

# Synthesizing information and communication in function to marketing services in financial institutions

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**Abstract**— Starting from consumers' demands that are in trend of continuous change, the enterprises are facing a need of having information with regard to fulfill consumers demand. Financial institutions are in a situation where their daily activities adapt to demands of their clients, having impact from anything apart from the information they possess, which are about clients demands, its financial institution capacity, as well as changes in the market and competition at least. In the paper shall be adapted knowledge regarding communication, information and new technology that makes the work of financial institution more different today than yesterday. Adaptation of novelty shall satisfy the client and shall enforce the position of financial institution.

**Keywords**— Financial institutions, Information, Communication, Client, Marketing.

## I. INTRODUCTION

Bank marketing has a development history and while in Western Europe it began from 1950 and onwards its first development stage in Kosovo started after 1999, with efforts of existing Banks of that time to create a market for them. It must be brought to mind that Kosovo on 1999 came out from a war and no financial institution acted thus there remained a gap in this field. According to Annual report of CBK for 2012 the number of Kosovo Financial Institutions is compiled, on activity and number as following: There are 9 Commercial Banks, 13 Insurance Companies, 2 Pension Funds, 38 Financial Auxiliaries, and 18 Micro financial Institutions. There are many activities that administer a financial institution towards its success and stability in financial industry. Assets of Financial sector in Kosovo in the first 6 months of 2012 had an increase of 4.8% comparing to 2011, by achieving the amount of 4.8 billion, and these assets are dominated from bank system that owns 74.6 % of all assets. [12]. From many different aspects this success can be analyzed, however one of them for sure is attributed to marketing as a distinguished field that makes it possible to increase businesses as are those in the financial industry. The importance of marketing concept for development of enterprises on financial and money field is shown in the history of their development from the time when

the client was not in their focus until today where the client and here demands push the institution to think at least one step ahead of others. Indicator that there is respect for clients from Banks in Kosovo, we can take data for the average rate drop of interest in 2012, to 13.7% from 14.3% in 2011, whereas interest average rate in deposits was 3.4%. [12]. Marketing of financial institutions has to do with activities that are directed to providing of financial services in order to fulfill the demands and needs of clients as effective as possible, in the right time and place. This has led marketing to another phase known as "relationship marketing", that is a result of many factors. [9]. Marketing in Banks has become very challenging and hard on application because of the demand along with the base concept of marketing there is a need of having knowledge from informatics, psychology, economy, legal affairs, and many more fields. We have the impression that the client has the last word, since all of the bank attention and effort is dedicated to the fulfillment of demands and needs of the consumer. Banks in Kosovo should be vigilant and spread their activities based on gathered information from "Its information network", which shall enable them to remain in trend and innovative towards their clients demands and at the same time their market development. General incomes of bank system on the second half of 2012 reached 124.2 billion euro which is increase for 8.2% comparing to 2011 [12]. The intention of the paper is to study and analyze the importance of marketing information for banks, and based on findings, to elaborate new strategies for increasing the efficiency of bank marketing. The paper emphasizes the financial industry in Kosovo, precisely the banks in Kosovo that are working with success but are separated into "strong" and "weak" banks.

## II. INFORMATION AND COMMUNICATION

The definition of communication is made in Oxford Dictionaries as: provide or exchange of information through speaking, writing, or by using any other type of media [Oxford Dictionaries]. Whereas information itself is defined as: "...data that have been shaped into the form that is meaningful and useful to human beings" [5]. In market competition situation and application of marketing concept, competition field is carried from a price element to other elements as it is promotion, which is defined as "All communication methods

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that a marketer can use in order to provide information to different parties regarding product". [2].

In the new developments in financial institutions there is a tendency, except classical marketing to be oriented in the level of mikro marketing where the person and his specific demands are in focus, by accepting client's behavior, trust, habits, etc. Technology has become a mean for pushing forward of fulfilling client's demands, and banks use this as a necessity, and not as their good will. So at a time technology is positioning the bank at a certain level of providing services, along with other banks in Kosovo, and it could be said that with technological innovations of products are trying to "differentiate" from competitors. After a period the clients see it as an "advanced service", those they are familiar and consider it ordinary. Compared to products manufactured physically, those of banks can be copied and remanufactured from competition without a problem and consequence. If we accept that competition between banks with element of "price" is not the fact actually, it results that essential difference and advantage of a certain bank can overtake with "marketing strategies". Marketing strategy contains the plan for the best usage of the resources of an institution and the method of its goals realization. [1]. Based on the communication development and the wish of the bank to communicate with its client, if we shift from the center of bank marketing concept the product (*product-centric*) and place it to the center the consumer (*customer-centric*) it shall be able to achieved application of basic concept of marketing. So the basic premise of marketing activities is a continuous understanding of the fickleness of the market and responding to the changes.[11].We mentioned above, that if price isn't actual for the bank strategy, then it comes to an expression element of Promotion as core of concept of Integrated Marketing Communications. Data saving and protecting are activities of primary order of importance in financial institutions, firstly for the reason of relationship confidences bank-client, and secondly because of business secrecy in relation to the competition. In the internet era, and online circulation of information, in banks there is a serious task on saving as well as protecting of data, those of clients as well as banks. Safety is a crucial issue in gaining and keeping trust of client for usage of bank's services. Banks of Kosovo have developed a security system but according to researches results that bank's clients grief for new products usage, e.g as e-banking, where the issue is exactly the transaction security and data security.

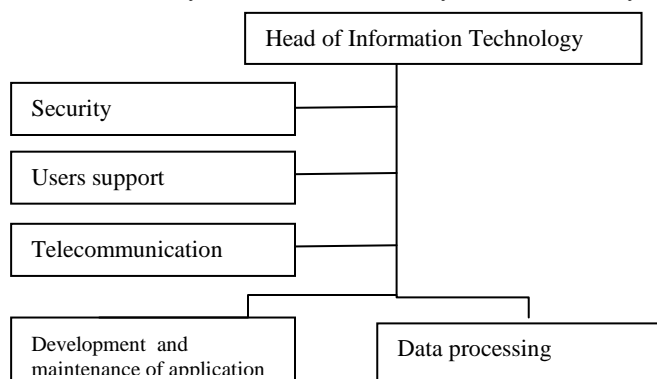


Fig. 1 Organization of information technology department and communication

Bank business is based on huge number of financial transactions that are at the same time treated as transactions of bank information system. Information system of a bank is based on the work of information technology and communication department, presented in the figure above. [6].

### III. MARKETING CHALLENGES IN BANKS BASED ON INFORMATION AVAILABLE

Banks in their business have applied marketing, especially its activities planning in order to be able to set its products and services. There must be a change in bank's behavior towards clients, focusing on the satisfying their needs and maintaining loyalty, since in this time banks in Kosovo are behaving in a standardized manner, by performing their work as an "industrial" process. Clients in Kosovo requires a more creative approach of banks, services suitable to them, and more carefulness toward them. Above we mentioned the importance of having resources for Bank, recognizing influencing factors and the role of regulator for financial activities, as an issue that enables application of marketing concept. This cannot be achieved immediately but with a long-term consecration and resources engagement in disposition. As the majority of authors states at least 5 phases that can be identified on business development of Banks and embracing of activities of marketing, [10], [12], as following:

1. Oriented promotion involving marketing,
2. Marketing involvement in keeping a relationship with consumers,
3. Marketing reformation,
4. Marketing involvement in Specializing on certain fields
5. Research, planning and control as orientation on marketing involvement.

#### III.1 PRODUCT VS SERVICE

In daily communication of financial institutions and Banks in Kosovo with the market, it is noticed, heard and read about messages for "their product" or "their product package". In Kosovo banks development same as in financial markets of western countries and others, they are earning money from sale of services to clients, beside their earnings gained from "buying and selling money". What for those who do not know the issue of identification of work performed by banks? It comes to confusion; do they have or provide those products or services? The truth is in between and the majority of authors [3],[8],[7], consider the business of banks as service providing, based on main characteristic that they are "untouchable". And we support the fact that when we consider the work of financial institutions, we accept that we have to deal with providing services. These services for bank clients are provided in different forms as: borrowing, deposits, transfers, etc., that indeed are connected to "money" presented in different forms and attributes instantly, which the client in most cases does not see, handover or accept physically. This is

important for marketers and for those who are involved with marketing in banks. If we see it as a process, the providing of services, then depending that if borrowing is in question, deposits or transfer, these services are included in contract between two parties, but there are also cases when there are more parties involved in different roles in a contract for example, credits. Except the quality of services, the number of services or assortments that an institution provides for its clients plays a role in financial institution success. Never less other attributes of services in financial institution that are distinctive characteristics of services that are four: intangibility, inseparability, variability, and perish ability, have greatly effect on design of marketing programs [Kotler, Keller 2006], but in Kosovo as well a new movement is noticed in institution's approach to the client in the form of "adviser". This is linked with the role of client information for the bank offer or any other institution as a phase that leads to client education?.

### III.2 Price

It is natural that the majority of individuals in the first question for a certain product are interested for the price? Price in marketing mix concept takes a special place as an element of mix that in fact expresses incomes that in relation to other elements which are treated as a investments. Till the price in usual transactions in industrial products and services are expressed in monetary values, for example Euro, Dollar, etc., in banks the price element is treated as interest, tariff, provision, etc. In any case when a price is determined, the consumer must be aware as how to perform estimation of product or service. Environment factors have an effect also for sure. The Bank that has determined the objective with price policy, it is much easier to set up a price, as per the banks objectives can be several of them: surviving, instantaneous profit maximization, maximization of market participation [BJakovski&A.Kadrioski]. Which of these objectives a certain bank has, depends from the way of setting the price, which in different situations determines the method of forming the price. When setting a price, the marketer must be aware of the "[customer perceived value](#)" for the product. Three basic pricing strategies are: [market "skimming pricing"](#), "[market penetration pricing](#)" and "[neutral pricing](#)". [Needham, Dave, 1996]. However, each of methods and strategy used must begin from a known determination as Chair with three foots "Tripod" where there are three factors to be considered: expenses, value for consumers, and competition. [BJakovski&A.Kadrioski]. By defining the price policy there are: "referring value" (where the consumer refers to the prices of competing products) and the 'differential value' (the consumer's view of this product's attributes versus the attributes of other products) must be taken into account. [Needham, Dave, 1996]. What links the theme of communication with information in performing the concept of marketing in banks is also price policy, because there is a need of communicating the price in market. This information for the market results to be important for the market, since all works and problems to determine the price are done in one way or the

other but it is important how to inform the consumer and the market, and gaining feedback information on how did the consumer and market accepted the price. The problem of banks is how to determine and perform market information by using different promotion activities directly or in any other way. Information must be accurate, satisfactory, and in time (accurate) for consumer who wishes to know how much he shall pay, payment manner, credit possibilities, etc. as an illustration is TEB bank case that in its offer for payment of energy bills for "KEDS" offers payment by "Starcard" with 3 installments, but in the moment of payment the official gives the information that he/she shall be charged with additional 5 euro in such way of payment? This makes it necessary knowing also consumer's behavior in relation to bank works and services.

### III.3 Distribution

Depending from the power of bank, market level of demand and competition, banks are interested to dominate the market, or certain part of it. Dominating the market brings the bank before position when it should make market segmenting, determine the goals and take position in the market. In coordination with other policies as product, price and promotion, bank tries to use the demand on market in order to use its capacities (to sale product-service), to increase the level of knowledge or improve the bank image (communication with market), so here the distribution policy is presented as other policies assistant or interaction. Distribution as activity within marketing concept in banks gained importance later, since that importance of intercommunication is understood between the bank and client. Also at this function there is a strategy of acting but it should be mentioned that a number of factors, have influence such as: market and its development, place where the bank operates (within the state or abroad), demand, environment, etc. There are two manners the bank operates a distribution of their services: direct and indirect distribution. The first has to do with offered services through branches or "at home", cards, telephone and computer. In the second it is about the channels so called Indirect channels or "electronic channels", that are Bankomat's(ATM), POS terminals, EFT (electronic funds transfer), internet banking etc.[ Babovic Hodovic 2012,Ukaj 2012] Importance of distribution mainly is linked with the definition of bank product/service and its characteristics and among them is "inviolability" that is connected also to bank sales force skills that in fact are connected to a way of offering of service before purchase, during purchase and after purchase, as process of activities in order to enable flow of goods and services from manufacturer/to consumer or user". [Ukaj2012]

### III.4 Promotion

Above mentioned, the communication process is base of success of a business, even if it is a bank or other institution, flow of marketing concept adoption has shown that always communication bank-client. One of activities that follow implementation of activities around product, price and distribution is Promotion. Banks are using promotion as

continuous way in order to inform, educate and create good image for institution and its services. Facilitation of entry for new products in the market, price changes, opening of new branches, etc., has to do with facilitation that promotion does with communication with clients, partners and wide opinion. All process of communication is connected to the message that bank wishes to send to market and at the same time is the feedback information for bank is the information that client has understood the message, for product, price or distribution. At the latest, the banks are involved to the issues of so called "social responsibility", and a more and higher role next to other promotional elements, sponsoring is taking place. In Kosovo case banks are interconnecting with sport, culture, sponsoring but more and more in charity actions, giving attention to persons with special needs but also to nature and environment in general. So ecology and banks can be activities that could result with a better environment of life, being thankful to sponsoring. As a case we mention support of the action with environment protection character "cleaning Kosovo". Banks also in this element of marketing of first hand importance must devote "sale force", which in direct contact is in continuous communication with client and the opinion in general. A good advertisement, a sale promotion, shall not have expected influence if sale force, do not have information regarding product, price and offer or a current activity then the important part of process "concluding business" fails. As a matter we raise the need that banks must give attention except the communication with parties out of institution, to the communication "inside the house", as a factor of increasing the performance of activities of all members of institution. We mention here as possible application of an Internal Marketing, Network Marketing, Relationship Marketing, as possibility for advancing the work and success of banks in Kosovo. A banks objective can be achieved with different promotional strategies, in fact there are two basic strategies used by banks in its communication with public and those are "push" and "pull" strategy, strategies that except information as a purpose have also the increase of demand for bank services. Budget determined for marketing in banks is considerable, and according to given information, they are determined with method "ad hoc" that includes the biggest part determined for economic propaganda or commercial, and then inline comes sale promotion, public relation, above mentioned sponsoring and personal sale.

#### IV. CONCLUSION

It is obviously that the Financial Institutions and particularly Banks in Kosovo has changed a way of doing business, particularly thanks to technological change that imposed new way of care for customers and communication with them. This paper has confirmed the importance of information and communication on challenges running before banks marketing in Kosovo. In a Financial institution that uses different techniques of communication and advanced manners of communication through internet provides an opportunity to achieve better results even in application of marketing activities. What is expected from marketing activities at banks

is to increase efficiency in providing of different forms of quality services that would rise up the bank image, by providing services in best possible and convenient way for clients, but also paying attention and considering as high importance installation of the branches and sub-branches in entire Kosovo. We conclude and we suggest that banks should be leaded by a market-oriented strategy and not oriented to take advantage of "daily situation" on and favors of legal regulatory to achieve results without entering to higher risk. Here is a conclusion that it is of high importance knowing-accepting the effects of environment factors and especially technological development, and particularly actual development of financial industry in the country, competition level, etc. It is noticed a quantity and quality increase of services provided from banks in Kosovo and this is due to application of marketing concept in their daily business, where as a first beneficiary shall be client, and then the bank itself, and at the end the society as a direct and indirect beneficiary.

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