

## A Study on The Effectiveness of Marketing Strategies for Financial Services in Selected Districts of West Bengal

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### Abstract:

The Reserve Bank of India's policy encouraged private and nationalized banks to expand their reach into rural areas, leading to a surge in financial inclusion initiatives across rural West Bengal. Banks developed innovative financial products tailored to the needs of the rural population, particularly farmers. These initiatives included financial literacy programs to enhance money management skills and the introduction of investment-linked products and credit card facilities for deposit holders. This study examines the impact of these banking initiatives and marketing strategies on both rural and urban areas of a specific district in West Bengal.

### 1.11. Introduction

#### NEED FOR SELECTION OF THE TOPIC

- About 300 million live in urban India, whereas 800 million reside in rural India.
- There are several classes of people with disposable surplus that has not been explored fully, and the class is rising.
- The investment potential of rural India is untapped by and large.
- The rural population is not aware of investment options beyond conventional ones.
- All rural areas are backward in terms of financial literacy.

#### Current Scenario

- We neglect rural markets.
- Financial institutions do not see profits.
- Increase in cost.
- The marketing efforts are inadequate.
- Regional Disparity.

### Literature Review

#### Evolution of Financial Services Marketing:

- **Traditional to Relationship-Based Marketing:** Early research emphasized the 4Ps of marketing (product, price, place, promotion) in the context of financial services (Rust & Zahorik, 1993). However, the focus has shifted towards relationship marketing, recognizing the importance of building long-term customer relationships and trust in the financial sector (Parasuraman et al., 1988; Ryals, 2005).
- **Rise of Digital Marketing:** With advancements in technology, digital channels like online banking, mobile apps, and social media have become crucial for marketing financial services. Research highlights the need for financial institutions to adapt their strategies to engage customers in the digital age (McKinsey, 2020).

### **Rural Banking Landscape in West Bengal:**

- **Financial Inclusion Initiatives:** The Reserve Bank of India has played a key role in promoting financial inclusion by encouraging banks to expand their reach in rural areas. Studies have examined the impact of these initiatives on access to financial services in rural West Bengal (Barr, 2007).
- **Microfinance and SHGs:** Microfinance institutions and Self-Help Groups (SHGs) have emerged as significant players in providing financial services to rural communities. Research has explored their role in empowering women and promoting financial inclusion in West Bengal (Morduch, 1999).
- **Challenges in Rural Banking:** Studies have identified challenges faced by financial institutions in serving rural markets, including low financial literacy levels, limited infrastructure, and cultural barriers (Fernando, 2006).

### **Financial Literacy and Inclusion:**

- **Impact of Financial Literacy:** Research has demonstrated the positive impact of financial literacy programs on financial knowledge, attitudes, and behaviors. Studies have examined the effectiveness of various financial literacy initiatives in West Bengal (Cole et al., 2011).
- **Financial Inclusion and Well-being:** Financial inclusion is increasingly recognized as a key driver of economic growth and social development. Research has explored the link between financial inclusion and improved financial well-being in rural communities (Zins & Weill, 2016).

### **Marketing Strategies and Impact:**

- **Segmentation and Targeting:** Effective marketing of financial services requires understanding the diverse needs and preferences of different customer segments. Research has examined the segmentation strategies used by financial institutions in West Bengal (Kotler & Keller, 2016).
- **Product Innovation:** Banks are developing innovative financial products tailored to the needs of specific customer groups, such as farmers, women, and micro-entrepreneurs. Studies have analyzed the impact of these products on financial inclusion and economic development (Schicks, 2014).
- **Measuring Marketing Effectiveness:** Research has explored various metrics and methodologies for evaluating the effectiveness of marketing campaigns for financial services, including customer acquisition, retention, and profitability (Ambler, 2003).

### **Gaps in Existing Literature:**

- **Limited research on the specific district:** While there are studies on financial services marketing in West Bengal, there might be a need for more focused research on the specific district under consideration.
- **Impact of recent policy changes:** The impact of recent policy changes and technological advancements on financial services marketing in the region requires further investigation.
- **Customer experience and satisfaction:** More research is needed on understanding customer experiences and satisfaction with financial services in rural and urban areas of West Bengal.

### **Objective of research**

- To know and understand the present position of saving and investment habits of the rural population.
- To find out service (in the form of financial products) offerings by the financial institution
- To know the impact of marketing by the financial institutions on the rural population. Measurement of the impact of advertisement
- Impact of financial literacy provided on the purchase of new products.

## RESEARCH METHODOLOGY

This research employs a pragmatic and analytical approach to examine the marketing of new financial products by major banks (SBI, Bank of Maharashtra, Bandhan Bank, HDFC Bank, ICICI Bank, Axis Bank, and Kotak Bank) in rural West Bengal. The study aims to understand the impact of financial literacy campaigns on the adoption of these products.

### Key Variables:

#### • Dependent Variables:

- Promotion of new financial products in rural areas.
- Impact of financial literacy campaigns.

#### • Independent Variable: Sales of new financial products in rural West Bengal.

### Statistical Techniques:

- **Hypothesis Testing:** T-tests will be used for sample sizes below 30, and Z-tests for sample sizes above 30.
- **Correlation Analysis:** To examine the relationship between dependent and independent variables.
- **One-way ANOVA:** To analyze the variance in data between different financial institutions and assess the impact of literacy/marketing campaigns on the intended purchase of financial products among rural investors.
- **Non-parametric Testing and Graphical Representation:** To interpret results and present findings visually.

This mixed-methods approach will provide a comprehensive understanding of the effectiveness of financial services marketing strategies in rural West Bengal.

## 1.14. Data collection Methods & Instruments

### A) Primary Data Collection:

These financial institutions/banks in rural areas will collect primary data from the rural citizens who attend their financial literacy/marketing campaigns. We will use the following methods to collect data.

#### i. Questionnaire

We conduct interviews and discussions through personal visits.

#### iii. Observations and experiences

We received information from rural citizens who attended the campaign.

### B) Secondary data will be collected from relevant information sources such as:

- i. Published Research Papers or Published Journals
- ii. From visit to banks
- iii. Documents and records
- iv. Internet, etc.

## Sampling Technique

Type of Sampling The probability type and method of sampling is simple random sampling.

These banks—SBI, Axis, ICICI, HDFC, Kotak Bank, and Bandhan Bank—collected the samples from the campaign location.

## Hypothesis:-

H1. The financial products that are accessible to rural India are becoming more widely known.

H2. Compared to conventional financial products that were previously available, they typically invest in a variety of new financial products.

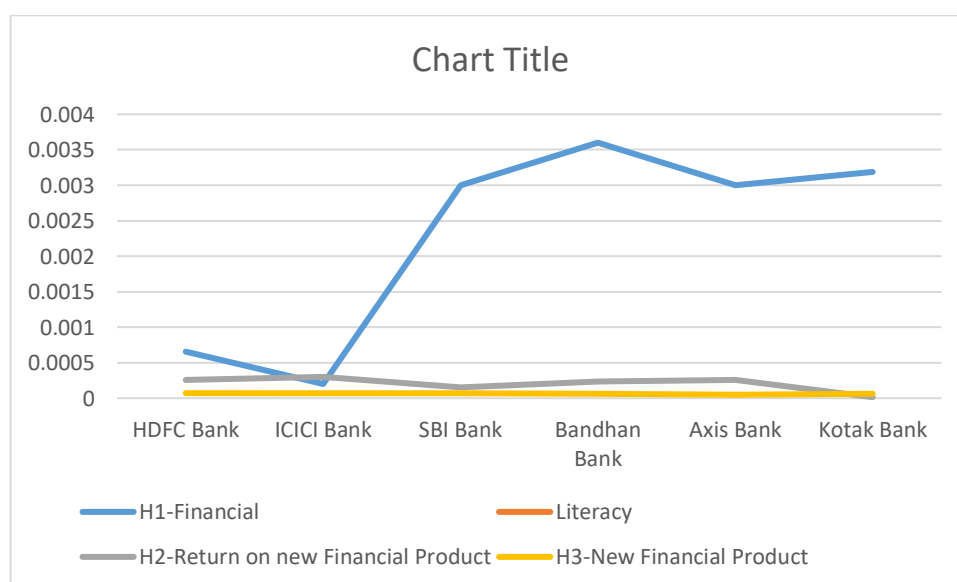
H3. The investment made in the new financial product and the returns it provides are not directly correlated.

Name of the Bank/ Financial institutions	Number of Individuals attending the Sales & Financial Literacy Campaign	Sample Selected as per Stanley Morgan table with 5% Margin of Error
HDFC Bank	70	60
ICICI Bank	30	25
SBI Bank	49	42
Bandhan Bank	19	17
Axis Bank	15	12
Kotak Bank	20	13

**Table No 1.2:-Table of attendees selected who attended the Sales & Financial Literacy Campaign from Six Selected Financial institutions.**

#### 1.16.Data Analysis:-

Name of financial institutions/Banks	HDFC Bank	ICICI Bank	SBI Bank	Bandhan Bank	Axis Bank	Kotak Bank
H1-Financial Literacy	0.000653	0.0002	0.003	0.0036	0.003	0.00319
H2-Return on new Financial Product	0.000261	0.0003	0.00015	0.000233	0.00026	0.0000149
H3-New Financial Product	0.0000712	0.0000711	0.000069	0.000065	0.000049	0.000059



#### Testing of Hypothesis:

Name of financial institutions/Banks	Bandhan Bank	Critical value of t from the table	Maintained/not maintained
H1-Financial Literacy	0.0036	0.0003	Maintained
H2-Return on new Financial Product	0.000273	0.0002	Maintained
H3-New Financial Product	0.000075	0.0000811	Not Maintained

Name of financial institutions/Banks	Axis Bank	Critical value of t from the table	Maintained/not maintained
H1-Financial Literacy	0.003	0.0003	Maintained
H2-Return on new Financial Product	0.00016	0.0002	Maintained
H3-New Financial Product	0.000054	0.0000711	Not Maintained

Name of financial institutions/Banks	Kotak Bank	Critical value of t from the table	Maintained/not maintained
H1-Financial Literacy	0.00314	0.0002	Maintained
H2-Return on new Financial Product	0.0000167	0.0002	Maintained
H3-New Financial Product	0.000055	0.0000711	Not Maintained

Name of financial institutions/Banks	HDFC Bank	Critical value of t from the table	Maintained/not maintained
H1-Financial Literacy	0.000563	0.0002	Maintained
H2-Return on new Financial Product	0.000258	0.0003	Maintained
H3-New Financial Product	0.0000446	0.0000611	Not Maintained

Name of financial institutions/Banks	ICICI Bank	Critical value of t from the table	Maintained /not maintained
H1-Financial Literacy	0.0003	0.0003	Maintained
H2-Return on new Financial Product	0.0003	0.0003	Maintained
H3-New Financial Product	0.000071	0.0000711	Not Maintained

Name of financial institutions/Banks	SBI Bank	Critical value of t from the table	Maintained/not maintained
H1-Financial Literacy	0.0002	0.0001	Maintained
H2-Return on new Financial Product	0.00011	0.0003	Maintained
H3-New Financial Product	0.000055	0.0000511	Not Maintained

## Conclusion

**Cause:** The Banks ran a financial literacy campaign as part of their marketing initiative.

**Effect:** The new financial product was made known to rural villagers, who also gained insight into how investments are made in the contemporary financial market. As a result, their faith in financial products has grown.

**Cause:** The financial literacy program introduced a number of specially designed products that were appropriate for the farming community and discussed their financial implications.

**Effect:** After learning about the new products' rate of return and ability to withdraw funds when needed, many rural villages decided to invest in them.

**Cause:** A variety of custom products appropriate Due to launching a marketing effort and building new branches in remote areas

**Effect:** People in rural areas have begun investing in financial organizations' products.

**Cause:** Data exposing higher rates of return on new financial products in the financial literature campaign and marketing campaign

**Effect:** A large number of long-time postal investors have begun to invest in financial institution goods.

**Cause:** Promotion of new financial investment products via mobile ATMs at weekly village markets, different cultural events, and village fairs.

**Effect:** Many rural people choose to invest in these products as a result of growing awareness of them.

It seems after outlining a research plan to investigate the saving, investment, and financial literacy landscape in special district of West Bengal. Here's a breakdown of points and potential conclusions we might draw:

### **1. Saving and Investment Habits of Rural Population:**

- **Potential Findings:** It is found that traditional saving methods like keeping cash at home or investing in land and gold are still prevalent. There might be limited awareness or understanding of formal financial products like mutual funds, insurance, or government schemes.
- **West Bengal Specific:** West Bengal has a strong rural population dependent on agriculture. We have find that saving and investment habits are linked to seasonal income cycles, with a focus on meeting immediate needs and mitigating risks associated with agriculture.

### **2. Financial Service Offerings:**

- **Potential Findings:** While banks are expanding into rural areas, access to diverse financial services might still be limited. Microfinance institutions and Self-Help Groups (SHGs) could play a significant role in providing credit and savings options.
- **West Bengal Specific:** The state government has initiatives like the "Kanyashree Prakalpa" and rural development programs that might influence financial product offerings and uptake in rural areas.

### **3. Impact of Marketing and Advertisements:**

- **Potential Findings:** Financial institutions might use a mix of traditional and digital marketing to reach rural audiences. The effectiveness of these campaigns could depend on factors like literacy levels, access to technology, and cultural relevance of the messaging.
- **West Bengal Specific:** Local language advertising and community engagement could be crucial for effective marketing in rural West Bengal.

### **4. Impact of Financial Literacy Programs:**

- **Potential Findings:** Financial literacy initiatives could lead to increased awareness and understanding of financial products, better financial decision-making, and improved financial well-being among rural households.
- **West Bengal Specific:** Collaborating with local NGOs and community leaders could enhance the reach and effectiveness of financial literacy programs.

### Overall Conclusions (with respect to West Bengal):

- **Need for Customized Financial Products:** Financial institutions need to design products and services that cater to the specific needs and preferences of rural and urban West Bengal's population, considering their income patterns, risk profiles, and cultural context.
- **Importance of Financial Literacy:** Financial literacy programs are crucial for empowering rural households to make informed financial decisions, access appropriate financial services, and improve their overall financial well-being.
- **Leveraging Technology and Partnerships:** Technology can play a vital role in expanding financial inclusion in rural areas. Collaborations between financial institutions, government agencies, NGOs, and community-based organizations can further strengthen financial literacy initiatives and promote access to financial services.

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