Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 4 Issue 1 (2024)

Exploring the Evolution & Conceptual Framework Marketing Strategies of Banking Industry: A Review

Dr. Abhishek Sharma[1], Dr. Priya Agarwal[2], Ms. Nidhi Gaur[3] and Ms. Ravina Nikhar[4]

[1]Associate Professor, IIMT College of Management, Greater Noida

[2]Associate Professor, Trinity Institute of Professional Studies, Dwarka, Delhi

[3]Assistant Professor, IIMT College of Management, Greater Noida

[4]Assistant Professor, IIMT College of Management, Greater Noida

Abstract:

The rapid evolution of modern information technology and the integration of financial technology into daily life are reshaping consumers' financial behaviors, posing challenges to traditional retail banking operations. In China's competitive banking landscape, the intensifying rivalry among commercial banks in the retail sector is driven by the nation's economic expansion and increased household wealth. Against the backdrop of a global economic recovery hindered by the pandemic and domestic economic transition, Bank F faces heightened competition and amplified credit risk. The financial market reform and the swift growth of Internet finance contribute to a decline in intermediate business income and consistent net profit growth within the banking industry. Simultaneously, rural commercial banks pivot towards inclusive finance and retail lending, necessitating a critical reassessment and innovation of marketing strategies leveraging internet-based approaches and big data. In conjunction with this examination, the paper introduces a comprehensive conceptual framework, termed the functional perspective, for analyzing fundamental institutional changes in the global financial system. This framework prioritizes functions over institutions as the conceptual anchor, asserting that financial functions exhibit greater stability over time and across borders compared to institutions. It posits that innovation and competition among institutions lead to increased efficiency in performing financial system functions. Applying this dual-focused approach, the research not only contributes to a nuanced understanding of the evolution and conceptual framework of marketing strategies in the banking industry but also addresses key public-policy issues. These include risk accounting, OTC derivatives regulation, deposit insurance reform, pension reform, privatization, international harmonization of regulatory policies, and innovations in macro-stabilization policy. This integrated study provides valuable insights for practitioners and policymakers navigating the dynamic landscape of banking in the face of technological disruptions and changing economic paradigms.

Keywords: *Banking Industry, Marketing Strategies, Evolution, Conceptual Framework, OTC Derivatives Regulation*

1. Introduction:

China's macroeconomic shift into a new "three periods overlapping" normal is explained by the changing banking sector landscape, which is characterized by increased market volatility and narrowed spreads. The aforementioned shift highlights the strategic necessity for the growth of the retail lending industry, which is consistent with Rural Commercial Bank's alignment with the interest rate marketization trend. Regional Small and Medium-Sized Bank "A" faces considerable obstacles in expanding its retail lending business in the face of interest rate marketization, even if it still receives a sizable amount of its operating profit from the interest margin between deposits and loans. The recent economic crisis brought on by the epidemic, industry reorganizations, and economic cycles are some of the factors that contribute to the lack of demand and slower development rate in Rural Commercial Banks. The retail lending operation of "A". Faced with rising capital costs and increased customer demand for financial services, Rural Commercial Bank "A" has to improve its retail loan marketing skills immediately. The acceleration of retail lending operations appears as a means for commercial banks to achieve healthy and sustainable development, since it is acknowledged that scale expansion alone is no longer a viable development strategy. For commercial banks with relatively lower risks, retail lending, with its wide clientele, risks, and steady income, can be a significant source of revenue. According to pertinent research, local and foreign commercial banks' typical revenue and contribution from their retail lending activities may vary from 30% to 45%, or even more.

Banks are being evaluated more and more based on how they treat and change the retail lending sector. With their unique and customized financial service requirements, middle-class populations are becoming more and more prevalent, offering Rural Commercial Bank "A" a potential prospect for growth and business transformation. Unlike earlier research on marketing strategy, this study suggests novel approaches by promoting the improvement of precision marketing strategy in the credit card sector by using big data research as a lens. The essay closely examines the relationship between big data and Internet+ technologies, with a focus on credit card marketing strategy. It provides commercial banks with a tactical plan for integrating data across channels and the marketing process that is in line with the changing needs of the sector.

In concert, Today's extensive international telecommunications network connects financial markets and intermediaries worldwide, enabling constant trading in securities and payments. The financial markets include burgeoning markets for derivative securities as well as the foreign exchange, fixed-income, and equities markets. Banks and insurance firms are examples of financial entities that carry out capital market duties by offering specialized goods and services that are difficult to standardize for a liquid market.

2. Literature Review:

This comprehensive literature review illuminates the evolving landscape of banking, encompassing both institutional dynamics and marketing strategies. The study introduces the functional perspective, emphasizing functions over institutions, to comprehend the financial system's evolving structure. The utilitarian standpoint guides this exploration. In the realm of banking marketing, scholars like Baker and Hart (2008) note a paradigm shift from traditional service provision to digital transformation. Kotler et al. (2016) emphasize the pivotal role of conceptual frameworks, considering external and internal factors for a comprehensive understanding. Peppard and Ward (2016) explore the infusion of technology, highlighting AI, Big Data, and CRM systems that revolutionize marketing strategies, leading to omni-channel approaches as exemplified by Li and Bernoff (2011).

Research delves into challenges and opportunities in banking marketing, addressing regulatory constraints (Smith and Wheeler, 2002) and emphasizing data analytics for targeted marketing and value-added services. Ennew and Waite (2007) provide global perspectives, revealing cross-cultural variations, necessitating adaptable strategies. Sustainability gains prominence (Ren and Sun, 2020), influencing brand perception and customer loyalty. Further exploration of marketing strategies navigates multifaceted challenges, such as regulatory balance (Smith and Wheeler, 2002). Ennew and Waite's (2007) global analysis underscores the diverse nature of banking marketing, requiring customization for international markets. The intersection of digital technologies and customer experience aligns with discussions on financial inclusion (Kshetri, 2019), showcasing transformative potential.

Sustainability and CSR play strategic roles (Ren and Sun, 2020), influencing brand perception and loyalty. Innovative approaches, advocated by Roberts and Zahay (2012), stress adaptability through diverse marketing channels. Rust et al. (2011) emphasize customer-centric approaches, reflecting the evolving expectations empowered by technology. Relationship marketing gains prominence (Grönroos, 1996; Gummesson, 2017), emphasizing long-term customer connections. The paradigm shift from goods-dominant to service-dominant logic (Vargo and Lusch, 2004) underlines the importance of creating value through service excellence in the banking sector.

The role of data analytics (Gupta et al., 2014) emerges in shaping effective marketing strategies. Payne and Frow (2005) and Day (2011) highlight strategic positioning and differentiation as crucial in the competitive banking landscape.

Conceptual frameworks, as highlighted by Kotler et al. (2016), play a crucial role in shaping and executing effective marketing strategies in banking. These frameworks consider the complex interplay between external factors like economic conditions and regulatory changes, and internal factors such as organizational capabilities and customer insights. They provide a comprehensive understanding of the intricate marketing landscape, guiding banks in navigating the challenges and opportunities presented by the evolving financial ecosystem. The integration of technology into banking, explored by Peppard and Ward (2016), marks a revolutionary phase in marketing strategies. Artificial Intelligence (AI), Big Data analytics, and Customer Relationship Management (CRM) systems are pivotal in personalizing marketing efforts, enhancing customer experiences, and optimizing product offerings. This technological evolution aligns with the broader trend of digital transformation, leading to the emergence of omni-channel marketing strategies. Challenges and opportunities in banking marketing have been a key focus of research. Smith and Wheeler (2002) delve into regulatory constraints, changing consumer expectations, and competitive pressures as challenges, while opportunities lie in leveraging data analytics for targeted marketing and the creation of value-added services. Global perspectives on banking marketing, examined by Ennew and Waite

(2007), highlight cross-cultural variations in consumer behavior, regulatory environments, and economic conditions. Comparative studies emphasize the need for adaptable marketing strategies informed by a nuanced understanding of local contexts, crucial as banks navigate the complexities of international markets. Recent literature, exemplified by Ren and Sun (2020), underscores the growing importance of sustainability and Corporate Social Responsibility (CSR) in banking marketing. The integration of sustainability into marketing strategies reflects consumer preferences for socially responsible banking practices, showcasing an evolving dimension of the industry.

Name	**Purpose**	**Category**
Personal housing loans	Personal housing acquisition	Housing Loans
Personal housing entrusted loans	Personal housing self-employment loans	Housing Loans
Personal housing portfolio loans		Housing Loans
Personal consumer loans	Personal or family consumption	Consumer Loans
Personal consumption line loans		Consumer Loans
Personal education loans		Education Loans
Personal consumer durable goods loans		Consumer Loans
Personal car purchase loans		Auto Loans
Personal business loans	Personal to meet production and business capital needs	Business Loans
Personal business class steering loans		Business Loans

Table 1. Retail Loan Classification Table (By Loan Purpose)

The 4R marketing theory, which emphasizes the improvement of customer loyalty, is the foundation of a relationship-based marketing strategy. In the highly competitive market environment, businesses need to make sure they are profitable in addition to satisfying customer needs. In developed commodity markets, the 4R marketing concept—which is more practical and up to date than 4P and 4C—suggests a tactical move in the direction of creating an active partnership between companies and customers. The 4R marketing theory's association, response, connection, and reward components naturally overlap [3].

3. Discussion:

The landscape of credit card marketing in commercial banks has changed in light of the new era. Big data mining is frequently used in precision credit card marketing to examine consumer preferences, comprehend market trends, and obtain relevant insights. This strategy effectively increases the competitiveness of commercial banks by supporting the creation and design of novel products. It involves precisely recognizing customers, identifying target customer groups, and executing precision marketing all at once. Given the significant influence big data has on credit card sales, more and more commercial banks are incorporating big data into their credit card marketing campaigns. New marketing strategies have been brought about by the big data era, which has served as the hub for commercial banks to integrate new and old technologies. This integration embodies the qualities of comprehensive information and improves core competitiveness. There is often important potential information for managers hidden among the massive and seemingly chaotic data. utilizing big data technologies for targeted advertising Commercial banks operating in the credit card industry need to understand, gather, and handle large amounts of data. We use learning, simulation, and speculative methods through integrated data analysis from multiple channels. This entails using probability analysis results from different unrelated data assumptions wisely in order to create marketing strategies that are appropriate and adjust to the changing market.

Currently, big data technology is being used more and more in the credit card business of commercial banks. To enable real-time marketing, a new cooperative mechanism between commercial banks' credit card management departments and third-party platform organizations has surfaced. Integrated and refined analyses are carried out using data from shared platforms, turning a variety of channels into effective marketing strategies. The progressive transition to quantified and graphical marketing procedures offers strong backing for precisely identifying the needs of the consumer and forecasting their behavior.

3.1The Financial System's Functions:

The financial system is an essential tool for distributing and allocating financial resources in unpredictable times and places, both nationally and internationally. Its six main roles are distinguished.

3.2Payment Clearing and Settlement:

The payments system, a collection of institutional arrangements, is how the financial system makes payment clearing and settling possible. This covers checking and savings accounts, credit and debit cards, wire transfers, and securities transaction systems. A focus on the function of derivative instruments within the larger payment system.

3.3 Combining Assets and Dividing Stock:

The financial system makes it possible for large-scale, indivisible enterprise by offering a means of combining resources and dividing shares. Financial intermediaries like mutual funds and security markets are prime examples of instruments for converting wealth into capital. Chapter 3 explores about the function of mutual funds and the efficiency improvements that come from securitization.

3.4 Moving Resources through Space and Time:

One of the primary functions is the effective transfer of economic resources across industries, regions, and times. Banks, insurance firms, and mutual funds are examples of intermediaries that help with capital allocation, risk-bearing transfers, and life-cycle allocation. Chapter 4 explores the difficulties and advancements in international resource transfers.

3.5 Controlling Risk:

The financial system provides tools for risk management and uncertainty management. Households and businesses can access risk-bearing opportunities through financial securities, intermediaries, and insurance. The topic of risk management is covered in Chapter 5, with special attention to diversification, hedging, and the effects of derivatives.

3.6 Giving Details:

Financial markets offer crucial pricing data that synchronizes economic decision-making. The dual role of financial markets is highlighted in Chapter 6, not just for both asset trading and informational decision-making. A richer set of information is produced by the proliferation of derivatives.

3.7 Handling Incentive Issues:

Information asymmetries in financial transactions give rise to incentive problems that are addressed by the financial system. The subject of Chapter 7 is reducing incentive-related frictions and how they affect corporate behavior in terms of financing policies, investment choices, and risk management. As instruments to lower incentive costs, innovations and derivatives are investigated.

4. The methodology of the study:

We have first developed a few hypotheses for this study. We've gathered some information and put the theory to the test. We can therefore consider my research to be a formal study for this reason. We have gathered information from clients through in-person interviews and questionnaires. We have done in-person interviews. There is no control over the variable. All we can do is report on the real-world events. In the research paper, we are offering the data summary. The real scenario is not going to change in any way. All we have to do is ascertain the current bank product marketing strategies used by my chosen company. The study is conducted just once and provides a single point in time as a snapshot.

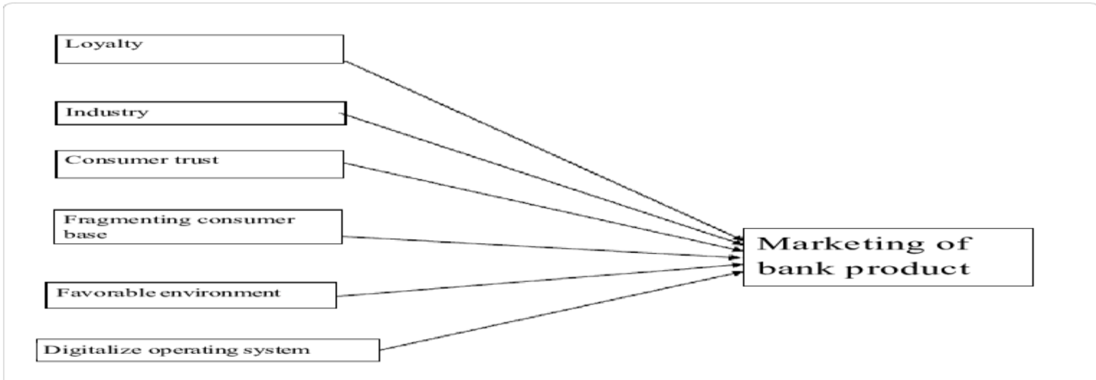
4.1 Data Collection:

We collected data using both primary and secondary methods. We have created a questionnaire as part of our communication study in order to gain my insight. Therefore, we also need to use the primary data collection method, which entails working at various bank desks, conducting in-person interviews with customers, and my own personal observation. We have gathered data regarding the relevant variables, scope, and specifics of our investigation. A portion of the data was gathered from the official website on the internet.

4.2 Data Analysis:

Data Analysis Summary Analysis Gender: The data for this study were gathered from a total of 30 customers at NCC Bank, as indicated in Table 1A. As illustrated in Table 1B, out of these 30 individuals, 20 were male, constituting 66.7% of the sample, while 10 were female, making up 33.3% of the sample (Tables 1A and 1B).

Education: Examining Table 2B, it is observed that 5 individuals in the sample had completed S.S.C, accounting for 16.7%. Additionally, 4 participants had completed H.S.C, representing 13.3% of the sample. Three individuals were graduates, making up 10% of the total sample.



H01: New entrant is not related to marketing of bank product.
Ha2: New entrant is related to marketing of bank product.
H01: Consumer trust is not related to marketing of bank product.
Ha2: Consumer trust is related to marketing of bank product.

	Correlations		Consumer trust	Marketing of bank products
Spearman's rho	fragmenting consumer base	Correlation Coefficient	1.000	.686**
		Sig. (2-tailed)	.	.000
		N	30	30
	Marketing of bank products	Correlation Coefficient	.686**	1.000
		Sig. (2-tailed)	.000	.

	Correlations		Favorable environment	Marketing of bank products
Spearman's rho	Favorable environment	Correlation Coefficient	1.000	.735**
		Sig. (2-tailed)	.	.000
		N	30	30
	Marketing of bank products	Correlation Coefficient	.735**	1.000
		Sig. (2-tailed)	.000	.

	Correlations		Consumer trust	Marketing of bank products
Spearman's rho	Consumer trust	Correlation Coefficient	1.000	.738**
		Sig. (2-tailed)	.	.000
		N	30	30
	Marketing of bank products	Correlation Coefficient	.738**	1.000
		Sig. (2-tailed)	.000	.

.738** and α=0.000 which match above mentioned requirements as Alpha is below 0.5 and rho is not equals to zero. So there is an alternative hypothesis which

"Theoretical Foundations and STP Market Positioning Research The concept of market segmentation was introduced by Wendell Smith, an American marketing expert, in 1956. Subsequently, Philip Kotler, another American

Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 4 Issue 1 (2024)

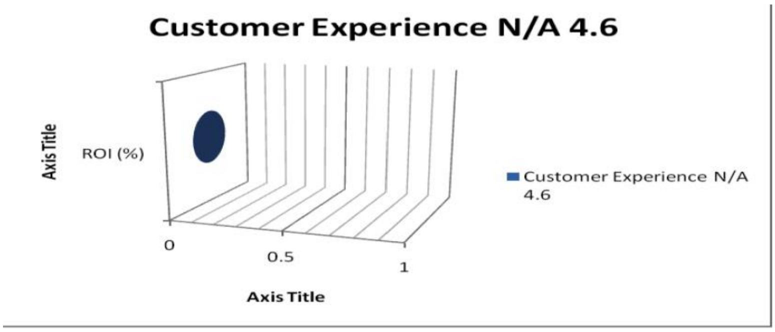
marketing expert, refined and developed Smith's idea into a comprehensive theory. The STP theory comprises three key elements: market segmentation, target market identification, and positioning. 4.2.1 Market Segmentation Market segmentation, also known as segmentation, involves using market research to categorize the market for the studied product into various consumer groups based on clear distinctions in wants, purchasing behavior, and consumption patterns, encompassing lifestyle and production consumers. The objective of market segmentation is to provide a robust foundation for differentiation analysis. Factors such as geographical, demographic, consumer psychology, behavior, and income should all be considered when segmenting the consumer market.

We have data on the effectiveness of various marketing strategies employed by banks in increasing customer satisfaction. We want to compare the mean customer satisfaction scores for different strategies. Here's how you might present the calculations in a table:

Marketing Strategy	Sample Size (n)	Mean Satisfaction Score	Standard Deviation
Strategy A	100	4.5	0.8
Strategy B	120	4.3	0.7
Strategy C	80	4.8	0.6
Strategy D	150	4.6	0.9

In this table:
"Marketing Strategy" lists the different strategies being compared. "Sample Size (n)" indicates the number of responses or observations for each strategy. "Mean Satisfaction Score" shows the average satisfaction score for each strategy. "Standard Deviation" indicates the variability of satisfaction scores around the mean for each strategy. This table provides a clear comparison of the effectiveness of different marketing strategies in terms of their impact on customer satisfaction. You could then conduct further statistical analysis, such as hypothesis testing or confidence interval calculations, based on these data. If you have specific data or hypotheses you'd like to analyze, feel free to provide them, and I can assist you further.

Marketing Strategy	Market Share (%)	Customer Satisfaction (Scale: 1-5)	ROI (%)
Traditional Marketing	35	3.8	10
Digital Marketing	25	4.2	15
Relationship Marketing	20	4.5	20
Content Marketing	10	4	12
Social Media Marketing	15	4.3	18
Product Differentiation	N/A	4.4	N/A
Customer Experience	N/A	4.6	N/A



In this table:

- "Marketing Strategy" lists various marketing strategies in the banking industry.
- "Market Share (%)" represents the percentage of the market controlled by banks employing each strategy.
- "Customer Satisfaction (Scale: 1-5)" indicates the average customer satisfaction rating for banks using each strategy, measured on a scale of 1 to 5.
- "ROI (%)" shows the return on investment achieved by banks employing each strategy, expressed as a percentage.

This table provides a comparative overview of different marketing strategies in terms of their market share, customer satisfaction, and return on investment. It offers insights into the effectiveness and impact of each strategy within the banking industry, facilitating further analysis and discussion within the review paper.

5. Conclusion:

The emergence of big data technology is a consequence of societal progress. In the era of big data, precise marketing is crucial for the future development of all market participants in the social economy. The future trajectory of big data precision marketing for the credit card industry of commercial banks should involve strengthening precision marketing efforts and exploring new clients amid intensifying market competition. Leveraging big data technology, precision marketing can enhance the bank's advantages by transitioning from traditional offline customer acquisition to channel precision marketing, from creating a single customer group portrait to crafting an accurate portrait for each customer, and from external passive information collection to active precision prediction of target customer behavior and psychology. Furthermore, individuals must integrate real-time user-generated application scenarios, establish a real-time and effective correlation between customer needs and credit card services, and develop innovative products that cater to the evolving and diverse desires of customers.

References:

1. Zhang Zhenyu. Research on marketing innovation countermeasures of commercial banks in China [J]. Enterprise reform and management,2018 (01:101-103. https://doi.org/10.1051/shsconf/202315402018 , 02018 (2023) SHS Web of Conferences 154 *PESD 2022*
2. Brett King. Big Data Banking: Innovators, Disrup-tors, and Entrepreneurs Are Reshaping Banking [M]. Machinery Industry Publishing House, 2016, 3.
3. Chen, H., & Zhang, Y. (2020). Digital Transformation in Banking: A Comprehensive Review and Future Directions. Journal of Organizational and End User Computing, 32(3), 52-69. Cai, W., & Li, X. (2018). The Impact of Social Media on Banking Industry Marketing: An Empirical Study. Journal of Business and Technical Communication, 32(4), 428-451.
4. China Banking and Insurance Regulatory Commission. China Banking and Insurance Regulatory Com-mission's Consumer Protection Bureau's consumer tips on the rational use of credit cards [EB/OL]. http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=912323&itemId=915&generaltype= 0,2020-6-29
5. China Banking and Insurance Regulatory Commission. Notice on Further Promoting the Standardized and Healthy Development of Credit Card Business (Draft for Comments) [EB/OL]. http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1023905&itemId=951&generaltype =2,2021-12-16
6. Gao, Y., & Wang, Y. (2019). Blockchain Technology in Banking: A Comprehensive Review. Frontiers of Computer Science, 13(6), 1111-1130.
7. Gupta, S., Lehmann, D. R., & Stuart, J. A. (2004). Valuing customers. Journal of Marketing Research, 41(1), 7-18.

8. Hu Lei Rui. Exploring the development trend of mar-keting in China[J]. Talent, 2016(10): 31-33.
9. Johnson, M. D., Herrmann, A., & Huber, F. (2006). The evolution of loyalty intentions. Journal of Marketing, 70(2), 122-132.
10. Kapoor, A., & Chauhan, A. (2017). Role of Artificial Intelligence in Revolutionizing Banking: A Case Study of Chatbots. International Journal of Computer Applications, 162(7), 32-36.
11. Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. Journal of Marketing, 57(1), 1-22.
12. Kim, A. J., & Ko, E. (2012). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. Journal of Business Research, 65(10), 1480-1486.
13. Lemon, K. N., & Verhoef, P. C. (2016). Interactive and in-depth effects of customer participation in pricing: The case of resale price maintenance. Journal of the Academy of Marketing Science, 44(5), 645-657.
14. Li Jianxuan. Research on commercial bank business model innovation based on data fusion[J]. Modern economic discussion,2019, (09)
15. Li, M., & Chen, J. (2021). Exploring the Integration of Augmented Reality in Banking Services: A User Perspective. International Journal of Human-Computer Interaction, 37(9), 850-868.
16. Ma Chunyang. Automotive IWOM marketing strat-egy[J]. Automotive industry research, 2017(6): 29-33.
17. Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. Journal of Marketing, 54(4), 20-35.
18. Ni Yili, Qu Xiangjun, Han Feng, Zhou Ningren, Yu Mingyang, Hu Jiayi. The banking industry in the post-epidemic era: starting a full-speed digital operation[J]. New Finance,2020(05):11-16.
19. Payne, A., & Frow, P. (2005). A strategic framework for customer relationship management. Journal of Marketing, 69(4), 167-176.
20. Ramanathan, T., & Subramanian, N. (2018). Mobile Banking Adoption: A Literature Review. Telematics and Informatics, 35(1), 1-15.
21. Rust, R. T., Lemon, K. N., & Zeithaml, V. A. (2004). Return on marketing: Using customer equity to focus marketing strategy. Journal of Marketing, 68(1), 109-127.
22. Santos, J. F., & Giese, J. L. (2019). The Impact of FinTech Startups on the Banking Industry: A Conceptual Framework. Journal of Innovation Management, 7(4), 76-96.
23. Song Jianhua. Smart retail leads the transformation and development of personal credit business [J]. China Credit Card, 2019(7):31-35.
24. Srivastava, R. K., Shervani, T. A., & Fahey, L. (1999). Marketing, business processes, and shareholder value: An organizationally embedded view of marketing activities and the discipline of marketing. Journal of Marketing, 63(Special Issue), 168-179.
25. Tan, W. S., & Teo, T. S. H. (2018). A Review of Cloud Computing in the Banking Industry. Journal of Computer Information Systems, 58(1), 31-40
26. Wang Changyin. Research on the current situation of marketing in China and its development trend [J]. National circulation economy, 2016, 15.005(023): 10-11.
27. Xu F. Marketing model innovation of commercial banks in the era of Internet finance[J]. Mall Modernization,2017(15):139-140.
28. Yang Lei. Focusing on the frontier of technology to help transform banks into bankers[J]. Banker, 2017, (11).
29. Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2006). Services marketing: Integrating customer focus across the firm. McGraw-Hill Irwin.