Marketing Practices of Banking Services

(A Comparative study of SBI & HDFC Bank)

***Professor T. Sreenivas**
****Smt. Sk. Mabunni**

*Head, Department of Business Administration, Yogi Vemana University, Kadapa..
**Lecturer, Department of Management Sciences, R.V.R. & J.C.College of Engineering, Chowdavaram, Guntur-19.

Abstract:

In current scenario marketing is very useful tool for banking sector for attracting customers for various banking products. Due to increase in 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. Now banks have to provide knowledge of their products to the customers and create requirement of their products and for that marketing has become a most important tool which connects the customers and products offered by the bank. The marketing concept, in banking industry emerged in late fifties in the west. In the recent past bankers had been noted more for their austere dignity than for their friendliness. Marketing came into banks in the late 1950s, not in the form of marketing concept but in the form of the advertising and promotion concept. Banks become customer centered and are expecting high variety of products at reasonable prices. The bank professionals find it convenient to formulate and innovate the marketing mix of world class which simplifies the process of excelling competition. The marketing resources are of innovative in nature and would make the ways for capitalizing on the same profitably. The first major step in the direction of marketing was initiated by SBI when in 1972 it reorganized itself on the basis of major market segments, i.e., dividing the customers on the basis of activity and carved out four major market segments, viz., Commercial and Institutional segments, small industries and small business segment , agricultural segment of personal services banking segment. The new organizational frame work embodied the principle that the existence of an organization is primarily dependent upon the satisfaction of the customer needs. Article evaluates the innovative marketing strategies adopted by banks to sell their products and create marketing process through 7Ps i.e. Product, Price, Place, Promotion, People, Physical evidence and Process in sample banks taken from Public sector and Private sector Banks. For this purpose, it is proposed to make a comparison study of public sector banks with private sector banks in terms of the sample of SBI and HDFC respectively.

Introduction:

The Indian economy embarked on the process of economic reform and various policy measures initiated by the government resulted in the increasing competition in the banking industry, there by highlighting the importance of effective marketing. The Narasimham committee report evidence of the government's desire to re regulate the banking industry so as to encourage efficiency through competition. Government initiatives include: markets segmentation thus simplifies the task of understanding the customers / prospects. The bank professionals find it convenient to formulate and innovate the marketing mix of world class which simplifies the process of excelling competition. The marketing resources are of innovative in nature and would make the ways for capitalizing on the same profitably. The heterogeneity of financial services of the bank offers both an advantage and a challenge to the bank employee. The bank employee must be a creative person and should have the full and complete knowledge of the entire range of services in order to have flexibility in moulding the service to suit the individualized needs of the customers. Marketing of services calls for a continuing and direct relationship with the customers hence personal selling forms the backbone of services marketing. Marketing of bank services is interactive in nature. The quality of the bank employee – customer relationship and the interaction decides the service quality as perceived by the customer.

The entry of new generation tech savvy private banks and the expansion of operations of foreign banks, the banking sector has become too competitive. The ‘one for all and ‘all for one‘s syndrome is being given a go-by. To deal with the emerging situations, bankers have to shed a lot of old ideas, change in practices, develop customer loyalty programmes and adopt a distinct approach to meet the challenges ahead. In a fiercely competitive market, non price factors like customers service become more important. Hence it is desirable for banks to develop a customer growth. The awareness has already down that prompt, efficient and speedy customer service alone will tempt the existing customer to continue and induce new customers to try the services offered by a bank. Indian banks have already taken lot of initiatives in this regard. Further it has been realized that Indian banks have miles to go to capture the recent trends and to be at par with the western counterparts. As a result, many banks have introduced new customer friendly measures like 24-hour banking, 7-day and any where banking, internet banking extended business hours, ATM network etc. It is necessary that the customers should be made educated on new products and services introduced by the bank. A personal touch is therefore vital to carry the conviction. Further in a highly competitive environment, retaining existing customers is as important as mobilizing new ones. It is to be remembered that ‘customer is just everything in a service industry like banking’, will surely pave the way for customer delight.

Objectives of the Study:

The main objective is to analyse the marketing mix and how far this tool is useful in the present situation and to compare the commercial banks. This Research paper aims at to present the evolution and growth of banking industry in India, and to analyze the 7p’s of marketing mix (product, price, place, promotion, people, physical evidence and process) in sample banks.

Literature Review:

Omji Gupta[i]described the emergences of services sector and banks experience in service marketing. He emphasized customer satisfaction as the key to success and suggested a few measures to meet the needs and expectations of the customers. Chawla and Mittal[ii], while discussing product development in SBI, concluded that products of the bank were as its competitors. Even in some cases they were better and cheaper. But the weakest link in the process of marketing was the people. At the one end was the ‘customer’ who, more often, was not at the center and at the other was the ‘employees’ who were hardly involved in the process. They opined that the use of new products as a strategic tool for augmenting business should be judicious. They emphasized the timing, geographical strategy, target market prospects and market strategy, effective linkages between the innovation process and customer adoption process as the few crucial issues before the top management while commercializing the product. National Institute of Bank Management’s study on deposit mobilization (1969) concluded that mobilization of resources is one important facet of the various services performed by banks. Banks should classify depositors into segments and take intensive measures to market their services to them. They should design suitable schemes to mobilize the savings and attract them through suitable media of publicity. The various techniques of banks are essentially based on the principles of mobility, flexibility, convenience and reduction of cash drain, automatic facilities and special inducements. More personalized service to achieve deposit mobilization at branches.

Dr. Rajagopala Nair[iii] (1999) studied that in a highly regulated banking industry, no much innovations are made to develop new financial products. Given their respective roles as bankers or finance companies, all offered absolutely the same products. Infact, it takes little time and no additional investment to develop a financial product or service. But the drawback is that no brand can be marketed with a unique. Selling proposition (USP) for long, as it can be copied immediately. After the nationalization of 14 commercial banks in 1969, banks have launched a no. of programmes for the development of back ward regions and upliftment of the weaker sections of the society. But t his product line is not sufficient to compete with that of non-banking financial institutions.

Varde V and Singh S[iv]referred that the most important component of the marketing mix is Price. The interest rates of banks are regulated by the Reserve Bank of India, and the rates for other services by the Indian Banks Association. Price therefore, to a certain extent becomes an insignificant factor in the Indian bank marketing. Though the price factor is very important, it takes the second place in the Indian context, mainly because of the nature of banking. Banks in india are required to play a developmental role with societal approach, in which profit becomes secondary. The maneuverability available to Indian banks under the existing environment, national policies and the style of management, is rather too small, that leaves scope only for small tactical moves for a few marginal improvements. In Rossier's[v] study (1973) suggests that banks should not open a branch without first analyzing market potential and determining the expenditure required to obtain a sufficient market share. The risk in expansion is not so much one of opening unprofitable branches, but rather of allocating scarce resources of managerial talent, qualified personnel and capital to marginal products.

Donelly J H[vi] in his study found that place and distribution factor in bank marketing refers to the establishment and functioning of a network of branches and other offices through which banking services are delivered. The extent and distribution of banking services can be determined to a certain extent by the spread of bank branches and the reach of this banks.The more extensive the network of the branches, the more the accessibility to a larger section of the customers. The channels of distribution for bank's services should be thought of as any means used to increase the availability and / or convenience of the services that help to maintain existing bank users or increase their use among existing or new customers. A study conducted by Preston et al[vii] (1978) indicates that there is no significant difference between the retention rates of premium – attracted and of non-premium offered deposit accounts, consequently, the conclusion is that customers attracted by a free premium were just as loyal as those customers attracted by a lower – price banking service premium.

FG Crane[viii] (1990) using a case study analysis, found that corporate advertising should be an integral component of the marketing communications program of a financial services institution and recommends that managers need to pay more attention to successfully integrate corporate advertising integrated with product advertising. Anchal Singh[ix] referred that the human factor plays a pivotal role in services marketing. Personnel should have a positive attitude towards working and must possess an exhaustive knowledge about the local economy and gather information regarding customer's background for comprehending accurately their needs and aspirations.

Anchal Singh[x] studied that it encompasses the methods and standards followed for carrying out various activities of the bank. It also includes seating arrangement of the bank's employees and the positioning of ledgers, machines and records, so that documents can be easily accessed without wasting precious time on unnecessary and avoidable movements. Anchal Singh referred that the seventh P physical evidence derives its existence from the intangibility principle, as banking products are intangible. It primarily focuses on transforming the bank's product into a tangible one and this can be achieved by imaginative designing of the bank's stationary used by the customers, e.g., cheque books and statement of accounts can be made attractive. The best tangibilization strategy is to enhance customer satisfaction by evolving novel products after well documented research on customer needs and expectations. Anand Singh[xi]studied that Relationship Marketing is the process of building longterm win win relationship with the customers, distributors, dealers and suppliers based on trust. The objectives of this study are extent of customer Relationship Management (CRM) implementation in the banks, and an analysis of the impact of CRM on service quality and customer retention has also been made. For the purpose of analysis the various dimentions of CRM have been formulated on the basis of the study carried out by N O Ndubisi and Chankok Wah and further validated by JG Barnes in his book Secrets of Customer Relationship Management. The scale has been subjected to validation by using Cronbach Alpha Test. Likerts 7 point scale is used for the collection of data and further SERQUAL was applied to measure the gap between customer expectations and experience. The analysis of the customer retention suggests that the banks whether public or private are equally impacted by the kind of CRM initiatives they undertake to retain the customers. The banks now undertake tremendous pressure to retain older customers because of the competition in the sector. This would not only ensure better customer retentions but also loyalty among them, which is critical for their retention by the respective banks.

History of Banking:

The history of Indian banking can be classified into three distinct phases. The first phase is the era prior to nationalization, the second phase begins with nationalization in 1969 and ends with liberalization in 1991, and the third phase relates to the post liberalization era. Prior to 1969, there were many privately owned banks catering to specific clientele comprising of large organizations and individuals. The nationalization of banks initiated in 1969 was intended to extend the reach of banking to masses. The primary goal was social banking, i.e., to provide banking services in the remotest parts of India. This resulted in the emergence of 14 large public sector banks with vast branch networks catering to every nook and corner of India. Commendable progress was achieved on this front. State Bank of India the biggest bank in India has more than 8500 branches in the country. The Indian banking can be broadly categorized into nationalized (government owned), private banks and specialized banking institutions. The Reserve Bank of India acts as a centralized body monitoring any discrepancies and shortcoming in the system.Since the nationalization of banks in 1969, the public sector banks or the nationalized banks have acquired a place of prominence and has since then seen tremendous progress. The need to become highly customer focused has forced the slow-moving public sector banks to adopt a fast track approach. The unleashing of products and services through the net has galvanized players at all levels of the banking and financial institutions market grid to look anew at their existing portfolio offering. Conservative banking practices allowed Indian banks to be insulated partially from the Asian currency crisis. Indian banks are now quoting al higher valuation when compared to banks in other Asian countries (viz. Hong Kong, Singapore, Philippines etc.) that have major problems linked to huge Non Performing Assets (NPAs) and payment defaults. Co-operative banks are nimble footed in approach and armed with efficient branch networks focus primarily on the 'high revenue' niche retail segments. The Indian banking has finally worked up to the competitive dynamics of the 'new' Indian market and is addressing the relevant issues to take on the multifarious challenges of globalization. Banks that employ IT solutions are perceived to be 'futuristic' and proactive players capable of meeting the multifarious requirements of the large customer's base. Private Banks have been fast on the uptake and are reorienting their strategies using the internet as a medium The Internet has emerged as the new and challenging frontier of marketing with the conventional physical world tenets being just as applicable like in any other marketing medium.

The Indian banking has come from a long way from being a sleepy business institution to a highly proactive and dynamic entity. This transformation has been largely brought about by the large dose of liberalization and economic reforms that allowed banks to explore new business opportunities rather than generating revenues from conventional streams (i.e. borrowing and lending). The banking in India is highly fragmented with 30 banking units contributing to almost 50% of deposits and 60% of advances. Indian nationalized banks (banks owned by the government) continue to be the major lenders in the economy due to their sheer size and penetrative networks which assures them high deposit mobilization. The Indian banking can be broadly categorized into nationalized, private banks and specialized banking institutions. The Reserve Bank of India act as a centralized body monitoring any discrepancies and shortcoming in the system. It is the foremost monitoring body in the Indian financial sector. The nationalized banks (i.e. government-owned banks) continue to dominate the Indian banking arena. Industry estimates indicate that out of 274 commercial banks operating in India, 223 banks are in the public sector and 51 are in the private sector. The private sector bank grid also includes 24 foreign banks that have started their operations here. Under the ambit of the nationalized banks come the specialized banking institutions. These co-operatives, rural banks focus on areas of agriculture, rural development etc., unlike commercial banks these co-operative banks do not lend on the basis of a prime lending rate. They also have various tax sops because of their holding pattern and lending structure and hence have lower overheads. This enables them to give a marginally higher percentage on savings deposits. Many of these cooperative banks diversified into specialized areas (catering to the vast retail audience) like car finance, housing loans, truck finance etc. In order to keep pace with their public sector and private counterparts, the co-operative banks too have invested heavily in information technology to offer high-end computerized banking services to its clients.

Growth of Banking in India:

Banking in India has its origin as early as the Vedic period. It is believed that the transition from money lending to banking must have occurred even before Manu, the great Jurist, who has devoted a section of his work t o deposits and advances and laid down rules relating to interest. During the Mogul period, the indigenous bankers played a very important role in lending money and financing foreign trade and commerce.

During the days of the East India Company, it was the turn of the agency houses to carry on the banking business. The General bank of India was the first Joint stock bank to be established in the year 1786. The oldest among the scheduled banks is the Allahabad Bank which was set up in 1865 with European Management. The others that followed were the Bank of Hindustan and Bengal Bank. The bank of Hindustan is reported to have continued t ill 1906 while the other two failed in the meantime. In the first half of the 19th Century the East India Company established three banks, the bank of Bengal in 1809, the bank of Bombay in 1840 and the Bank of Madras in 1843. These three banks were amalgamated in 1920 and a new bank, Imperial Bank of India was established on 27th January, 1921. The first bank which was established with Indian Ownership and Management was Oudh commercial bank formed in 1881 followed by Ajodhya Bank in 1884, Punjab National bank in 1894 and Nedungadi Bank in 1899. In the wake of Swadeshi Movement, a no. of banks with Indian Management were established in the country prominent among them were Bank of India Ltd., (1906), Canara Bank Ltd (1906). Indian Bank Ltd., (1907), the Bank of Baroda Ltd (1908), The Central Bank of India Ltd., (1911). The Reserve Bank of India, which is the Central Bank, was created in 1935 by passing Reserve Bank of India Act, 1934.

The Foundation Phase:

The foundation phase can be said to have commenced in 1949 and ended with the nationalization of 14 major banks in 1969. This phase laid the foundation for a sound banking system in India. Necessary legal frame work in the form of Banking Regulation Act in 1949 and transformation of Imperial Bank of India into State Bank of India were the two major developments during this phase. This phase also saw the transition class banking from select Government, Individuals and select traders to mass banking by intending financial services to lesser known industrialists, traders and even agriculturists.

The expansion phase:

The nationalization of banks introduced in 1969 brought a paradigm change and also a change in the priorities of the banking sector. Branch network of the banks was widened to cover rural and Semi Urban population. Eight more banks were nationalized in 1980. Commercial Banks became instruments of Socio-Economic- change by ext ending finance to certain preferred sectors, relaxing commercial considerations. But this phase also saw the weakening of the lines of supervision and control beyond the optimum level confessional rates and target oriented longing put pressure on profitability of banks and competitive efficiency was at its lowest towards the end of this phase in 1984.

The Consolidation Phase:

This phase from 1985-1990 saw earnest efforts in the form of policy initiatives to consolidate the banking sector.The key words during this phase were: consolidation with moderate and selective expansion, social banking with improvement in financial viability, selective motorization, mechanization and computerization, better customer service, effective managerial culture, adequate profitability, strong and healthy organizational structure and effective system of internal supervision, control, housekeeping and training.

The Reform Phase:

By 1991, the country had erected an unprofitable, inefficient and financially unsound banking sector. A few facts will suffice. The profitability of Indian Banks was extremely low in spite of rapid growth in deposits. The average return on assets in the second half of the 1980s was about 0.15%, an extra ordinarily low figure by world standards. Return on equity was higher (about 9.5%) but that was simply a reflection of the low capitalization of Indian Banks. Capital and reserves averaged about 1.5% of assets, compared to 4-6%, in other Asian countries, (Vijay Joshi & IMD Little, 1996). Reforms paved the way for changing the fortunes of the country that was on the brink of a precipice in May 1991. The financial position of the economy was then extremely difficult with current account deficit of 10 billion dollars, foreign exchange reserves down to two weeks imports, damaging import cuts, difficult position for commercial borrowing abroad, inflation at 13% and reserved trend of inflow of foreign exchange (Joshi, P.N. 2002). In August 1991 recognizing the 1looming danger to the Indian Financial System, the Government of India had appointed a High level committee headed by Mr. M. Narasimham, Ex-Governor of RBI to address the problems and suggest remedial measure.

The most important recommendations of the committee on Financial sector Reforms made accepted for implementation over a three year period from April, 1992 were for entry deregulation, deregulation of Interest rates for deposits and advances, gradual reduction in reserve pre-emption levels, liberalized branch expansion policy, introduction of new accounting and prudential norms relating to income recognition, provision and capital adequacy, allowing public sector banks to access the capital market, lessor emphasis on priority sector lending, Institution of Asset Reconstruction funds, greater autonomy to public sector banks, cutting excessive regulation and bringing NBFC's under the ambit regulatory frame work. Entry deregulation has resulted in a significant increase in the no. of private sector banks and also an increase in the network of the existing foreign banks. These banks have harnessed the latest information technology, made the customers conscious of quality and has turned the market to a buyer's market from a seller's market all these years. These changes have necessitated even public sector banks to become market oriented and State Bank of India and its associates are no exception.

Concept of marketing and its relevance in banking services:

An application of marketing concept and techniques in a banking organization implies use of product, price, promotion and distribution policies for maximizing customer satisfaction. The marketing concept, in banking industry, emerged in late fifties in the west not in the form of marketing concept but in the form of "advertising and promotion" concept. This is not to say that certain alert bankers were not practicing the art at all. Bartels, in a book devoted to the history of marketing acknowledged the contribution of men concerned with credit towards the development of marketing thought. A large scale study conducted in 1970's by Lester B.Knight and associates summerised that:

- Marketing is broadly recognized as an important activity in a bank.
- Most bankers consider marketing as essentially an advertising and public relations job.

Deryle Weyer of Barclay's bank has come out with by far the most comprehensive definition of bank marketing. He defines it as "identifying the most profitable markets now and in future, assessing the present and future needs of customers, setting business development goals and making plans to meet them, managing the various services and promoting them to achieve the plans – all in the context of a changing environment in the market". Marketing thus aims not only at delivering whatever products banks have but also creating new products as per customer needs. As far as India is concerned, the position of marketing in the banking industry has been quite dismal. It was not until the 1960's that one began to see the term marketing in the bank periodicals and other literature. It was still sometime late in the seventies that the word marketing could be heard in the banks corridors. During this period the banks were conservative and inward looking, concerned with their profits. The banks offered limited range of services in deposited area which inter-alia included current accounts, savings bank accounts and term deposits accounts. In the area of advances, limits were sanctioned on the basis of the security offered and limits of bills purchased. Their misllaneous services included issuing cheques, executing standing instructions of the customers and locker facilities at a few centers. It was a phase of select banking. What was surprising is the fact that even the communication through media was looked against the ethics of the bank culture. The advertisements released till 1966 were very few and far between.

The first major step in the direction of marketing was initiated by SBI when in 1972 it reorganized itself on the basis of major market segments, i.e., dividing the customers on the basis of activity and carved out four major market segments, viz., Commercial and Institutional segments, small industries and small business segment , agricultural segment of personal services banking segment. The new organizational frame work embodied the principle that the existence of an organization is primarily dependent upon the satisfaction of the customer needs. On the whole, the hall mark of the reorganized set up was customer orientation. It aimed at:

- Having a total view of customers need
- Meeting the identified needs in the best possible manner by developing appropriate and suitable services.
- Identifying potential customers and
- Conducting the activities at the branch level on the basis of carved out market segments instead of job – wise activities.

Around 1973, banks picked up the word marketing using it synonymously with selling. However, a perceptible change was discernible on the horizon and it was related to two major components of marketing viz., Product and Promotion. The other two, price and place controlled by RBI. It was in early 1980's that the banks started thinking in terms of product development. More importantly, banks also accelerated the process of equipping their staff with marketing capabilities in terms of both skills and attitude through training interventions both internal and external. What ever may be the indications of applications of marketing concept in the Indian banking Industry, it is a fact that marketing philosophy has not been fully accepted by the management in this sector as a corporate philosophy. As Bhattacharya and Ghose observe that through India has the largest network of bank branches in the world, innovative banking remained years behind the development of the new world banking. In view of the above challenges and also challenges from the emergence of the NBFCs and growth of competitive financial instruments, banks have to go miles ahead in innovative banking to cope with new world banking. However, it should not be forgotten that, "the customer is the most important person in the business. And without customers, the best marketing efforts are irrelevant.

The banks essentially deal in services and not products. "Financial service is any act or performance that one party can offer to another,it is essentially intangible and does not result in ownership of anything. It broadly includes investment activities in terms of investment management, investment advice and investment arrangement. Berry has contrasted services from goods by defining "a good as an object, a device or a thing. A service is a deed, a performance and an effort. When a good is purchased, something tangible is acquired. When a service is purchased, there is generally nothing tangible to show for it… Services are consumed but not possessed. "According to Federal Express, the giant express delivery organization, services have been redefined as all actions and reactions which customers perceive they have purchased. The above definitions clearly show that services do have certain specific characteristics which make them different from goods. These are broadly defined as intangibility, perishability, heterogeneity and inseparability of production and consumption.

Product mix in SBI
Product mix length

	Personal Banking	**Agricultural / Rural Banking**	**NRI Services**	**International Banking**	**Corporate Banking**	**Small & Medium Enterprises**	**Government Business**	**Services**
PRODUCT LINE WIDTH	**1. Deposit Schemes** *Current Account *Savings Bank Account *Term Deposits *Special Term Deposits *Multi option Deposit *Demat Account *Savings Plus Account *Basic banking 'No Frills Account' *Recurring Deposit Account *Premium Savings Account **2. Personal Finance** *Housing Loan *Property Loan *Car Loan *Educational Loan *Personal Loan *Loan to Pensioners *Credit Khazana *Loan against Shares/Debentures *Loan for Esops *Festival Loans *Tribal Plus Scheme	**1. Agricultural Banking** *Agricultural Gold Loan *KISAN Credit Card (KCC) *Produce Marketing Loan *KISAN gold card scheme *Setting up of Agri-Clinic &Agri Business Centers *Land Purchase Scheme *SCORING Model for Tractor Loans *Financing of Second Hand/Used TRACTORS Scheme *Financing Power Tillers *Financing for Combine HARVESTERS *Scheme for financing farm machinery – where tangible assets are created *Dairy Plus scheme for financing Dairy Units *Dairy Society Plus – Scheme for Financing Dairy Societies *Broiler Plus *Scheme to cover Loans for General Purpose under – General Credit Card (GCC) *SBI KRISHAK UTHAAN YOJNA *GRAMIN BHANDARAN YOJNA – Capital Investment Subsidy Scheme for Constructional/	**1. Types of Deposit Account** *NRE Rupee Accounts *Savings Bank *Current Accounts *Term Deposits (Interest paid out quarterly) *Non Resident (ordinary) Account *Foreign Currency Non Resident Accounts *FCNB Premium Account *Resident Foreign	**1. Correspondent Banking** *Corresponding Banking Categorization *SWIFT Operations Center (SOC) *NOSTRO Accounts *Standard settlement Instructions for FX Trading Account **2. Merchant Banking** **3. Project Export Finance** **4. Exporter Gold Card**	**1. Corporate Accounts Group (CAG)** **2. Mid – Corporate Group** **3. Project Finance** **4. Products & Services** *Industrial Sector *Trade & Services Sector *Specialized Products **5. Products/ Services are** *Working Capital Finance *Project Finance *Deferred Payment Guarantees *Corporate term loans	**1. Manufacturing** *SBI SME collateral Free Loan *SME Smart Score *SME Open Term loan **2. Trade** *Traders easy Loan *SME Credit Card *Warehouse Receipt Financing **3. Services**	**1. Centralized Pension processing Centre (CPPC)** **2. SBI e-tax** **3. SBI e-Frieght** **4. Government Accounts** **5.Public Provident Fund** **6. Senior Citizens Savings Scheme**	**1. RTGS/NEFT** **2. ATM Services** **3. Internet Banking** **4. E-RAIL** **5. RBIEFT** **6. E – PAY** **7. Safe Deposit Locker** **8. Broking Services** **9. Magnetic Ink Character Recognition** **10.**

	*Central Scheme for interest subsidy on educational Loans **3.Services** *Mobile Banking *Demat Services *cards *ATM Services *Internet Banking *Foreign Inward Remittance *Safe Deposit Locker *Public Provident Fund *Magnetic Ink Character Recognition *New Pension System *Multicity Cheques *Western Union money transfer *Locker **4.Special Salary Packages** *Corporate Salary Package *Defence Salary Package *Para Military Salary Package *State Government Salary Package *Railway Salary Package *Special package for Insurance *Commission Agent	Renovation of Rural Godowns * Scheme for financing Private Cold Storage/ Private ware houses for onlending to Farmer *Scheme for financing seed processors *Mortgage loan to seed processing units *Capital Investment Subsidy Scheme for Commercial Production Units of Organic Inputs under National Project on Organic Farming *Scheme for Debt Swapping of Borrowers *ARTHITAS PLUS Scheme *MINOR IRRIGATION Scheme *Finance to Horticulture *Financing JLG of Tenent Farmers *Scheme for financing Micro Finance Institutions (MFIs) / Non Government Oganisations (NGOs) *Sanjeevani *KRISHI KAYANI *Financing for Organic Farming * Financing JLG of Tenant Farmers *Lead Bank Scheme *Business Correspondent – (BC) Arrangement **2.Micro Credit** **3. Regional Rural Banks** **4. State Level Bankers' Committee (SLBC), Uttarakhand** **5. Agri Debit Waiver / Relief Scheme, 2008** **6. Financial Inclusion**	Currency Accounts **2. NRI Home Loan** **3. NRI Car Loan Scheme**	**5. Treasury** **6. Off Shore Banking** **7. USA Patriot Act Certification** **8. Trade Finance**	*Structured Finance *Dealer Financing *Channel Financing *Equipment Leasing *Loan Syndication *Financing Indian Firms Overseas *Subsidiaries as Joint Ventures *Construction equipment Loan 6. Cash Management Product.	*SBI SME collateral Free Loan *Doctor Plus *School Plus		**Foreign Inward Remittance** **11. State Bank Mob cash** **12. Domestic Treasury**

	and Broking *Clients Account *Central Government Salary Package **5. Gold Banking** *Retail sale of Gold coins *Gold Deposit Scheme *Safe of Gold and Gold Metal loans (for Jewelers)							

***Depth of the Service Product mix in HDFC Product mix length**

	Accounts & Deposits	**Loans**	**Cards**	**Investments**	**Insurance**	**Forex**	**Premium Banking**	**Private Banking**
PRODUCT LINE	**1. Savings Accounts** *Regular Saving Account *Senior Citizens Account *Savings Max Account *ND frills Account *Limited KYC Account *Institutional Savings Account *Kids Advantage Account *Pension Savings Account *Family Savings	**1. Personal Loans** *Personal Loan *Smart Draft – Overdraft Against Salary **2. Business Loans** *Business Loan * Loan for Professionals **3. Home Loan** **4. Car Loans** * New Car Loans *Used Car Loans *Car N Cash Loans **5. Two Wheeler Loans** *Two Wheeler Loan *Super Bike Loan	**1. Credit Cards** **A. Featured Cards** *Regalia Card *Jet Privilage HDFC Bank world *Platinum Edge *Platinum Plus Credit Card **B. Super Premium** *Infinia *Regalia Card **C. Co – Brand** * Jet Privilage HDFC Bank world * Jet Privilage HDFC Bank Platinum * Jet Privilage HDFC Bank Titanium **D. Professional** *Doctors Superia	**1. Wealth Services** **2. Investment Products** *Mutual Funds *Equities & Derivatives *IPO Application	**1. Life Insurance** *HDFC Life click 2 protect plan * HDFC SL young Star Super premium * HDFC Loan cover Term Assurance Plan * HDFC Term Assurance Plan * HDFC Life Sampoorn Samridhi Insurance Plan * HDFC savings	**1. Travel Solutions** **2. Remittance Products** **3. Other Forex Services** **4. Forex Help**	**1. Imperia Banking** **2. Preferred Banking** **3. Classic Banking**	

W I D T H	Group Account *Savings Plus Account *Women's Savings Account **2. Salary Account** *Premium Salary Account *Regular Salary Account *Defense Salary Account *Classic Salary Account *Payroll Account *No frills Salary Account *Reimbursement Account **3. Current Accounts** * Premium Current Account *Regular Current Account *RFC – Domestic Account *Flexi Current Account *Apex Current Account *Max Current Account *Merchant Advantage Current Account	**6. Loans against Assets** *Gold Loan – Term Loan *Gold Loan – Overdraft * Loan against Securities * Loan against Property * Loan against rental receivables **7. Educational Loans** *Student Loans for Indian Education *Central Government Interest Subsidy Scheme *Student Loans for Foreign Education **8. Government Sponsored Programs** **9. Rural Loans**	*Doctors Platinum *Teachers Platinum **E. Premium Travel** *Superia *Platinum Edge *Titanium Edge **F. Premium Women** *Solitaire Premium Credit Card *Solitaire Card **G. Premium** *World Master Card Credit Card *Visa Signature Credit Card **H. Regular** *Platinum Plus Credit Card *Titanium Credit Card *Womans Gold Credit Card *Gold Credit Card **I. Commercial** *Business Platinum Credit Card *Corporate Platinum Credit Card *Corporate World Master Card Credit Card *Corporate Visa Signature Credit Card **2. Debit Cards** *Easyshop Imperia Platinum Chip Debit Card * Easyshop Platinum Debit Card *Easyshop Titanium Royale Debit Card * Easyshop Gold Debit Card	Through ASBA *Invest in Gold (Mudra Pure Gold Bar) *Invest in Silver (Mudra Silver Bar) *8% Savings Bonds * Sec 54 EC – Capital Gains Bonds	Assurance Plan * HDFC Single Premium Whole of Life Insurance Plan * HDFC Classic Assure Insurance Plan * HDFC SL Crest * HDFC SL New Money Back Plan * HDFC SL Pro Growth Maximiser * HDFC SL Pro Growth Super II **2. Health Insurance** *Health Suraksha *Critical Illness – Silver Plan * Critical Illness – Platinum Plan *HDFC Critical Care Plan *Personal Accident Insurance Plan A * Personal Accident Insurance Plan B			

	*Merchant Advantage Plus Current Account *Plus Current Account *Trade Current Account * Current Account For Professionals * Current Account For Hospitals &Nursing Homes *Agri Current Account *EZEE Current Account *Supreme Current Account **4. Deposits** *Regular Fixed Deposit *5 Year Tax Saving Fixed Deposit *Super Saver Facility *Sweep – In – Facility *Recurring Deposit **5. Demat Account** **6. Safe Deposit Locker** **7. Rural Accounts** *Kisan No Frills Savings Account *Kisan Club Savings Account		* Easyshop Titanium Debit Card * Easyshop International Debit Card * Easyshop International Business Debit Card * Easyshop Womans Advantage Debit Card * Easyshop NRO Debit Card **3. Prepaid Cards** *Forex Plus Card * Forex Plus Chip Card * Forex Plus Platinum Card *Gift Plus Card *Mudra Gift Plus Card *Food Plus Card *Money Plus Card **4. Credit Card Reward Program**		**3. Motor Insurance** *Commercial Vehicle Insurance *Private Car Insurance **4. Travel Insurance** **5. Home Insurance**			

***Depth of the Service**

Discussion:

From the above table it is clear that both the selected banks products are classified into Personal banking, Agricultural/Rural banking, NRI Services, Investments, Insurance, Govt. Business and services. SBI mainly focuses on the products like agricultural/rural banking, personal banking, International banking and corporate banking. Agricultural banking, Micro credit, RRBs, State Level Banker's Committee (SLBC), Agri Debit/Relief Scheme 2008 are the core products of Agri/rural banking. Personal banking consists of Deposit Schemes, Personal finance, services, special salary packages and Gold banking. International banking of SBI concentrates on the product line of correspondent banking, merchant banking, and Treasury & Trade finance. Corporate banking focuses on the products like Corporate Accounts Group, project finance and mid corporate group. On the other hand HDFC bank product mix mainly consists of personal banking, Insurance & Premium banking. The product line of personal banking focuses on Accounts & Deposits, Loans & Cards. The Insurance segment of HDFC bank comprises of Life insurance, Health insurance, Motor insurance, Travel insurance etc., Premium banking concentrates on preferred banking & classic banking. After observing the length, width, depth of the product mix of two banks it can be declared that SBI is concentrating on Agricultural banking & corporate banking & services where as HDFC is concentrating on personal banking products in a wide variety than other.

SBI Price mix:

1. **Domestic Term Deposits Pricing:**

Tenor	**Domestic term Deposits**				**Senior Citizen Deposit Rates**				**Domestic term Deposits**	
	Below Rs.15 Lakhs		Rs.15 lakhs to less than Rs. 1 Cr		Below Rs.15 Lakhs		Rs.15 lakhs to less than Rs. 1 Cr		**'Rs One Crore & above'**	
	Existing Rates w.e.f. 07.08.2012	**Revised rates w.e.f. 07.09.2012**	**Existing Rates w.e.f. 07.08.2012**	**Revised rates w.e.f. 07.09.2012**	**Existing Rates w.e.f. 07.08.2012**	**Revised rates w.e.f. 07.09.2012**	**Existing Rates w.e.f. 07.08.2012**	**Revised rates w.e.f. 07.09.2012**	**Existing Rates w.e.f. 07.08.2012**	**Revised rates w.e.f. 07.09.2012**
'Below Rupees One Crore' effective from the 7th September 2012										
7 days to 90 days	**7.00**	**6.50**	**8.00**	**7.50**	**7.00**	**6.50**	**7.00**	**6.50**	**8.00**	**7.50**
91 days to 179 days	**7.00**	**6.50**	**8.00**	**7.50**	**7.00**	**6.50**	**7.00**	**6.50**		
180 days	**7.00**	**6.50**	**8.00**	**7.50**	**7.00**	**6.50**	**7.00**	**6.50**		
181 days to 240 days	**7.25**	**6.50**	**8.00**	**7.50**	**7.25**	**6.50**	**7.25**	**6.50**	**8.00**	**7.50**
241 days to less than 1 year	**7.50**	**6.50**	**8.00**	**7.50**	**7.50**	**6.50**	**7.50**	**6.50**	**8.00**	**7.50**
1 year to less than 2 years	**9.00**	**8.50**	**9.00**	**8.50**	**9.50**	**9.00**	**9.50**	**9.00**	**9.00**	**8.50**
2 years to less than 3 years	**9.00**	**8.50**	**9.00**	**8.50**	**9.50**	**9.00**	**9.50**	**9.00**	**9.00**	**8.50**
3 years to less than 5 years	**9.00**	**8.50**	**9.00**	**8.50**	**9.50**	**9.00**	**9.50**	**9.00**		
5 years and up to 10 years	8.50	8.50	8.50	8.50	9.00	9.00	9.00	9.00	8.50	8.50

2. **Savings Bank Deposits Pricing**: **Rate of Interest**: 4.00% p.a. (w.e.f. 03.05.2011)

3. NRI Services Pricing:

Service	**Interest Rate**		
NRE Savings Bank Account	4.0%		
NRE Fixed Deposits 1-10 years	**8.50%**		
NRO Savings Bank Account	4.0%		
NRO Fixed Deposits	**Tenor**	**<15Lakhs**	**Above 15 Lakhs**
	7days-1year	**6.50**	**7.50**
	1-10years	**8.50**	**8.50**
Loan against NRO and NRE Fixed Deposits	0.50% over the rate paid on the relative Time Deposits offered as security.		
Loan against security of FCNR (B) Deposits	2.25 % over Bank's Base Rate* (12.00% p.a. currently)		

4. Loan Schemes Pricing:

Home Loans - Interest Rates w.e.f. 20.09.2012

All Rate are floating only (Base Rate= 9.75% p.a.)

Loan Amount	**Linkage with Base Rate over the tenor of the loan**	**Effective Rate**
Upto Rs. 30.00 lacs	0.25% above Base Rate	10.00% p.a.
Above Rs. 30.00 lacs	0.40% above Base Rate	10.15% p.a.

1. **Car Loans:** (Base Rate= 9.75% p.a.)

S.No	**Type of Loan**	**Tenure**	**Rate of Interest**
1	SBI Car Loan Scheme	For all tenures	For Term Loan and Overdraft: 0.75% above Base Rate, i.e. 10.50% p.a.
2	NRI Car Loan	For all tenures	0.75% above Base Rate, i.e. 10.50% p.a
3	Two – Wheeler Loan	Up to 3 years	8.25% above Base Rate i.e. 18.00% p.a.
4	Used Vehicles	Up to 3 years	7.25% above Base Rate i.e. 17.00% p.a.
		Above 3 yrs	7.50% above Base Rate i.e. 17.25% p.a.
5	Certified Pre-owned Car Loan Scheme	Up to 3 years	6.00% above Base Rate i.e. 15.75% p.a.
		Above 3 yrs	6.50% above Base Rate i.e. 16.25% p.a.

2. Educational Loans Pricing: (Base Rate= 9.75% p.a.)

S.No	Type of Scheme	Loan Amount	Rate of Interest
1	SBI Student Loan Scheme	For loans upto Rs.4 lacs	3.50% above Base Rate, currently 13.25% p.a.
		Above Rs.4 lacs and upto Rs.7.50 lacs	3.25% above Base Rate, currently 13.00% p.a.
		Above Rs.7.50 lacs	2.00% above Base Rate, currently 11.75% p.a.
2	SBI Loan Scheme for Vocational Education And Training		3.50% above Base Rate, currently 13.25% p.a.
3	SBI Scholar Loan Scheme		2.00% above Base Rate, currently 11.75% p.a.

3. Personal Loans Pricing: (Base Rate= 9.75% p.a.)

S.No	Loan	Tenure	Rate of Interest
1	Personal Loan Against Third Party Security	Upto 3 years	4.50% above Base Rate, currently 14.25% p.a.
		More than 3 years and below 6 years	4.50% above Base Rate, currently 14.25% p.a.
2	Loans Against Shares / Debentures / Bonds	Equity Plus Scheme	6.50% above Base Rate, currently 16.25% p.a.

4. Loans against Gold Ornaments, Mortgage of Property NSCs /RBI relief bonds / KVPs / IVPs / surrender value of SBI life / LIC / SBI magnums etc. (Base Rate 9.75 % w.e.f. 20.09.2012)

S.No	Loan	Size of Credit Limit	Rate of Interest
1	Loan against Gold Ornaments	Upto Rs. 1,00,000/-	4.25% above Base Rate Floating, currently 14.00% p.a.
		Above Rs. 1,00,000/-	4.75% above Base Rate Floating, currently 14.50% p.a.
2	Loan against Mortgage of Immovable Property	Upto Rs. 1,00,00,000/-	5.25% above Base Rate Floating, currently 15.00% p.a.
		Above Rs. 1,00,00,000/-	5.50% above Base Rate Floating, currently 15.25% p.a.
3	Loans against NSCs/KVPs/RBI Relief Bonds/ Surrender Value of SBI Life /LIC/SBI Magnums, etc.	Upto 3 years	4.50% above Base Rate, currently 14.25% p.a.
		More than 3 years and below 6 years	4.50% above Base Rate, currently 14.25% p.a.
4	SBI Career Loan	Land/Building	4.50% above Base Rate, currently 14.25% p.a.
		Bank's TDRs/STDRs	1.00% above the rate of interest payable on deposits
		Govt. Securities/Public Sector Bonds/NSCs/ KVPs/RBI Relief Bonds, LIC Policy	4.25% above Base Rate , currently 14.00% p.a.

5. Other Schemes Pricing:

S.No	Type of Facility	Rate of Interest
1	Clean Overdraft	8.25% above Base Rate, currently 18.00% p.a.
2	Personal Loans Scheme (SBI Saral)	8. 50% above Base Rate floating, currently 18.25% p.a.
3	SBI Loan to Pensioners	4.75% above Base Rate, currently 14.50% p.a.
4	SBI Loan to Affluent Pensioners	4.75% above Base Rate, currently 14.50% p.a.
5	Festival Loan Scheme	6.75% above Base Rate, currently 16.50% p.a.
6	Loan against Bank Time Deposits (Domestic)	0.50% over the rate paid on Relative time deposit.
7	Demand Loan - Check-off from Employer	5.00% above Base Rate Floating, currently 14.75% p.a.

6. Agricultural Loan Pricing:

S.No	Type	Limit	Effective Rate			
1	working capital and loans repayable upto 3 years	Upto Rs 3 lacs	12.25			
		Rs 3 lacs- upto Rs 5 lacs	13.50			
		Rs 5 lacs - < Rs 25 lacs	14.50			
2	Term loans (repayment more than 3 years)	**Limit**	**> 3 yrs- < 5 yrs**	**From 5 yrs - < 7 yrs**	**From 7 yrs - < 10 yrs**	**10 yrs & above**
		Upto Rs 3 lacs * *	12.75	13.00	13.25	13.50
		Rs 3lacs- upto Rs 5 lacs	14.00	14.25	14.50	14.75
		Rs 5 lacs - < Rs 25 lacs	15.00	15.25	15.50	15.75

5. SME Segment:

S.No	Scheme	Facility	Interest Rate for period upto 3 years
1	General Purpose Term Loan for SSI	Working Capital Loan & Term Loan (Based on Credit Risk Assessment Model)	Ranging from Base Rate+ 2.50% to Base Rate + 7.00%
2	SME Credit Card	Working capital and term loan	Base Rate + 3.25% to Base Rate + 5.00%
3	SME Smart Score	Working capital and term loan	Base Rate + 2.50% to Base Rate + 5.00%
4	SME Open Term Loan (SME OTL)	Term Loan (Based on Credit Risk Assessment Model)	Base Rate + 2.50% to Base Rate + 7.00%
5	Rice Mill Plus	Working Capital Loan & Term Loan	Ranging from Base Rate+ 2.25% to Base Rate + 4.25%
6	Doctor Plus Scheme	Below Rs.25 Lacs	Base Rate + 3.25% to Base Rate + 4.25%
		Rs.25 Lacs and above	Base Rate + 3.25% to Base Rate + 4.50%
7	Transport Plus	Term Loan	Base Rate + 4.50%
		Cash Credit	Base Rate + 5.25%
8	School Plus		Base Rate + 3.50% to Base Rate + 5.25%
9	Rent plus	Upto 3 years	Base Rate + 4.50%
		Above 3 years upto 7 years	Base Rate + 4.75%
		Above 7 years upto 10 years	Base Rate + 5.00%
10	PARYATAN PLUS	Below Rs.25 Lacs	Base Rate + 3.25% to Base Rate + 5.00%
		Rs.25 Lacs and above	Base Rate + 4.25% to Base Rate + 7.50%

HDFC Price mix:

Loans:

<table>
<tr><td>Personal loans</td><td>Salaried - 15.75% to 22.25%
Self-employed businessman - 17.50% to 22.00%
Self-employed profession - 14.50 to 15.00%</td></tr>
<tr><td>Business loans</td><td>17.50% to 22.00%</td></tr>
<tr><td>Home loans</td><td>No prepayments allowed in first 6 months
6 months - 5 years - 1.5% of original loan amount
5 years -10 years - 0.75% of original loan amount
> 10 years - No closure fee
For Gold Category
6 months - 5 years - 2% of original loan amount
> 5 years - No closure fee</td></tr>
<tr><td>Car loans</td><td><table>
<tr><td>6% of Principal Outstanding for preclosures within 1 year from 1st EMI</td></tr>
<tr><td>5% of Principal Outstanding for preclosures within 13-24 months from 1st EMI</td></tr>
<tr><td>3% of Principal Outstanding for preclosures post 24 months from 1st EMI</td></tr>
<tr><td>No foreclosure allowed within 6 months from date of availing the car loan</td></tr>
</table></td></tr>
<tr><td>Two wheeler loans</td><td>Between 14.50% to 30.00% IRR</td></tr>
<tr><td>Loans against assets</td><td><table>
<tr><td>Gold loan-Term loan</td><td>Upto 1.5% of loan amount</td></tr>
<tr><td>Gold loan Overdraft</td><td>1.50% or Rs 750/-, whichever is higher</td></tr>
<tr><td>Loan against securities</td><td>Upto 2% of the overdraft limit with minimum of Rs.1250/- at the time of setting up the limit or enhancement or annual renewal.</td></tr>
<tr><td>Loan against property</td><td>2%</td></tr>
<tr><td>Loan against rental receivables</td><td>2%</td></tr>
</table></td></tr>
<tr><td>Educational loans</td><td><table>
<tr><td>Students loans for Indian Education</td><td>Upto a maximum 2% of the loan amount</td></tr>
<tr><td>Students loans for Foreign Education</td><td>Upto a maximum 2% of the loan amount</td></tr>
<tr><td>Central Govt. Interest subsidy scheme</td><td></td></tr>
</table></td></tr>
</table>

3HDFC Deposits Pricing:

S.No	Account Type	Interest Rate	
1	Savings Account	4.0%	
2	Fixed Deposits	1 Year	9.0%
		6 Months	7.75%
		3 Months	7.25%

Discussion:

In both SBI and HDFC bank the price of Savings deposit is 4.00% p. a.SBI Personal Loan interest rate is 14.25% where as in HDFC it is 15.75%.

Place:

SBI:

SBI provides a range of banking products through its vast network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). The State Bank Group has the largest banking branch network in India. SBI has 14 local head offices situated at Chandigarh (Punjab & Haryana), Delhi, Lucknow (Uttar Pradesh), Patna (Bihar), Kolkata (West Bengal), Guwahati (North East Circle), Bhubaneswar (Orissa), Hyderabad (Andhra Pradesh), Chennai (Tamil Nadu), Trivandrum (Kerala), Bengaluru (Karnataka), Mumbai (Maharashtra), Bhopal (Madhya Pradesh) & Ahmedabad (Gujarat) and 57 Zonal Offices that are located at important cities throughout the country. SBI is the largest banking and financial services company in India by revenue, assets and market capitalisation. It is a state-owned corporation with its headquarters in Mumbai and 14 Local Head Offices and 57 Zonal Offices are located at important cities spread throughout the country.. As of March 2012, it had assets of US$360 billion and 14,119 branches, including 173 foreign offices in 37 countries across the globe. Including the branches that belong to its associate banks, SBI has 21,500 branches. SBI has about 27,000+ ATMs and SBI group (including associate banks) has about 45,000 ATMs. SBI has become the first bank to install an ATM at Drass in the Jammu & Kashmir Kargil region. This was the banks 27,032nd ATM on 27 July 2012. SBI has 99000 offices in India.

HDFC:

HDFC Bank delivers its products and services through a variety of distribution channels, including branches, ATMs, telephone and mobile telephone banking and internet banking. HDFC Bank is headquartered in Mumbai and as of March 31, 2012, the Bank's distribution network was at 2,544 branches and 8,913 ATMs in 1,399 cities as against 1,986 branches and 5,471 ATMs in 996 cities as of March 31,2011. HDFC Bank keeps the credit of the first bank in India to launch an International Debit Card in association with VISA (Visa Electron).

Discussion:

The two issues regarding the decision of place is accessibility and availability of service. The state bank group has the largest banking branch network in India. SBI has 14 local head offices and 57 zonal offices. SBI has 21,500 branches, above 27,000 ATM's and nearly 99, 000 offices in India to made accessible and available their products and services to large number of customers. On the other hand HDFC bank had the network of 2544 branches, 8913 ATM's in 1399 cities. When compared to HDFC SBI has the largest network.

Promotion:

SBI:

Advertising: Television, radio, movies, theatres
Print media: hoardings, newspaper, magazines
Publicity: road shows, campus visits, sandwich man, Sponsorship
Sales promotion: gifts, discount and commission, incentives,etc.
Personal selling: Cross-sale (selling at competitors place), personalized service.

HDFC:

From doing cross-selling exercises to organizing school-level painting competitions, promotional activities are going to be the main focus of HDFC Bank's marketing strategy this year. HDFC Bank are looking at positioning HDFC as a one-stop financial supermarket and the objective of the promos is not just acquisition of new customers, but also looking at creating product awareness, enhancing usage and also providing value-adds to the customers to reward them for their faith and loyalty. The first promo this year is titled Wheels Of Fortune, which will be on during the month of January. "This promo is targeted at all those customers who avail a personal loan, car or two-wheeler loan. There will be a lucky draw at the end of the promo and the winners would get exotic prizes." Also on the cards is a school-level painting competition on wildlife across cities to promote the Kids Advantage account. The next step to these mass promos would be more personalized promos. "It plans to send personalized mailers about various products to all those HDFC come in contact with during these mass promotions." The bank has also tied up with Business Today, to sponsor 10,000 copies of the magazine in each metro. The cover of the sponsored copies would be the December issue of Business Today, which rated HDFC Bank as the best bank in the country. On the opposite side, would be an advertorial which would talk about HDFC as a `one-stop financial supermarket'.

Discussion:

Customers need to be made aware of the existence of the service provided. Two banks are conducting promotional activities to position themselves. SBI is moving in its way of advertising print media, publicity and sales promotion. Whereas HDFC bank's objective of the promos is not just acquisition of new customers but also looking at creating product awareness, enhancing usage and also providing value-adds to the customers. On the whole one can say that SBI is paying attention towards publicity and advertising media and HDFC is for " One-stop financial super market".

People:

SBI:

All people directly or indirectly involved in the consumption of Banking services are an important part of the extended marketing mix. Knowledge workers, employees, management and other consumers often add significant value to the total product or service offering. It is the employees of a bank which represent the organization to its customers. In a bank organization, employees are essentially the contact personnel with customer. Therefore, an employee plays an important role in the marketing operations of a service organization. To realize its potential in bank marketing, SBI become conscious in its potential in internal marketing – the attraction, development, motivation and retention of qualified employee – customers through need meeting job-products. Internal marketing paves way for external marketing of services. In internal marketing a variety of activities are used internally in an active, marketing like manner and in a coordinated way. The starting point in internal marketing is that the employees are the first internal market for the organization. The basic objective of internal marketing is to develop motivated and customer conscious employees. A service company can be only as good as its people. A service is a performance and it is usually difficult to separate the performance from the people. If the people don't meet customer's expectations, then neither does the service.Therefore, investing in people quality in service business means investing in product quality.As on March 31, 2012, the bank had a total permanent staff strength of 2,15,481 -- which included 80,404 officers, 95,715 clerical staff and the remaining 39,362 were sub-staff. The state-owned bank also disclosed in the report that its overall staff strength declined by 7,452 employees during the last fiscal, but it has decided to recruit 9,500 clerical staff during 2012-13 to meet the growing needs of the bank.

HDFC:

The number of employees in HDFC is 52,687. The growth in the employee base was in line with the growth in the bank's businesses and distribution both inorganically as well as organically. Most of the employees are located in India. HDFC use incentives in structuring compensation packages and have established a performance-based bonus scheme under which permanent employees have a variable pay component of their salary. In addition to basic compensation, employees are eligible to participate in provident fund and other employee benefit plans. The provident fund, to which both HDFC and its employees contribute, is a savings scheme, required by government regulation, under which the fund is required to pay to employees a minimum annual return, which at present is 8.5%. If the return is not generated internally by the fund, HDFC is liable for the difference.The provident fund has generated sufficient funds internally to meet the annual return requirement since inception of the fund. HDFC Bank has also set up a superannuation fund to which it contributes defined amounts. In addition, it contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements. It focuses on training its employees on a continuous basis. It also has a training center in Mumbai, where it conducts regular training programs for the employees. Management and executive trainees generally undergo up to eight-week training modules covering every aspect of banking. It offer courses conducted by both internal and external faculty. In addition to ongoing on-the-job training, HDFC provide employees courses in specific areas or specialized operations on an as-needed basis.

Discussion:

The people component is an important element in the marketing mix. SBI has 2, 15, 481 employees include 80,404 officers, 91, 715 clerical staff and 39,362 sub staff. HDFC bank has 52,687 employees. Both the banks are concentrating on training of their employees because they opine that investing in people quality in service business means investing in product quality. Good compensation packages are established for good performance delivered.

Process:

SBI:

All the major activities of SBI banks follow RBI guidelines. There has to be adherence to certain rules and principles in the banking operations. The activities have been segregated into various departments accordingly. SBI bank has got standardized procedures got typical transactions. In fact not only all the branches of a single-bank, but all the banks have some standardization in them. This is because of the rules they are subject to. Besides this, each of the banks has its standard forms, documentations etc. Standardization saves a lot of time behind individual transaction. There are specialty counters at each branch to deal with customers of a particular scheme. Besides this the customers can select their deposit period among the available alternatives. Numbers of steps are usually specified and a specific pattern is followed to minimize time taken. In SBI banks various functions are segregated. Separate counters exist with clear indication. Thus a customer wanting to deposit money goes to 'deposits' counter and does not mingle elsewhere. This makes procedures not only simple but consume less time. Besides instruction boards in national boards in national and regional language help the customers further. ATM does not involve any bank employees. Besides, during usual bank transactions, there is definite customer involvement at some or the other place because of the money matters and signature requires.

HDFC:

HDFC Bank had a centralized IP-based network right since its inception. All branches across the country converge at their respective zonal hub location, which in turn conects to the data center at Chandivili, Mumbai. Based on the bank's hub & spoke architecture for the network, the branches are distributed under different regions and each major location has a regional hub. The branches falling under a location connect to the hub at the main region. These hubs then connect to the central site (data center) using a combination of 2 Mbps and 64 Kbps pipes, depending on the total volume of the transactions that pass through. The bank started with applications on SCO-Unix boxes from Compaq almost eight years back. The software then used was Micro Banker from i-flex Solutions (then called CITIL). The set-up supported about 10 branches initially. The bank did not face any serious migration issues as they use upgraded products or new products usually from the same vendors. The vendors have programs that enable the migration or upgrades. The moment a business opens up through a medium like Internet, external security becomes of prime importance. One has to start considering protection tools like firewalls, IDS, and others. HDFC Bank has been predominantly using direct mailers, e-mails and SMS for communicating the message to the target audience as they are the most effective routes of addressing the core target audience with maximum degree of customization possible.

Step 1: Identify the potential buyer Step 2: Select the target audiences

Step 3: Proper positioning of the product

Discussion:

Process is an essential ingredient in the production and delivery of service. In SBI banks various functions are segregated, separate counters exist with clear indication. This makes procedure not only simple but also consume less time. On the other hand HDFC bank uses highly sophisticated information technology for making the process simpler. SBI concentrates on standardization where as HDFC focused on recent technological advancements.

Physical Evidence:

SBI:

Physical evidence is the material part of a service. Strictly speaking there are no physical attributes to a service, so a consumer tends to rely on material cues. There are many examples of physical evidence, including some of the following:

- Internet/web pages
- Paperwork
- Brochures
- Furnishings
- Business cards
- The building itself

The physical evidences also include signage, reports, punch lines, other tangibles, employee's dress code etc.

Each and every bank has its logo by which a person can identify the company. Thus such signages are significant for creating visualization and corporate identity. The Company's financial reports are issued to the customers to emphasis or credibility. Bank gives pens, writing pads to the internal customers. Even the passbooks, cheque books, etc reduce the inherent intangibility of services. Punch lines or the corporate statement depict the philosophy and attitude of the bank. Banks have influential punch lines to attract the customers. SBI bank follows a dress code for their internal customers. This helps the customers to feel the ease and comfort.

HDFC:

HDFC has been using analytics for taking informed marketing decisions. Fractal will help the bank use information to reach new customers and to build, nurture and maximize lasting customer relationships. Fractal will also help the bank solve the problem of ever – increasing customer acquisition costs and reducing customer loyalty. The marketing programmes would involve acquisition of customers profitably reducing campaign costs, cross selling various asset and liability products to the existing customers, thereby, leveraging the existing relationships and proactively retaining existing customers. Fractal's analytics based marketing solutions span which the entire life cycle of customer relationship right from customer acquisition to customer retention to customer value management, is expected to give HDFC an upper hand in understanding the needs and circumstances of their customers.

Discussion:

Physical evidence is that in which the service is delivered with physical or tangible commodities, where the bank and customer interact. SBI is following paper work, Brochures, punch lines signage and reports.Whereas HDFC is maintaining fractal to create customer loyalty. Both the banks helps the customer to feel ease and comfort in their own way.

Conclusion:

SBI today reclaimed its position as the country's most valued bank with a total market valuation of over Rs 1.48 lakh crore, surpassing private sector player HDFC Bank. Shares of State Bank of India surged 4.3 per cent to close the day at Rs 2,212.6, taking its market value to Rs 1,48,475 crore, making it the overall seventh most valued company. On the other hand, shares of HDFC Bank gained 3.02 per cent to Rs 625.25. In the process, the market capitalisation (m-cap) of the private bank rose to Rs 1,47,444 crore. SBI is the largest banking and financial services company in India by revenue, assets and market capitalisation. To realize its potential in bank marketing, SBI become conscious in its potential in internal marketing – the attraction, development, motivation and retention of qualified employee – customers through need meeting job-products. Internal marketing paves way for external marketing of services. HDFC use incentives in structuring compensation packages and have established a performance-based bonus scheme under which permanent employees have a variable pay component of their salary. In addition to basic compensation, employees are eligible to participate in provident fund and other employee benefit plans. SBI bank has got standardized procedures got typical transactions. In fact not only all the branches of a single-bank, but all the banks have some standardization in them. This is because of the rules they are subject to. Besides this, each of the banks has its standard forms, documentations etc. HDFC Bank has been predominantly using direct mailers, e-mails and SMS for communicating the message to the target audience as they are the most effective routes of addressing the core target audience with maximum degree of customization possible. SBI bank follows a dress code for their internal customers. This helps the customers to feel the ease and comfort. HDFC has been using analytics for taking informed marketing decisions. Fractal will help the bank use information to reach new customers and to build, nurture and maximize lasting customer relationships.

References:

---

[i] Gupta, O., “Emerging Issues in Services Marketing-Banks Experience”, *SBI Monthly Review*, Dec., 1997, p. 627.
[ii] Chawala, A. K., and Mittal, M. K.,“Product Development in State Bank of India” *Vichkar*, Gurgaon, Vol. 50-issue 3, July-Sept., 1996.
[iii] Dr. Rajagopala Nair, “The 4P’s of Bank Marketing”, facts for You, January 1999.
[iv] Varde V and Singh S, “ Profitability of Commercial banks”, Journal of NIBM, 1983
[v] Rossier J.A.,“The coming crisis in Bank Management”, The Banker’s magazine, 7-9 and 53-57, 1973.
[vi] Donelly J H, “Marketing intermediaries in channels of distribution for services”, Journal of marketing, January 1976.
[vii]Preston R.H., Dwyer F.R. and Rudelius,“The effectiveness of Bank Premiums”, Journal of Bank Marketing, Vol.42. No.3, 91-96,1978

[viii] Crane F.G., "The need for Corporate Advertising in the Financial services industry: a case study illustration", Journal of Services Marketing, Vol.4, No.2, 1990.

[ix] Anchal singh "marketing of banking services a case study of Varanasi District", Marketing Master Mind, October 2009, 21-24.

[x] Ibid

[xi] Anand Singh "Customer Relationship Management in Indian Banks" Professional Banker, December 2008, 66-70.