

Promoting Banking Products in the Context of the Digital Economy

Daniela HARANGUS

Faculty of Economics, Tibiscus University of Timisoara, 1A Daliei Street, Timisoara, Romania;
danaharangus@yahoo.com

Abstract. Following the model of European Banks, the Romanian banks adopted new marketing and promoting strategies for their products and services. If by the year 2000 the banks were concerned with creating a solid image and gaining reliability in a still unknown field, in recent years the Romanian banking market has boosted, supporting a continuous innovation of banking products. If so far marketing strategies have contributed to the development of the banking domain, at present and after the financial crisis, banks that will come out triumphant will be those that have adopted strategies aiming at building a strong brand and proximity to customers. Presently, addressability refers not only to individual financial interests of the customer, but also to its social and moral interests, aiming at a more profound dimension that allows the bank to customize a different relationship with the client. To promote banking products and services, banks can use advertising (exterior or direct), promotional and personal selling, public relations, sponsorship etc., as a means of communication. The evolution of banking products has required a new approach to marketing and promoting strategies. This marks the beginning of a new era in the banking world, the era of digital banking.

Keywords: marketing and promoting strategies, banking services, billboards, commercial banks, digital money

INTRODUCTION

The spectacular development of new technologies has lead to essential changes in the actual modern society and the emergence of a new techno-economic paradigm, the "digital economy". Now, more than ever, information and financial capital become the most important resources in the digital economy. These resources are unrestrained by time and space frontiers or national borders.

The increasing volume of goods and services and of transactions accomplished with those goods and services, determined an increase of the financial fluxes. In these conditions, banks confronted with new challenges: a large volume of financial transactions that needed to be made in a short period time. These transactions can be achieved only through computer networks. Economic cash-flows lead to a gradually transformation of paper money in digital money, and the development of the payment system and transaction mechanism through internet.

The sustainable growth of digital economy needs a new form of money, digital money. The transition to digital economy is going to be completed only when money itself becomes digital and they are everywhere in dematerialized circulation. Through a number of innovations in the domain of payment systems, a socio-technological infrastructure is formed for the new form of money. A historical transformation of paper money into digital money began with the introduction of IT technologies into the banking sector after World War II. Digital money has the potential to become a qualitatively new form of money, which will render the current monetary regime, based on paper money.

The evolution of banking products and services from global banking products to online products, electronic banking or internet banking, specific to digital economy, required a new marketing and promoting strategy. Now, all digital business processes in the banking sector are more or less used in their underlying nature.

MATERIALS AND METHODS

The main methods used in this research are: analysis (structural and phenomenological), synthesis, comparison, deduction and induction, simplification and classification. There were also used: the method of criteria and the systematic information processing method provided by observation. The research is based on identifying the role and importance of promoting strategies for banking products.

The increasingly pronounced competition on Romanian banking market has led banks to adopt in recent years, new marketing and promotion strategies for their products and services.

By the year 2000 the banks were concerned with creating a solid image and gaining reliability in a still unknown field. After this period, banks boosted their activity and turned to innovation and development of their portfolio of banking products and services offered to clients. Until now, marketing strategies have contributed to the development of banking activity. Now, after the financial crisis, banks will have to adopt marketing strategies that mainly follow building a strong brand, as well as customer proximity.

The portfolio of banking products and services managed by commercial banks should include „digital banking” products. These allow a rapid development of banking transactions in a global economy through internet and are able to satisfy the demands of increasingly sophisticated banking clients (Radovanovic, 2009). The products and services available worldwide as digital banking solutions include:

- Online account management;
- Debit card and credit card transactions;
- Electronic bill payments;
- Funds transfer;
- Loan applications;
- Investment banking;
- Online shopping.

Mobile banking, also called SMS banking, is an added advantage to digital banking and a very rapidly growing segment as well. Digital banking products require new marketing and promotion strategies.

For promoting their products and services, Romanian commercial banks use the following communication methods:

- advertising;
- sales promotion;
- personal selling;
- public relations;
- sponsorship.

Banks are advertising through television, radio, press, printings (calendars, flyers, brochures, catalogues etc.) and direct advertising. An interesting approach is the advertising made by banks through billboards, the so-called exterior advertising (Guttman, 2003).

Commercial banks have organized, at their headquarters, services for advertising, publicity, communication and media. These organizational structures carry out the following activities:

- analyzing, proposing and approving advertising actions established under the bank's marketing strategy;
- evaluating the market share of media channels;
- organizing and coordinating advertising campaigns at headquarters, as well as at their subsidiaries' level;
- efficient management of budget expenditures on advertising and sponsorship;
- organization and management of specific actions of the communication process through: press conferences, interviews, statements etc.

Through all these activities, banks emphasize quality and performance of the banking products that they offer to customers. At the same time, through these promotional activities, banks are trying to personalize their customer relationships.

Another promotion strategy approached by banks is represented by websites, created to promote modern and sophisticated banking products. Through websites, banks also run campaigns to launch new banking products for specific customer segments.

In the world of banking, particularly in U.S.A. banks, there is a new type of approach in addressing promotion strategies of banking products. For example, Chemical Bank, with 3.75 billion \$ and 129 branches in 31 Michigan counties, is the third-largest bank headquartered in the state. It has operated exclusively in Michigan for over 90 years. Lately, this bank approached a new type of personalized relationship with customers. Bank elapsed from addressing specific individual financial interests of the client to a new target audience.

This addressability aims now social and moral interest, a much deeper dimension to the customer (Uddin, 2010). This way, Chemical Bank hopes that people will appreciate more than financial advice, the advices that concern how they can overcome these difficult times and the solutions that are required. Banks, in this way, try to regain credibility in the eyes of their customers.

The world is changing, though, and even banks are trying to foster community rather than appear monolithic and imposing. Focusing on customer service and adopting the personality of the people they serve, community banks and credit unions can really teach the big guys a thing or two about what it means to be close to customers. Community building is something that banks should be doing more of because many of the most important touch points in our lives from attending college, to buying our first cars and building a home, to starting a business and saving for retirement all involve a relationship with a bank.

The current financial crisis has led many customers to distrust banks, which is one reason why many banks are now turning to social media as a way to become more transparent to customers and build trust.

RESULTS AND DISCUSSION

One of the interesting ways for exterior advertising made by banks to promote their portfolio of banking products and services is the promotion through billboards.

This research is based on the interest of commercial banks in the western part of Romania, respectively Timisoara, for this type of promotion through billboards. Timisoara is characterized by a well developed and representative banking network with an important share in the Romanian banking system. Therefore, the results of this research can be

extrapolated nationally and can provide a conclusion on the orientation of the Romanian commercial banks in addressing this type of promotion of their banking products and services.

From the results of the field research conducted, are obtained the data presented in Table 1. The offer of products and banking services, insurance and real estate made by banks through billboards, is shown in Table 1.

From the total billboards for offers, in total of 900 billboards, a number of 826 have specific offers and from these, 110 billboards are illuminated billboards, so extremely visible and attractive for potential customers.

In Timisoara, these billboards are strategically located on main arteries and in the city's crowded areas, so they are highly visible.

Tab. 1

The offer of products and banking services, insurance and real estate made by billboards

Billboards	Total of products and services	Banking products	Insurance products
Total billboards for offers, of which:	900	13	18
- Empty billboards	59	-	-
- Billboards with specific offers	826	13	18
- Billboards with real estate	15	-	-

From the research carried out results that the share offer of banking products, insurance and real estate represents only 5.47% of the total offers promoted through billboards. It also noted that the offer of banking products is only 1.54% in the total offers promoted through billboards, so it has a very small percentage.

On these billboards there are also displayed the websites of the leading commercial banks operating in the western area of Romania. Although the Romanian banking industry is well developed, banks are reluctant to use modern means to promote their banking products (Harangus, 2007).

It interesting that through these billboards, the banks' loan supply, especially retail loans, is not promoted enough. This reduction can be justified by the reluctance of banks to credit risks and difficulties faced in managing these risks during the financial crisis which Romania is going through. But a significant decrease is also registered by promoting offers for accumulation banking products, products that do not weigh a significant risk to the bank. This type of banking products generates resources attracted from clients, resources that are critical to achieving a financial balance. Effective management of banks' resources and investments is a priority for any banking entity. An improper management can lead a bank to bankruptcy.

The offer promoted by the Romanian banks through billboards targets both traditional banking products, as well as global banking products, credit cards, digital banking products etc.

From the research carried out in Romania it is shown that, although in the commercial banks' portfolio there are modern banking products, the share of cash in circulation, paper money, is much greater than the weight of scriptural money from accounts.

During the period 2005-2010 there is an increase volume of currency in circulation, namely paper money. According to the reports issued by the National Bank of Romania, the evolution of currency in circulation is presented in Table 2:

Evolution of cash in circulation

Period	Cash in circulation (in million lei)	
	Daily average	End of the period
2005	9306,2	11385,5
2006	13230,9	15129,9
2007	18101,1	21441,7
2008	24743,2	25286,8
2009	25883,2	23967,6
2010	27181,9	26792,9

Source: National Bank of Romania, Monthly Bulletin no. 12/2010, p. 25.

At the end of 2010, the volume of currency in circulation, respectively paper money has increased from 11385.5 to 26792.9 million lei, by 235.3% respectively.

The high weight and large volume of currency in circulation shows a low level of bank culture and civilization. All these elements come amid the population decline of confidence in banks and the difficulties that Romania is facing in trying to get out of the financial crisis.

CONCLUSIONS

The results of this research highlight the fact that Romanian commercial banks use, in a very small percentage, billboards to promote their portfolio of products and services. They mainly favour direct advertising and through printings, such as: leaflets, brochures, catalogues, calendars etc. In particular, the bank's existing customers have access to this type of promotion and their potential customers have less access. Although in their marketing strategies Romanian commercial banks aim to diversify their portfolio of services and banking products, they are reluctant in addressing new customer segments. This increased caution manifested by banks is due mainly to the financial crisis that was present and is still present in the Romanian economy.

In the banking world today, in the context of Digital Economy, the major banks approach modern means to promote their products and banking services to obtain financial performance.

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