

## DEVELOPMENT TRENDS IN MARKETING STRATEGY IN THE BANKING SECTOR

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**Abstract.** *This article examines changing demographic dynamics, increasing profits from the consciousness of banks, deregulation of interest rates, entry of various private and foreign banks, growth of indigenous non-banking financial institutions and increasing coverage of innovative banking products.*

**Keywords:** *banking sector, marketing, financial institutions, clients, innovation.*

**Introduction.** The banking sector is an integral part of the economy. Consequently, this sector plays a key role in the health of the economy. A weak banking sector not only threatens the long-term sustainability of the economy, it can also be the cause of a financial crisis, which can lead to economic crises. Most banking institutions now focus on marketing to make customers aware of the services and benefits offered by them.

Marketing is the most important link between banks and customers, and no bank can expect success without significant investment in its marketing efforts. Banks are now coming up with amazing and impressive ways to attract customers and retain their customer base. Banks these days place a lot of emphasis on building long-term relationships with their existing clients and thereby attracting new clients. Hence, relationship marketing becomes very important for banks. It is concerned with identifying all touchpoints and assessing what services are provided, by whom and when, how and what customers expect.

The definition of bank marketing is as follows:

“Bank marketing is a set of functions aimed at providing services to satisfy the financial (and other related) needs and requirements of customers, albeit more effectively and efficiently than competitors do, taking into account the organizational goals of banks”<sup>76</sup>. All marketing techniques and strategies are used to ultimately entice people to do business with a particular bank. Creating and retaining a customer means doing all these things so that people want to do business and continue to do so with a particular bank, and not with competitors. He cannot stay in business if he does not attract and retain enough customers, no matter how efficiently he operates<sup>77</sup>.

The reasons for the importance of the field of marketing in the banking sector and the interest of banks in the topic of marketing can be explained by the following factors:

- Changing demographic dynamics
- Cutting the throat of competition in the service industry
- Increasing profits from the consciousness of banks
- Deregulation of interest rates
- Entry of various private and foreign banks
- Increased awareness, education and urbanization
- Growth of Indigenous Non-Bank Financial Institutions
- Elimination of intermediaries
- The emergence of technology
- Increasing the coverage of innovative banking products

The efforts to promote the banking business are quite remarkable. This has now become very difficult due to changing industry trends, increased competition and the efficiency of the regulatory environment and financial system.

Complexity in banking services is also an issue of vital importance. This is the time when banks offer new and innovative services, often to the market. The content of advertising tools should help the client make the most valuable decision. It can be firmly said that well-thought-out advertising strategies are very important for the effective promotion of banking services. In the marketing of any product or service, customer satisfaction is given utmost importance. The most frustrating aspect of bank marketing is the lack of management support, lack of interdepartmental cooperation, government regulations and advertising and media problems.

Traditionally, banks were considered holders of money, which gradually changed their role as creators of money. Today, the scope of banks has expanded phenomenally and banks are now seen as providers of finance to the entire country. A sound banking system is the lifeblood of any developing economy and reflects the growth of the economy.

Financial industry spending on bank marketing technologies has been growing in recent years. Currently, marketing technology makes up about 22% of the average bank budget, according to the ABA. Marketing technology allows retail banks to track customer journeys and gain insight into their ROI. Retail banks are also starting to invest more money in marketing technology to benefit one of the most important consumer groups: Generation Z.

**Research methodology.** Systematic approach, abstract-logical thinking, grouping, comparison, factor analysis, selective observation methods were used in the research process.

**Analysis and results.** Between the ages of 6 and 23 in 2021, tech-savvy GenZ'ers are beginning to pursue higher education, manage finances, generate disposable income and will account for 1/3 of the US by 2022. With this in mind, it makes sense that the major retail banking marketing trends we're seeing now include progressive technology tools that match the sensitivities of Gen Z. Large institutions have been at the forefront of bank marketing trends, but community banks are catching up and the gap is closing. The financial brand predicts that "the intersection of data and digital marketing will continue to grow," and banks and credit unions that focus on these areas will have an easier time growing.

The following trends have been noted in the marketing strategies of banks recently:

**Data:**

Investing more and more resources into data is one of the latest trends in retail banking. Gathering the right information and knowing how to use it can be a game changer for business. Advanced data analytics can help optimize sales cycles, for example by providing specific information (such as what type of messaging at each stage of the process leads to the most conversions). Banks are also collecting more quality data than ever before, discovering the benefits of tracking behavioral patterns, motivations, financial goals, emotional reactions, and more. By gaining a clearer picture of the people they serve, banks can understand their customer base better. deep level, predict behavior, communicate more effectively and better meet your needs.

**Search Engine Optimization:**

55% of customers who are looking for new banking products start by searching on Google. A strong online presence is critical to remaining competitive, and banks are increasingly aware of this. SEO allows businesses to achieve higher search engine rankings without paying for it. This is achieved through a formula of interesting and timely content with meta tags and keywords, posted frequently across multiple platforms. Banks' go-to-market strategies include the use of a wide variety of media (videos, blogs, e-books, infographics) and channels (social media, websites, email).

**Content Creation:**

Content creation beats content curation. Creating compelling, original content (rather than depending on outside sources) is critical to increasing your institution's relevance, authority, and

engagement. This is also the key to getting to that valuable Gen Z demo. The true children of the digital and social media age. Gen Z has high standards and short attention spans when it comes to content. Retail banks are playing more to this audience by increasing their social media presence, creating concise and dynamic content and using artificial intelligence.

Artificial intelligence:

Every industry is moving towards artificial intelligence, including banking. AI is versatile, scalable and efficient. Chatbots are one of the AI tools that we know is disrupting customer service. At any time of the day or night, through various platforms (website, app, social media), customers can be assisted with their needs - even specific requests such as checking account balances or paying bills. Such sophisticated technology saves banks time and resources and meets Gen Z's expectations for fast, high-quality information. It is predicted that by 2020, 85% of consumer interactions with businesses will not involve a person.

Hiring and partnership:

Big data, SEO, content creation and AI are not easy areas to focus on. Thus, recruitment at the bank evolved. Institutions are looking for new talent (copywriters, content strategists, storytellers digital stories, engineers, data experts) with the skill sets to effectively execute these complex retail banking marketing strategies. Beyond staffing, it is becoming increasingly common for banks to partner with a specialized third party that has already developed sophisticated bank marketing tools that financial partners can use without having to be recreated in-house.

Marketing expenses:

Marketing expenses have grown significantly over the past few years as a percentage of total banking expenses. Bank marketing costs increased in 2017. Banks spend an average of 3.5% of total marketing and advertising expenses annually, according to financial statements and FDIC data. This represents about 6% of total revenues and about 0.05% of total expenses. Most banks plan to increase marketing spend by about 4%, which is about 3.6% of total expenses.

Growing push for competitiveness:

Today everything is digital. From social media to video to PPC advertising on Google and Bing, virtually any bank will have a digital presence. Most banks believe they need to increase their digital marketing spend and increase efforts across platforms to improve the effectiveness of their advertising. Digital advertising and marketing is also growing rapidly, with 17% of organizations now devoting more than 50% of their marketing budget to online media, up from 14% in 2017. The same trend in banking marketing continues for mobile marketing, where the majority allocate less than 40% of funds, but investments are growing. While more competition shows the value of digital marketing, it also makes it difficult to stand out. This means banks must take unique approaches by highlighting customers and success stories, adding value through marketing offers and using traditional awareness campaigns rather than regular advertisements to drive the most engagement in a highly competitive digital world.

Chatbots are the main customer service contact points:

Chat is one of the fastest growing aspects of any customer support, with the availability, sophistication and sophistication of options increasing. Consumers want answers quickly and often without picking up the phone or dialing a number. Chat and chatbots in banking that integrate into social media, websites and apps make it easy for customers to ask questions and get the help they need. Here, chat is ideal for standard customer queries, account verification, service reviews and first level customer service reviews. While live chat shouldn't be your only line of customer service, offering 24/7 live chat services as well as a built-in chatbot is extremely valuable. Here, you can offer services such as opening accounts, checking account status, and checking website

server status to alert customers to service failures. You can also answer basic and frequently asked questions via chat rather than through a friendly knowledge base.

Extension to channel:

Most consumers will access a bank through multiple channels, including social media and the website, before even thinking about walking into a branch or opening an account. Some will also download and test the app before doing so. Adapting to this universal experience means working to ensure that customers journey across platforms in a way that ensures that customers experience the same branding and is as close to a seamless experience as possible.

10)Segmentation, targeting and personalization:

Big data allows banks to target individual consumers rather than entire segments, creating greater personalization and improving the user experience. Here, single-person segmentation relies on tracking through data files and other tools, as well as aggregation and collection of data across all multi-channel touchpoints such as the web, social media and apps. This increase in personalization links consumer desires to personalization and connection with their banks, with about 74% of all consumers expecting brands to treat them as an individual.

How does this work in practice? Machine automation and AI, combined with big data, make it possible to offer personalized options, modular services and products, pre-approval for loans and services, and other personalized information. You can also show customers how their rates are calculated, offering discounts for paying or investing on time, and otherwise taking steps to use data to automatically create personalized experiences.

With increasing competition and awareness in the banking sector, customers are now becoming more demanding of the services offered. New and emerging trends are observed these days. Banking marketing trends are constantly changing, but many elements remain the same from year to year. For example, all banks should focus on providing a strong digital presence and application to meet the needs of young consumers, offering convenience to everyone. Most should also focus on improving the customer experience, with more personalization and more customizable services to improve satisfaction users. Incorporating these elements into digital advertising will also help in increasing online competition.

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