.
8. Internal marketing to be used so that workforce is satisfied.
9. Chairman and bank affairs should be kept away from politics.

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