

RELATIONSHIP BETWEEN MARKETING OF FINANCIAL  
SERVICES AND BANK PERFORMANCE IN MALAYSIA :  
AN EMPIRICAL STUDY (1996-1998)

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Relationship Between Marketing of Financial Services  
and Bank Performance in Malaysia :  
An Empirical Study ( 1996- 1998)

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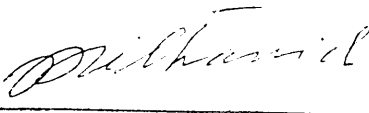
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## **ABSTRAK**

Di zaman moden ini, pemasaran menjadi tulang belakang ke atas kejayaan aktiviti sesuatu pemiagaan. Kajian ini bertujuan untuk menyiasat dan mengkaji perhubungan di antara aktiviti pemasaran dengan prestasi bank. Kajian ini menggunakan 30 sampel bank perdagangan di Malaysia, yang meliputi tiga tahun dari 1996 hingga 1998. Di samping itu, dapatan kajian ini disokong dengan enam temuduga yang dikendalikan bersama eksekutif pemasaran bank. Dalam kajian ini, peranan aktiviti pemasaran dikaitkan dengan prestasi bank dari aspek deposit dari pelanggan, pinjaman kepada pelanggan dan pendapatan selepas cukai. Dalam menganalisis perhubungan ini, dua analisis statistik iaitu Pearson Correlation Matriks dan Simple Linear Regression telah digunakan. Dapatan kajian ini menunjukkan kewujudan perhubungan positif diantara usaha pemasaran dengan prestasi bank. Kajian ini mencadangkan supaya bahagian pemasaran dalam setiap bank harus mengenalpasti dan menganalisis kesan aktiviti pemasaran dan menggunakan faktor - faktor yang significant bagi meningkatkan kelebihan persaingan melalui inovasi kewangan dan pemasaran. Akhir sekali, sesebuah bank boleh memperolehi perkhidmatan pemasaran dari pihak luar dengan penubuhan 'Financial Services Marketing Agency' melalui sumber - sumber bank yang dikumpul.

## **ABSTRACT**

In modern times, marketing is the backbone of any successful business activity. The present case study seeks to investigate and explore the nexus between marketing efforts and bank performance. The study is based on a sample of 30 commercial banks in Malaysia covering a three year period 1996 to 1998. In addition to empirical analysis, the findings are supported with six interview discussions conducted with bank executives. In this study, the role of marketing activities is related to bank performance in terms of deposits from customers, loans and profits after taxation. In tracing the relationship with deposits, loans and profits, the Pearson's Correlation Matrix and Simple Linear Regression were used. Our results show a positive correlation between marketing efforts and bank performance. The study suggests that marketing department of each bank should identify and analyse the impact of marketing efforts of their business and deal with the significant factors towards financial and marketing innovation for improving its competitive advantage. For outsourcing there is a wide scope for establishment of a special 'Financial Services Marketing Agency' through pooled bank resources.

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## **TABLE OF CONTENTS**

	<b>Page</b>
PERMISSION TO USE	i
ABSTRAK	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF CHARTS	ix
LIST OF FIGURES	x
LIST OF ABBREVIATIONS	xi

## **CHAPTER 1: INTRODUCTORY**

1.1	Background: The Problem Statement	1
1.2	Research Objectives	3
1.3	Theoretical Axioms	3
1.4	Research Hypotheses	3
1.5	The Focus and Significant of the Present Study	4
1.6	Limitations of the Study	5
1.7	Organization of the Research	6



## **CHAPTER 2: A REVIEW OF BANKING SYSTEM IN MALAYSIA**

2.1	Introduction	7
2.2	Commercial Banks in Malaysia	10
2.3	Marketing in Banking Management	13
2.4	Concluding Remarks	19

## **CHAPTER 3: LITERATURE REVIEW**

3.1	Introduction	20
3.2	The Development of Marketing in Financial Services	20
3.3	Role of Marketing Financial Services	23
3.4	Marketing of Financial Services and Banking Industry	25
3.5	Marketing of Financial Services and Bank Performance	28
3.6	Concluding Remarks	31

## **CHAPTER 4: METHODOLOGICAL ISSUES**

4.1	Introduction	32
4.2	Type of Investigation	32
4.3	Data Collection and Time-Frame	33
4.4	Research Design and Model	33
4.5	Definition of Terms	35
4.6	Sampling Design	36
4.7	Source of Data	37
4.7.1	Primary Data	37
4.7.2	Secondary Data	38

4.8	Data Analysis Techniques	39
4.9	Concluding Remarks	40

## **CHAPTER 5: MARKETING COST - BANK PERFORMANCE NEXUS**

5.1	Introduction	41
5.2	Major Empirical Findings and the Analysis	41
5.2.1	Marketing Cost and Deposits Nexus	42
5.2.2	Marketing Cost and Loans Nexus	45
5.2.3	Marketing Cost and Profits after taxation Nexus	48
5.3	A Snapshot of Interview Discussion	52
5.4	Concluding Remarks	53

## **CHAPTER 6: SUMMARY AND CONCLUDING OBSERVATIONS**

6.1	Prelude	54
6.2	Summary of Findings	54
6.3	Suggestions	55
6.4	Concluding Remarks	57

## **SELECT BIBLIOGRAPHY**

## **APPENDICES**

## **LIST OF TABLES**

<b>Number</b>	<b>Title</b>	<b>Page</b>
2.1	The Malaysian Finance System Structure	9
5.1	Pearson Correlation Matrix for MC and Deposits	43
5.2	The Linear Regression Analysis Between MC and Deposits	44
5.3	Pearson Correlation Matrix for MC and Loans	46
5.4	The Linear Regression Analysis Between MC and Loans	47
5.5	Pearson Correlation Matrix for MC and PAT	49
5.6	The Linear Regression Analysis Between MC and PAT	50

## **LIST OF CHARTS**

<b>Number</b>	<b>Title</b>	<b>Page</b>
2.1	List of Commercial Banks in Malaysia	11
2.2	Marketing Cost from 1996 to 1998 (1 to 10 Banks)	15
2.3	Marketing Cost from 1996 to 1998 (11 to 20 Banks)	16
2.4	Marketing Cost from 1996 to 1998 (21 to 30 Banks)	17

## LIST OF FIGURES

Number	Title	Page
4.1	Research Model Design	34

## **LIST OF ABBREVIATIONS**

MC	Marketing Cost
D	Deposits from customers
L	Loans and advances
PAT	Profits after taxation
BNM	Bank Negara Malaysia
t	Time

## **CHAPTER ONE**

### **INTRODUCTORY**

#### **1.1 Background: The Problem Statement**

Marketing plays a crucial role in the business activities of all kinds of organisations, whether manufacturing companies producing real goods or to banking firms offering financial services. The technique and methods of marketing activities may differ from industry to industry but the basic issues and challenges remain the same. Interestingly enough, the genesis of marketing is traced by Baker ( 1993; 5), as follows:

" the essence of marketing is mutually satisfying exchange relationships. If this is, in fact, the case , then the practice of marketing can be traced back to the first exchange in which two people discovered that by giving one thing and receiving another in its place one improve one's overall standard of living".

A formalised marketing activity in financial institutions such as commercial banks is concerned with several aspects. Major ones include analysis, planning

and control of the process of matching human, financial and physical resources with customer accounts. Marketing has its own significance in modern banking. It enables the concerned bank to cope with change and with competition in the banking industry.

Being service organisations, the banks are required to improve their services to customer for the purpose of promoting profitable sale. In doing so, in recent years the banks have begun to embrace a market-led rather than product-led approach to their business. In other words, the banking concept combined with marketing efforts is becoming one of the emerging model for banks performance in the emerging 'net' age.

Most of the research studies in the area of banking and finance, Borke (1989), Miller and Noulas (1994), Zaim (1995) and Molyneux and Fobes (1995) have their focus on the factors contributing towards bank profitability. However, the prominent research studies are more based on bank portfolio allocations. Little has been done to link marketing aspects of financial services to bank performance. The present study is intended to fill-up the gap. Its focus is to trace an empirical relationship between marketing efforts and bank performance in Malaysia.



## **1.2 Research Objective**

By and large, the study has two main objectives. First, to generate empirical evidence on the issue, of whether a bank performance is related with its marketing efforts. Second, and if so, this study would trace the level of nexus between bank performance and marketing efforts in the Malaysian economy.

## **1.3 Theoretical Axioms**

In tracing the success of banking business through marketing efforts, the study adopts the following postulates:

1. Bank performance is measured through net profit, amount of deposits and amount of loans.
2. Marketing activities and efforts is measured in terms of expenditure amount spent on marketing, which is the marketing cost.

## **1.4 Research Hypotheses**

As an empirical measure, with a view to capture the significance of marketing in the banking business, as cited in the above theoretical plane, in the present

study, we have resorted to the following major hypotheses for testing of the null hypotheses:

First Hypotheses:

H1: Bank performance in term of amount of deposits has positive relationship with marketing efforts.

Second Hypotheses:

H2: Bank performance in term of amount of loans has positive relationship with marketing efforts.

Third Hypotheses:

H3: Bank performance in term of profits after taxation has positive relationship with its marketing efforts.

## **1.5 The Focus and Significant of the Present Study**

Most of previous studies in general have been conducted in examining the bank performance were based on the internal determinants such as capital-asset ratio, liquidity measures and asset -liability portfolio mix, and external

determinants such as bank size, interest rate and deregulation. There is a dearth of studies to link marketing with bank performance.

The present study, therefore, seeks to explore and highlight the relationship between bank performance and its marketing efforts. It is a pioneering attempt in the Malaysian context.

For the academic world, present study shed more light in understanding nexus of the marketing efforts in bank management. For practitioners, such as the bank marketing officers, this study has its obvious relevance. The study would provide an idea and understanding of marketing role, in bank performance to meet the challenge in banking industry.

#### **1.6 Limitation of the study**

The findings of the study has its apparent limitation in the following respects:

- The findings are based on the available limited samples of the respondent in the case of the primary data interview method.
- The time-frame is relatively short, though not insignificant.

## **1.7 Organisation of the Research**

The research project report contains six chapters. The next chapter following this introductory chapter contains an overview of banking system and marketing in Malaysia, to capture an idea of commercial banks activities and marketing bank management. A review of marketing of financial service and bank performance, is presented in chapter three to serve as a theoretical background. Chapter four, incorporate, the research design and methodological issues. Then, the following chapter reveals the core of the analysis and fulfilment of the objective of the study. The last chapter ( Chapter Six ) rings down the curtain with a summary and discussion of findings and suggestions.

## **CHAPTER TWO**

### **A REVIEW OF BANKING SYSTEM IN MALAYSIA**

#### **2.1 Introduction**

As a background to the present study on the Malaysian banking system, it is important to know the banking sector environment in the country. This chapter, seeks to provide an understanding of Malaysian banking situation with a focus on commercial banks' activities and functions. Commercial banks play crucial role in the country's financial system as compared to other financial institutions such as leasing companies and venture capital enterprises. Beside, the role of marketing in bank management is spelt out.

Banks are a the principal source of credit ( loanable funds) for millions of households, and for most local units of government and local business enterprises. Malaysia has a dynamic and rapidly developing banking system. Before independence in 1957, the banking system was dominated by few foreign banks engaged primarily in the mobilasation of deposits for financing of exports, plantation, agriculture, mining and general commerce. Since 1960, with the emergence of locally incorporated banks, the commercial banks have

become more responsive to the social priorities and economic needs of the country.

The Malaysian banking system is basically similar to that in Britain being based on branch banking system rather than unit banking. It is dominated by a few large banks with an extensive branch network. The banking system comprise mainly the Central Bank (*Bank Negara Malaysia*) , the commercial banks, the finance companies, the merchant banks, the National Saving Bank and the Credit Guarantee Corporation (Hendrie, 1990). Table 2.1 portrays the structure of the Malaysian financial system. The data reveals that in term of assets, deposits as well as loans, commercial banks have a dominating position.

Table 2.1: The Malaysian Finance System Structure: The Banking Institutions

As at 31 December 1998.

Banking Institutions	Assets	Deposits	Loans	Size
Central Bank of Malaysia ( External reserves: RM96.3b)	RM124.7b			5 branch offices 2 Overseas
Islamic Bank*	RM5.7b	RM4.0b	RM3.5b	80 branches
Commercial Banks	RM453.5b	RM307.4b	RM285.7b	35 banks of which: 22 Domestic, 13 Foreign, and 1690 bank branch
Finance Companies*	RM123.6b	RM98.6b	RM86.6b	33 Finance Companies, and 1,099 Finance company offices
Merchant Banks *	RM39.2b	RM26.3b	RM22.2b	12 Merchant Banks and 22 branches.
Discount Houses *	RM20.0b			7 Discount houses
Foreign Banks Representative Offices				40 offices

\* Supervised by the Central Bank

Source : Data from Bank Negara Malaysia: <http://www.bnm.gov.my>

## **2.2 Commercial Banks in Malaysia**

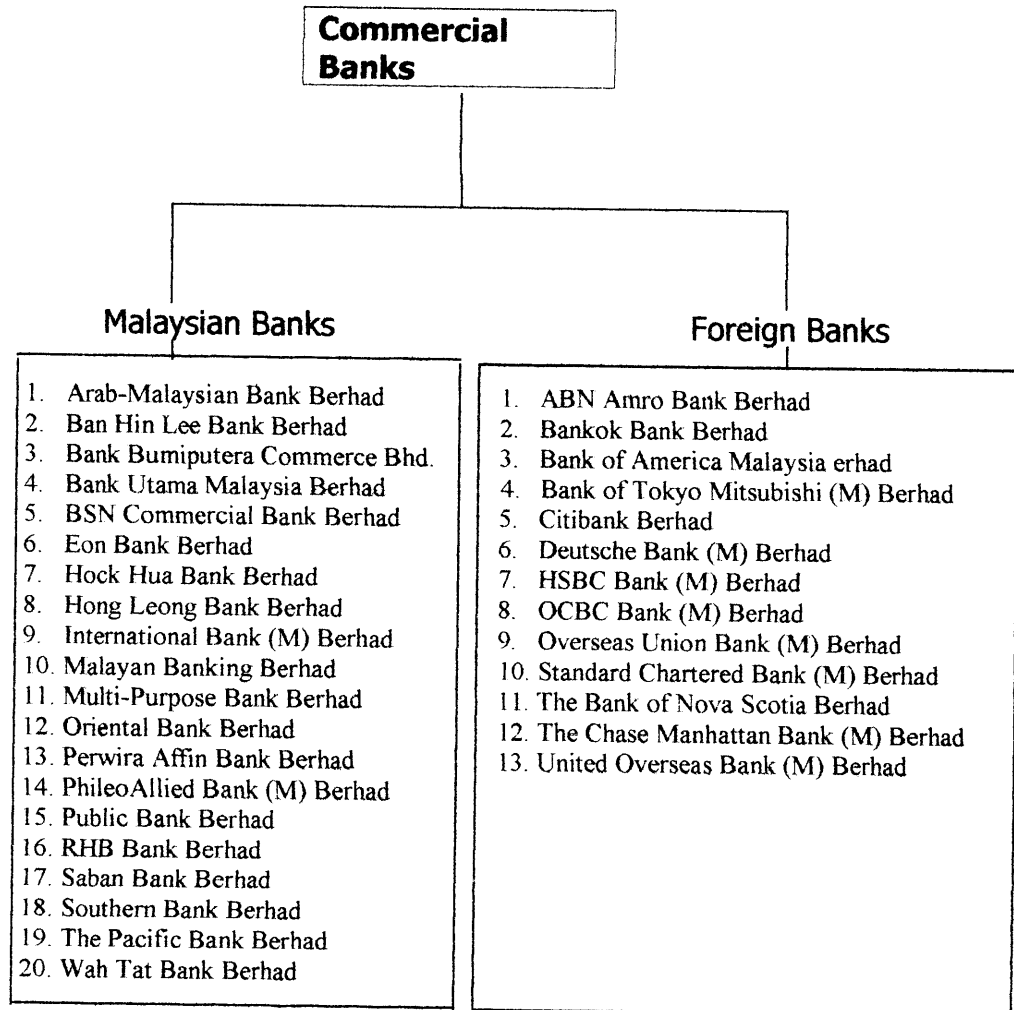
The role of the commercial banks has evolved from the traditional one of accepting deposits from the public and using such deposit funds for the financing of trade and commerce to that of motivating and promoting economic development in the country.

As a part of financial sector, it provides the normal banking services, including acceptance of deposits, making loans and advances, discounting trade bills and bankers acceptances, dealing in gold and foreign exchanges, and providing business instrument advisory services.

All commercial banks are governed by Banking Acts and under the supervision of Bank Negara Malaysia. Commercial bank operate under the direct supervision of Bank Negara Malaysia, within the ambit of the Banking and Financial Institution Act 1989. Under the banking legislation, commercial banks have to comply with various provisions such as maintenance of minimum paid - up capital, distribution of profits as dividends, maintenance of statutory reserve, ethics and professionalism in banking. The list of current Malaysian and foreign commercial banks is reported in Chart 2.1.



Chart 2.1 List of Commercial Banks in Malaysia



Source: Bank Negara Malaysia;

<http://www.bnm.gov.my/pub/msb/199811/index.htm>

Although other financial institutions in Malaysia also accept deposit or grant credit facilities, the commercial banks have the additional advantage of being able to offer other ancillary facilities.

The common feature amongst these institutions is their role as mobiliser of funds from those experiencing with surplus funds to those short of funds. According to Leong ( 1998), the commercial banks different from other financial institutions in the following aspects of the payment functions:

- i. Banks posses the exclusive right to operate current accounts. A current account is one which the account holder operates the account by issuing cheques.
- ii. Banks have the exclusive right to deal in remittances ( in and out of the country ) and in international trade payments.
- iii. Banks are the authorised institutions in the handling and dealing of foreign exchange.

Commercial bank can be narrowly defined as a business unit involved principally in the collection of deposits, granting of loans, provision of liquidity, and facilitating the transfer of funds and the payment system.

### **2.3 Marketing in Banking Management**

Basically, marketing can be defined as the creation and delivering of consumer's satisfying product or service. Recognition of the importance of marketing in banking has also increased dramatically. Bankers who have traditionally been bank - oriented, have now become customer oriented. Bankers in growing numbers are striving to identify unmet customer needs through market research and to develop conventionally available service for a broad range of customer. More and more mass media and technologies tools is being used by the banks, in order to appeal to present and potential customers.

Usefulness of marketing analysis is to solve important bank problems such as developing new service and products, planning capital expenditure, choosing new office location, pricing strategy and identify customer needs now seem well establish in the banking industry.

In Malaysia, there is also the evaluation of a market-oriented commercial banking system. Factors which led to the spread of bank marketing includes:

- i) the decline in commercial banking share of finance market place because of effective competition from non - bank financial institution. Furthermore, the trend of merger of banks to get more competitive advantages;

- ii) Rise of consumerism and concept of social responsibility in business. At present, more Malaysian's receiving education, the educated consumer tends to have relatively high expectation in the market place and to be readily frustrated when these are not met; and
- iii) Technological factor also playing important role in environment of a customer market oriented strategies. This is because, the increase of using internet as source for e - business and e - banking by most of the banks. This technologies allowed the banks to increase the degree of reachness of marketing activities by the banks.

The following charts describe the flow of marketing cost from 1996 to 1998 for 30 selected commercial banks in Malaysia. Each of the charts present 10 of the above selected commercial banks.

Chart 2.2 Marketing cost from 1996 to 1998 ( 1 to 10 Banks)

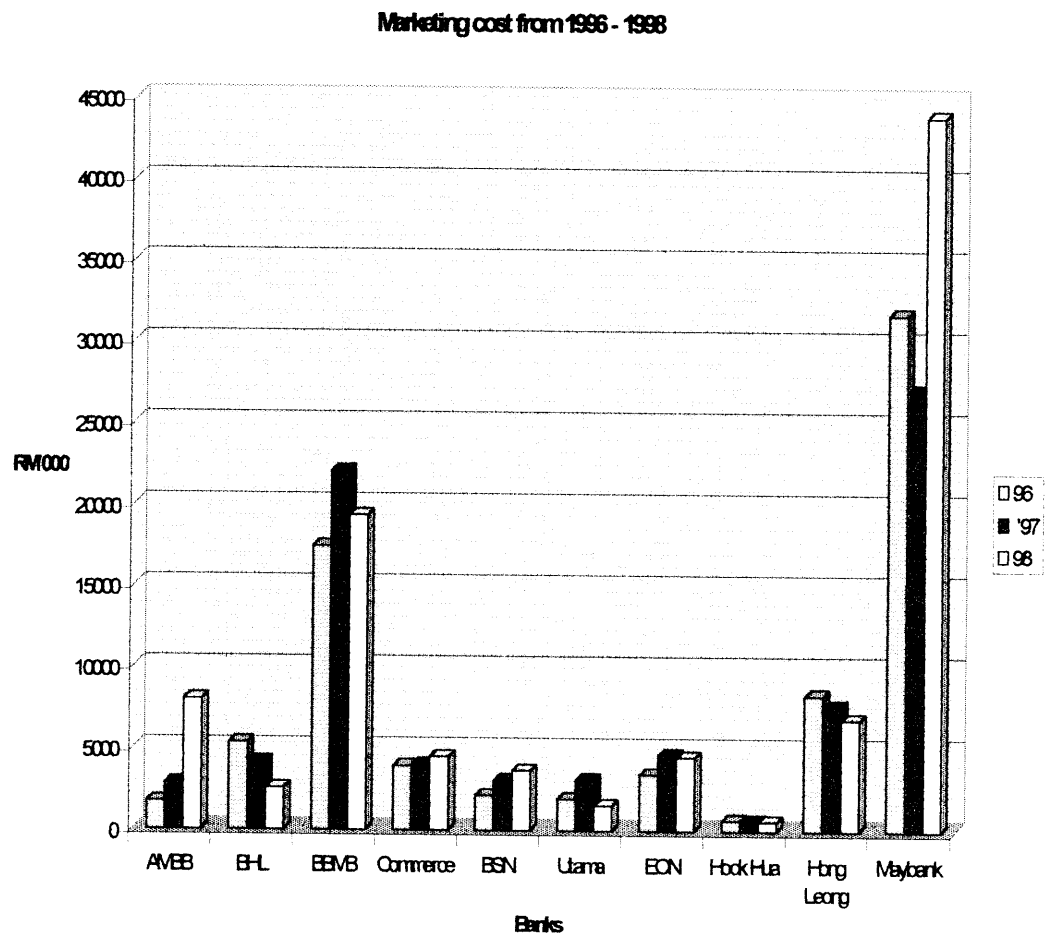


Chart 2.3 Marketing cost from 1996 to 1998 (11 - 20 Banks)

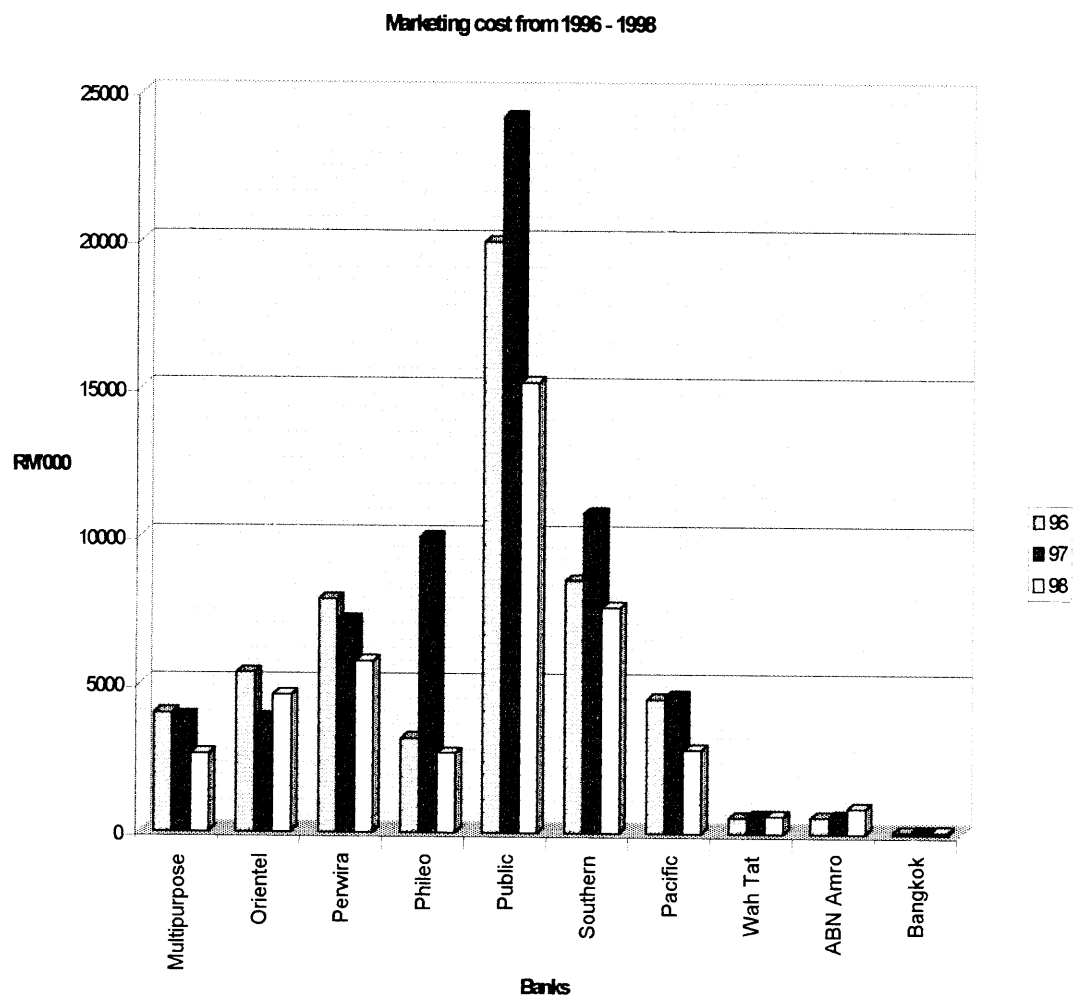
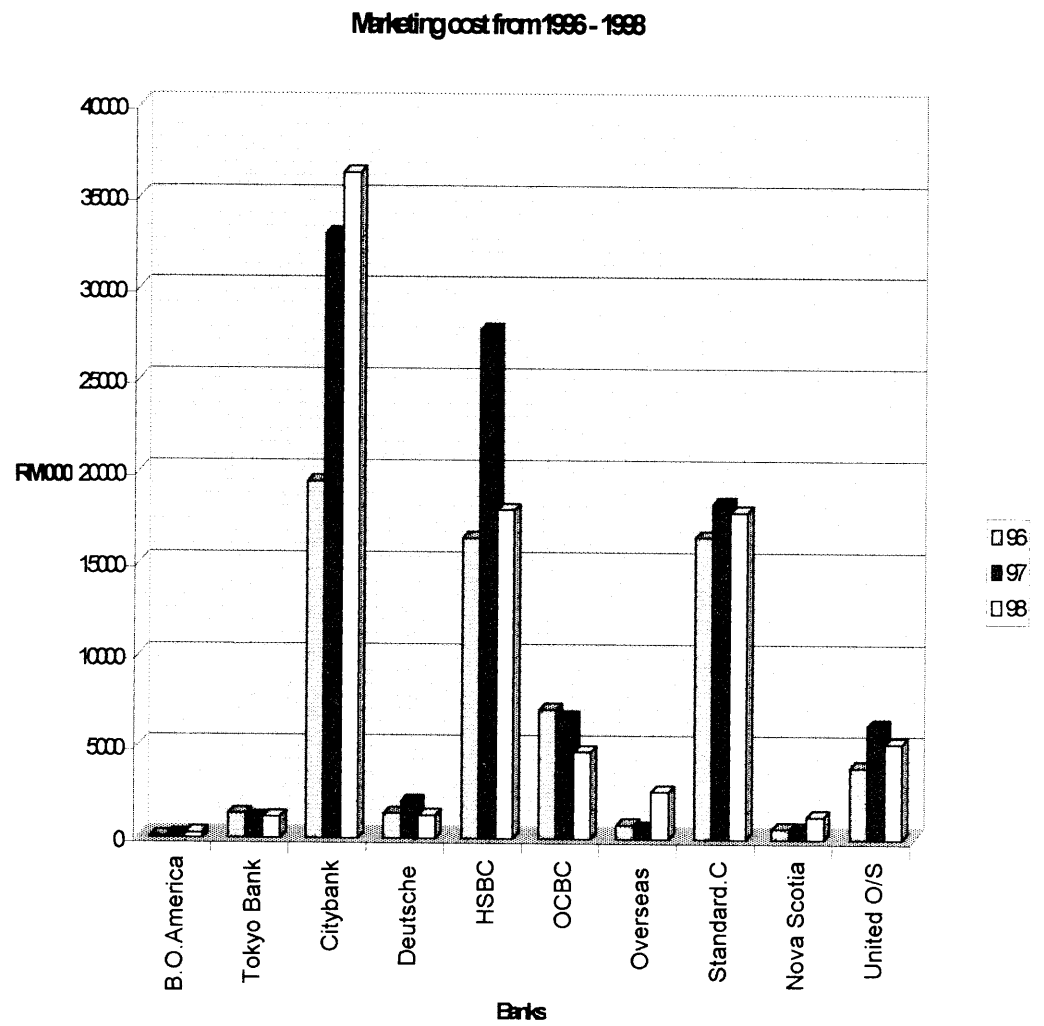


Chart 2.4 Marketing cost from 1996 to 1998 ( 21 - 30 Banks)



An effective marketing activities and program requiring the co-ordination of several different activities. These include advertising, personal selling, promotions, pricing, development of new product and services, and service distribution to meet customer needs. Furthermore, for really implementing the marketing concept, the banks must center its operations around the customer and their needs.

Presently, customer do not want more of the same, but different and better products and services from banks. Consumer are increasingly aware of the alternatives on offer and rising standards of service and so their expectation of service they experienced. Therefore, bank management increasingly developing service quality initiatives and monitoring their effectiveness. In other words, quality of service and customer care will remain key components of marketing strategy in banking products.

Furthermore, the new competitive climate in Malaysia, however , is forcing a transition in the direction of accelerating the development of marketing practices throughout the banking industry. Banks are increasingly adapting a strategic marketing orientation where the emphasis is on customer 'needs' and the tailoring of products and services for purpose of satisfying them profitability.



## **2.4 Concluding Remarks**

It follows that commercial banks constitute major part of banking institutions in Malaysia. The commercial bank compete not only among themselves, but also with other financial institutions which are able to offer the similar services. In such a competitive market, it is necessary for the banker to know and update their marketing strategies in order to create competitive advantages.

## **CHAPTER THREE**

### **SELECT LITERATURE REVIEW**

#### **3.1 Introduction**

Since no substantial studies are available in this specific area in the Malaysian context, we deem it worthwhile to assimilate a review of relevant studies as an understanding of the subject matter behind the cover of our research. A beginning is made by describing the development of marketing in financial services, followed by explanation of marketing mix, marketing policies and in the end a select studies pertaining to marketing and banks performance have been briefly reviewed.

#### **3.2 The Development of Marketing in Financial Services**

The American Marketing Association's Board of Directors define marketing as " the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchange that will satisfy individual and organisational objectives". Pezzullo (1998), encompasses this definition into five key elements that include:

- i) Marketing is planning process.
- ii) Marketing involves the conception, pricing, promotion and distribution (4Ps).
- iii) Marketing's object can be a tangible goods, services or ideas.
- iv) Marketing seek to meet the objectives of both individual and organisational.
- v) Marketing works through exchange process.

Traditionally, marketing in most finance institutions and organisational was synonymous with selling, activities and public relation.

A period of rapid environmental changes in 1970s and 1980s led to the development of marketing as a more integrated function within the financial services institutions and organisation, with a strategic as well as a tactical role to play in business development.

Perez (1983) stated that in 1970s the bank marketing profession changed dramatically and a major influence on banking marketing in 1970s was advent of electronic funds transfer system such as an automatic teller machine (ATM) and credit card. It was not until the 1970s that marketing departments were formed on any scope (Newman, 1984). He also presents a comprehensive analysis of the development of the marketing function within financial services during the 1960s, 1970s and 1980s which emphasised the move from

marketing as a passive, tactical activity towards a more integrated strategic activity.

The importance of marketing approach needs to be well established. The notion that marketing has a strategic dimension is comparatively new in the financial services sector and has developed primarily as a consequence of a period of rapid environmental changes in 1970s, 1980s and 1990s. According to Wright (1990), the financial marketplace has become increasingly global and technology has developed to improve the speed and variety of service provision and a trend towards deregulation had widened to potential product range for the majority suppliers.

Easingwood and Arnott (1991) mentions that, it has frequently been noted that the service sector of the economy is experiencing rapid changes such as technological, changes in distribution patterns, increased numbers and types of competitors, legislative, deregulation, industry boundary shifts, 'free market', better informed and more demanding customers. These changes apply just as forcibly to the financial sectors, banks as to the rest of the service sector. Easingwood and Arnott (1991), concluded that in the face of this complexity and the demands of a rapidly changing environment, marketing in the financial services sector must pay particular attention to prioritising the different areas of their work.

There is considerable evidence to see a clear move towards marketing in financial services in many countries such as in USA ( Brooks, 1987), Malaysia (Shanmugam , 1989), Australia (Adler , 1991), UK (Thwaites and Lynch, 1992) and Hong Kong (Yee-Kwong , 1992). It is clear that move towards marketing as a more integrated management function in financial services.

### **3.3 Role of Marketing Financial Services**

Traditionally, the marketing mix includes four elements such as product, price, promotion and place (4Ps). These elements are typically variables, which are directly controlled by the organisation. However for the financial services, based on the studies by Easingwood and Arnott (1991), the authors identify six major areas of marketing activities affecting the financial performance, which are:

- i) **New Product Strategy:** This factor has a strong new product development focus including the development of new products, launching them first, positioning them, maintaining a complete product line and offering unique products;
- ii) **Customer Interface:** Include marketing's tools for reaching the customer such as branding and advertising and understanding the customer needs such as marketing research;

- iii) **Marketing Department:** Represents marketing's high level influence such as input to corporate strategy, general co-operation with other departments;
- iv) **Width of Product Line:** This includes the management of the product range and the management of the sales force;
- v) **Depth of Product Line:** The effectiveness of product line extensions depends on relationship with the data processing and on good communication with appropriate markets; and
- vi) **Pricing Policy:** Pricing by segment is seen as the main issue in the pricing area.

In addition to this, Ennew and Watkins (1995), explained about needs of extra 3Ps (people, processes and physical evidence ) in the financial services by the marketing manager. They stated that the characteristics of service products require the marketing managers, in blending together the 4Ps ( price, promotion, place and product) and also pay attention to the people providing the services, the processes whereby the services in made available to the customer and physical evidence attached to the people.

### **3.4 Marketing Financial Services and Banking Industry**

Banking industry being the hub of financial services sector, in a developing countries such as Malaysia, must remain alert to constant environment changes. Banks should be ready to redefine their corporate mission and reformulate their marketing policies, plan and strategies, to grab the emerging business opportunities in the liberalised environment.

Knight, Sturdy and Morgan (1994) argued that the banks must concern to improve their service to customer for purposed of promoting profitable goals. The focus is on identifying the pattern and contact of customer 'needs' and redesign products and targeting their distribution to attain profitability. In short, the marketing concept is seen to be the emerging model for bank activities in the financial service.

Marketing tools and activities help to identify customer wants and the best ways to satisfy them. Banks consists of 3 major market segments such a corporate, commercial and personal (Anonymous, 1989). Corporate customers need bank accounts to operate, and many use more then one bank. Direct personal selling can do promotion for corporate customers. Smaller commercial customers require a considerable degree of personal attention, but they respond to an overall promotional effort that includes leaflets brochures and specialised advertisement. Finally the needs of personal sector vary a great

deal and mass promotion and advertising tools are effective for these kind of customers.

Ursacki and Vertinsky (1991), on the other hand stated that banking service can usually be divided into 3 categories such as lending, deposit taking and ancillary service such as foreign exchange trading, letters of credit, safekeeping, etc. The key to success in these categories are quite difference and depends on the appropriate choice of positioning marketing which influence of a large degree of performance of in the markets.

Studies by Motley (1994), suggest that as bankers prepare for the 21<sup>st</sup> century, all the marketing issues are absolutely vital to the source of a bank and should be the responsibility of the CEO. He added the marketing activities will be necessary for the bank's success and it will be a vital step to stop the erosion of market share.

Beside that, according to Trafton (1995), three trends are dramatically transformed the way banks market individual financial services such as:

- i) the banking and financial services sector has entered an era of intense marketing warfare;
- ii) retailing has emerged as a marketing manifesto for financial services; and



- iii) there is a resulting focus on the competition after an internal and a customer centered focus in bank marketing.

For the banking industry, the practical of marketing of financial services have number of unique characteristics. Turnbull and Moustakatus (1996), identifies few unique characteristics for marketing financial services in banking such as;

- i) frequently involves expensive equipment but also can be people intensive, with an emphasis on people's capabilities;
- ii) involve customer with more precise service level expectations, which are more clearly communicated and informed;
- iii) involve a fairly formal buying process, with a heavy emphasis on the tangible evidence of seller's ability to provide the services; and
- iv) involve longer term on going relationship with customers.

In formulating and selecting a market efforts and activities, the banks should first investigate its strengths and weakness and relate these to the opportunities and threats in the environment. Meidan (1996), explained that on the basis of the SWOT analysis, the missions and goals are formulated and the marketing resources are allocated as appropriate.

In addition to this, Meidan concluded that generally the marketing activities are related to the number of alternative marketing strategy for financial services which are outlined the two different sets of strategy that consist of;

- i) Offensive strategies which includes geographical expansions , market penetration, new market, market leader, and market challenge strategy.
- ii) Defensive strategies, which includes market followers, market richer, diversification and rationalisation strategies.

Pompili (1999), strongly support that the integration of marketing activities in strategic of financial services will give additional opportunity and a new wave to future of delivering of financial services.

### **3.5 Marketing of Financial Services and Bank Performance**

The term profitability is so much in use especially in the business world to the extent that the phrase refers to all kind of measurement and indicators for a firm's or a company's performances. Hence, profitability had come to mean different things for different people, as narrated by Ahmad Farid (1980, p60):

"profitability can be defined and measured in several ways depending on the purpose. It is a generic name for variables such as net income, return on total assets, earning per share, etc. The simplest definition and measure of profitable is the net income".

The studies by Reiden Bach, Moak and Ditts (1986), shows the relationship between the adaptation and implementation of the marketing concept and various bank performance measure. The studies strongly suggest that there is a strong relationship between key marketing concepts and large banks net operating income.

Furthermore, Hedges(1986) had analysed the bank's customer relationship portfolio and the effectiveness of marketing plan. Hedges concluded that an effective marketing pan management of customer relationship is becoming increasingly important to successful bank performances.

Bettinger's research (1987) concluded that profit drive solely from customers relationship. Therefore, the bank's strategy plan must be essentially a marketing plan, targeted on customer relationship, which can allow the bank to achieve its goals and performance. Bettinger added that the use of the proposed strategies through process in delivering a marketing plan which would significantly improve a bank's performance.

Watkins (1990) briefly stated that the new approaches to financial services marketing will affect the marketing of the banks and other financial institutions. In addition to this, Shanmugam(1989) presents a briefly idea regarding of marketing techniques employed by banks in developing countries with special emphasis on Malaysia, and he stated that marketing activities have been rather successful as the growth of the deposits and loans has been rapid.

Marketing activities also give impact on the amount of deposits and loans by customers. Hands (1993) explained how the customer services marketing attempts to assess a bank's performance as well as making it possible for the bank to raise capital and maintain the confidence of the depositors.

Mahoney (1994) discussed how the bankers uses niche marketing tactics to build their customer base. He added that one way that a bank can conceivably obtain large number of customers is by acquiring new account by introducing product packages. This new customers brings in core deposits and also strengthen the future relationship between these banks.

In a survey on Malaysian customers conducted by Sudin, Norafifa and Sandra (1994), it was found that the success and survival of the individual commercial banks depends on the banker's ability to understand customer's needs and find an effective way to satisfy these needs which indirectly related to the marketing activities.

Berry (1995), explained that the market segmentation is a important process in marketing of financial services and it can assist bankers in gaining, building and keeping profitable relationship. Johnson (1999), also support that some exciting ideas from marketing strategies can be a good way for banks to increase its deposits and loans amount by the customer and also to have a long term relationship.

### **3.6 Concluding Remarks**

The marketing of financial services, especially in banking industry discuss about the role of marketing as two dimensions, functional dimension concerned with product planning, pricing, distribution and promotion, and philosophical dimension which are discusses about customer, needs, wants, satisfaction and common marketing concept. Most of studies discuss about the development and role of marketing of financial services. And, then there are few studies to emphasis the role of marketing efforts to bank performance and significantly to conclude the said relationship.

## **CHAPTER FOUR**

### **RESEARCH DESIGN AND METHODOLOGICAL ISSUES**

#### **4.1 Introduction**

This chapter pertains to the research design and framework for the present study. Beside, the structural design of models for the strategic hypotheses of investigation and testing is explained.

#### **4.2 Type of Investigation**

Two categorical types of investigation in marketing research such as causal and correlation are widely adopted. Causal investigation is undertaken when the researcher wants to delineate the cause a problem whereas correlation study seek to delineating the important variables that are associated with the problem.

The present study is essentially a correlation study. Using the correlation device, empirically it sought to explain the relationship between bank performance and marketing cost.

#### **4.3 Data Collection and Time Frame**

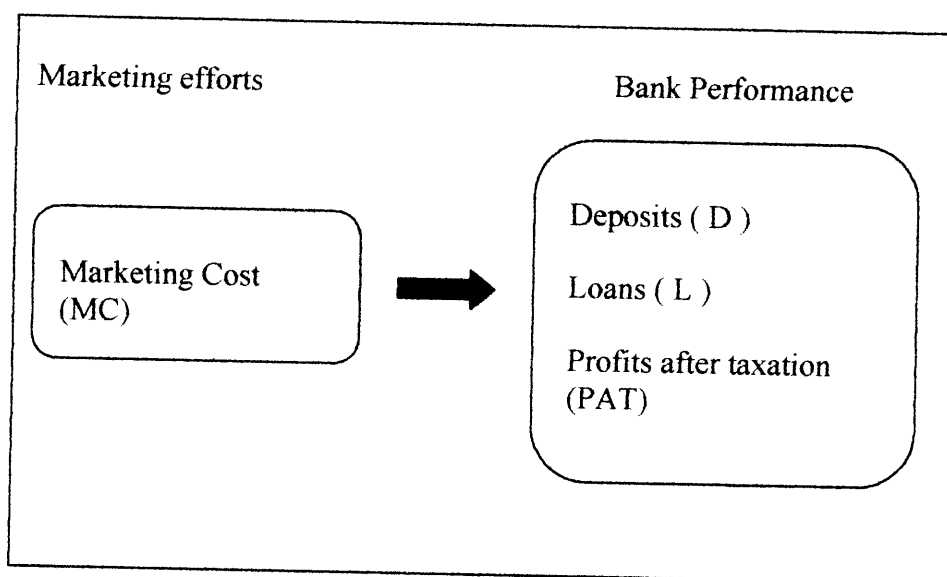
This study is data based. The relevant data have been collected from the official sources, such as annual reports of the banks and publications of the Bank Negara Malaysia.

The study is confined to recent 3 years : 1996, 1997 and 1998 period for the purpose of empirical analysis. This short period selection is an obvious limitation of the study. Nevertheless, its analytical significance and inferences cannot be undermined.

#### **4.4 Research Design and Model**

Our study model consisted of two major components; the performance of the banks which measured through the dependent or determined variables such as profit after taxation, deposits and loans regarded as and the marketing cost of the bank assumed to the independent or determined variable. The research design model is outlined through Figure 4.1.

Figure 4.1 Research Design model



In Figure 4.1, the arrow pointing the relationship indicates the expected relationship. Abbreviation used for each variables through this research are also stated.

The model gave the foundation for analysis which sought to explain the relationship among the two variables. In as much as possible, variables were selected on the basis of the literature reviewed. Thus, while this study break new ground, it has bearing upon previous studies.

Based on the research model in Figure 4.1, as noted before the bank performance of a bank was measured by 3 indicators such as profit after



taxation, deposits and loans. On the other hand, variable of marketing activities was measured by marketing cost for the bank.

As shown in Figure 4.1, the research was based on the notion that the bank performance would have positive relationship with its marketing cost. However, there are few studies as found in the literature review, for this particular effect relationship.

It was not within the scope of this study to determine the direction causality in this particular relationship but rather to focus on the significance of such a relationship.

#### **4.5 Definition of Terms**

In the course of study, following major terms have been used:

**i) Marketing Cost (MC)**

This includes expenses incurred for the purpose of selling and promoting the bank's product on its image such as advertising, entertainment, promotional activities, sponsorship and donations.

**ii) Deposit (D)**

In a traditional sense, this term implies the deposits from the customer which includes the demand deposits, saving deposits, fixed deposits, Negotiable Instruments of deposits and others. These deposits are sourced from few types of customers such as business enterprises, individuals, federal and state governments and others.

**iii) Loans (L)**

The term refers to loans and advances include the overdrafts, term loans ( fixed rate and floating rate) , hire purchase, lease receivables, block discounting, credit cards charge, bill receivable, trust receipts and other loans.

**iv) Profits After Taxation (PAT)**

This refers to the net profits for the bank after taxation.

#### **4.6 Sampling Design**

The following variables are tacked in this study : profit after taxation, loans and advances, deposits from customers and marketing cost. The sample representation covers the annual data from 1996 to 1998 for 30 commercial

banks each year. Cross sectional data are pooled to compensate for the limited yearly data in our sample data ( See Appendix 1).

#### **4.7 Source of Data**

For the present study both primary and secondary data were collected by the researcher.

##### **4.7.1 Primary Data**

The primary data and information have been obtained through interviews with the bank marketing executives of the selected bank which are listed in Commercial bank Tier 1.

According to Tull and Hawkins (1993), there are three basic response formats that inquiry questions can presume. The first question is an example of an open-ended question where the respondent is free to choose any response deemed appropriate, within the limits implied by the question. The second format a multiple - choice response format. And the third is a dichotomous question.

The present, researcher used open-ended questions ( see Appendix 2) in order to lay the foundation of the study. Open-ended questions leave the respondent free to offer any replies that seem appropriate in light of the question. Beside that, as indicated by Tull and Hawkins (1993), open-ended question can provide the researcher, with a basis for judging the actual values and views of respondents that are often difficult to capture with more structure techniques.

#### **4.7.2 Secondary Data**

The present study however, mainly involved secondary data form annual reports of commercial banks from year 1996 to 1998 for 30 banks. The sources of data included :

- Annual report of each bank
- Bank Negara Malaysia
- Bank Negara Malaysia. Internet online statistic periodical report ( <http://www.bnm.gov.my>)

#### **4.8 Data Analysis Techniques**

Two major statistical analysis techniques have been used in this study, namely:

- Pearson Correlation Matrix , and
- Linear Regression.

By using the correlation matrix, we can determine the linkage between both the variables for its strength and direction of the relationship. The test of Pearson Correlation is done to identify the variables in a situation that influence a particular phenomenon on interest ( Sekaran, 2000).

In our study, the test of correlation is done to test whether there is positive relationship between the bank performance and marketing cost. This test is mean to provide information about the direction, strength and relationship among the variables in this study.

Regression is a forecasting techniques that measures the relationship of one variable to one other variable ( Zikmund, 1994 ). In our study the linear regression method is adapted to relate one dependent variable to one independent variable in the form of linear equation.

The following regression equations have been worked out:

$$(D)_t = b_0 + b_1 (MC)_t \dots\dots\dots(1)$$

$$(L)_t = b_0 + b_1 (MC)_t \dots\dots\dots(2)$$

$$(PAT)_t = b_0 + b_1 (MC)_t \dots\dots\dots(3)$$

Since there is a single determinant or explanatory variable ( MC ) taken in our study model, we had to measure the separate equations for each component of the bank performance as explained variable.

#### **4.9 Concluding Remarks**

Based on analytical review of the annual reports of 30 selected commercial banks, Bank Negara Malaysia Report and 6 bank executives interview, the study sought to portray a clear picture of positive relationship between marketing efforts and the bank performance.

## **CHAPTER FIVE**

### **Marketing Cost - Bank Performance Nexus**

#### **5.1 Introduction**

This chapter presents the empirical analysis involved in the study. The findings have been interpreted to describe the nature of the relationship between the independent variable (marketing cost) and three dependent variables, viz: deposits to customer, loans, and profits after taxation.

#### **5.2 Major Empirical Findings and the Analysis**

In order to test the validity of the hypotheses in relation to the years 1996, 1997 and 1998, two data analysis techniques were used, namely Pearson Correlation ( See Appendix 3, 4 and 5) and Linear Simple Regression ( See Appendix 6, 7 and 8). In particular, the following relationships have been examined:

- Marketing cost and Bank Deposits from customer Nexus
  
- Marketing cost and Bank Loans Nexus
  
- Marketing cost and Profits after taxation Nexus

### **5.2.1 Marketing Cost and Deposits Nexus.**

In order to examining the relationship between marketing cost and deposit from customer, the null hypothesis and alternative hypothesis are as follows:

Ho: Bank performance in term of deposits has no positive relationship with its marketing cost.

H1: Bank performance in term of deposits has positive relationship with its marketing cost.

Table 5.1 represents the results of correlation analysis in our study.



Table 5.1 Pearson Correlation Matrix for Marketing cost and Deposits from customer ( D )

---- Correlation Coefficients ----						
	1996		1997		1998	
	MC	D	MC	D	MC	D
MC	1.000 (30) p=.	.870 (30) p=.000	1.000 (30) p=.	.726 (30) p=.000	1.000 (30) p=.	.795 (30) p=.000
D	.870 (30) p=.000	1.000 (30) p=.	.726 (30) p=.000	1.000 (30) p=.	.795 (30) p=.000	1.000 (30) p=.

( Coefficient / ( Observation) / 1 - tailed Significance)  
MC = Marketing Cost  
D = Deposits from customer.  
Correlation is significant at the 0.01 level.

From the table 5.3, the correlation coefficients between marketing cost and deposits, for the year 1996, 1997 and 1998 are 0.870, 0.726 and 0.795 respectively suggesting that there is a positive relationship between these two variables for the three years. The observed significant level for these three years are 0.000, which is less than the desire level of significance ( 0.05). Thus, there is empirical evidence to say that the found relationship is significant at both levels, 0.05 and 0.01.

Table 5.2 represents the results of overall regression analysis pertaining to equation (1) stated in previous chapter.

Table 5.2 The Linear Regression Analysis between Marketing cost (MC) and Deposits (D).

***** Linear Regression*****			
Dependent Variables : Deposits from customers.			
Variable Entered : Marketing Cost			
	1996	1997	1998
R	.870	.726	.795
R Square	.757	.528	.631
Adjusted R Square	.749	.511	.618
Analysis of Coefficients			
Beta Coefficient	920.967	746.613	815.338
T - test	9.348	5.593	6.925

By using linear regression, the Beta Coefficients attached to marketing cost and deposits for the year 1996, 1997 and 1998 are 920.967, 746.613 and 815.338 respectively. Its indicates that the marketing cost is positively related to the dependent variable i.e deposits from customer. This indicates, as marketing cost increases by 1 unit the deposits increases by 920.67 for year 1996, 746.613 for year 1997 and 815.338 for year 1998, when other things remain constant.

The observed, t - value is also significant for the years 1996,1997 and 1998. In 1996 the value is 9.348, 1997 the value is 5.593 and 1998 the value is 6.925, which are larger than the critical value (2.00). Thus, the found linear relationships are statistically significant.

This indicates that, the null hypothesis is rejected, and the alternative hypothesis is accepted for the three years. This is because, there is statistical evidence to reject the null hypothesis and accept the alternative hypothesis.

#### **5.2.2 Marketing Cost and Loans Nexus.**

For examining the relationship between marketing cost and loans.

Ho: Bank performance in term of loans has no positive relationship with its marketing cost.

H1: Bank performance in term of loans has positive relationship with its marketing cost.

Table 5.3 represents the results of correlation analysis in our study.

Table 5.3 Pearson Correlation Matrix for Marketing cost and Loans ( L ).

---- Correlation Coefficients ----						
	1996		1997		1998	
	MC	L	MC	L	MC	L
MC	1.000 (30) p= .000	.810 (30) p= .000	1.000 (30) p= .000	.645 (30) p= .000	1.000 (30) p= .000	.792 (30) p= .000
L	.810 (30) p= .000	1.000 (30) p= .000	.645 (30) p= .000	1.000 (30) p= .000	.792 (30) p= .000	1.000 (30) p= .000

( Coefficient / ( Observation) / 1 - tailed Significance)  
MC = Marketing Cost  
L = Loans and advances.  
Correlation is significant at the 0.01 level.

The table 5.3 shows that, the correlation coefficients marketing cost and loans for three years; 0.810 for 1996, 0.645 for year 1997 and 0.792 for year 1998. There is a high positive relationship between the two variables for the year 1996. The relationship between the two variables for 1997 and 1998 is substantially positive. The observed significant level for these three years are 0.000 which is less than the desired level of significance ( 0.05). Thus, the found relationships between marketing and loans for the three years are statistically significant at both significant levels, 0.005 and 0.001.

Table 5.4 contains the results of regression analysis for equation (2) in our study.

Table 5.4 The Linear Regression Analysis between Marketing cost (MC) and Loans and advances ( L ).

***** Linear Regression*****			
Dependent Variables : Loans and advances.			
Variable Entered : Marketing Cost			
	1996	1997	1998
R	.810	.645	.792
R Square	.656	.416	.628
Adjusted R Square	.643	.395	.615
Analysis of Coefficients			
Beta Coefficient	759.688	584.327	791.903
T - test	7.300	4.468	6.875

By using linear regression, the Beta Coefficient attached to marketing cost has a positive sign for the three years. The Beta Coefficient value for 1996 is +759.688. It is +584.327 for year 1997 and is +791.903 for 1998. The results show that the marketing cost is positively related to the dependent variable i.e loans for every year concerned. As marketing cost increases by 1 unit, loans increases by 759.688 for year 1996, 584.327 for year 1997 and 791.903 for year 1998 when other things remain constant.

Beside that, the t - values for these three years, 1996 (7.300), 1997 (4.468) and 1998 (6.875) are larger than the critical value 2.00. This means that the found positive relationships between marketing cost and loans are statistically significant for the three years.

According to the empirical evidence, it is possible to reject the null hypothesis and accept the alternative hypothesis. Refer to Appendix 9, 10 and 11 for the flow of marketing cost, profits after taxation, deposits and loans from year 1996 to 1998.

### **5.2.3 Marketing Cost and Profits After Taxation Nexus.**

For examining the relationship between marketing cost and profits after taxation, the relevant null hypothesis (Ho) and alternative hypothesis (H1) were tested under:

Ho: Bank performance in term of profits after taxation has no positive relationship with its marketing cost.

H1: Bank performance in term of profits after taxation has positive relationship with its marketing cost.

Our empirical results are represented in Table 5.1

Table 5.5: Pearson Correlation Matrix for Marketing cost (MC) Profits after taxation ( PAT )

---- Correlation Coefficients ----						
	1996		1997		1998	
	MC	PAT	MC	PAT	MC	PAT
MC	1.000 (30) p= .395	.917 (30) p= .000	1.000 (30) p= .	.684 (30) p= .000	1.000 (30) p= .	.051 (30) p= .
PAT	.917 (30) p= .000	1.000 (30) p= .	.684 (30) p= .000	1.000 (30) p= .	.051 (30) p= .395	1.000 (30) p= .

( Coefficient / ( Observation) / 1 - tailed Significance)  
MC = Marketing Cost  
PAT = Profits After Taxation      Correlation is significant at the 0.001 level  
Correlation is significant at the 0.01 level.

From the table 5.5 for the year 1996, the Person Correlation between marketing cost and profits after taxation is 0.917, suggesting that there is a strong relationship between these two variables. The desire level of significance is 0.05 level. The observed significance level is 0.000, which is less than the desire level of significance (0.05). Thus we found that relationship between marketing cost and profits after taxation is statistically significant at both levels, 0.05 and 0.01.

For the year 1997, the correlation between the two variables is 0.686 which is also significant at 0.05 and 0.01 as well. However, in the year 1998, the correlation is 0.051 suggesting that there exists no positive relationship between these two variables. This may be attributed as an exception due to recessionary impact of 1997 crisis in the country.

Table 5.6 represents result of regression analysis of measuring regression model equation (3), stated in the previous chapter.

Table 5.2 The Linear Regression Analysis between Marketing cost (MC) and Profits after taxation (PAT).

***** Linear Regression*****			
Dependent Variables : Profits after taxation			
Variable Entered : Marketing Cost			
	1996	1997	1998
R	.917	.684	.051
R Square	.841	.468	.003
Adjusted R Square	.836	.449	-.033
Analysis of Coefficients			
Beta Coefficient	17.981	12.300	1.292
T - test	12.183	4.960	.268



Using simple linear regression, the Beta Coefficient for the year 1996 attached to marketing cost has a positive sign ( + 17.981), meaning that the marketing cost ( MC) is positively related to the dependent variable i.e Profits after taxation (PAT). This describes that, as the marketing cost increases by 1 unit, profit after taxation increases by 17.981 when other things being equal. The observed t - value ( 12.183) is larger than critical value ( 2.00). Thus, the found linear regression is statistically significant.

The Beta Coefficient attached to marketing cost for the year 1997 is 12.300, meaning that marketing cost is positively related to profits after taxation. As marketing increases by 1 unit, profit after taxation increases by 12.300, when other things remain constant. In addition, in the year 1997 the observed t - value ( 4.960 ) is larger than the critical value ( 2.00 ), which is also found statistically significant.

For the year 1998 the Beta Coefficient attached to the marketing cost has small positive sign (1.292) suggesting a very small relationship between the two variables. However the coefficient is not statistically different from 0 as shown by the small t - value of 0.268 which less than critical value (2.00). Thus, the found relationship is not statistically significant.

As per the t-test for the year 1996 and 1997, the null hypothesis is rejected. Apparently, the alternative hypothesis is accepted. But the alternative

hypothesis cannot be accepted for the year 1998, this is because there is no statistical evidence to reject the null hypothesis for 1998.

### **5.3 A Snapshot of Interview Discussion**

The marketing department of six banks investigated for the present study ( See Appendix 12 ), consisted of variation of the staff 20 to 35. The marketing staff of the bank in general are trained and have participated in various types of training courses in bank marketing such as bank assurance, campaign training, product knowledge, selling techniques, marketing analysis training, e-customer training management and so on.

These banks have been undertaking allied marketing activities such as advertisements ( TV, newspaper, radio) leaflets, banners, magazines, internet and so on. The bank marketing officials of the opinion that marketing activities are actually their customer in choosing the bank product and services. And this is important for the financial innovation currently. The banks lacking marketing plans and activities have usually a competitive disadvantage.

There are two major functions of the bank marketing department that have been identified such as tapping the new customer and retaining the patronage. Bank marketing media are frequently in the form of advertisements in TV and newspapers, leaflets, magazines and banners as well as internet. The

marketing officials also added that TV advertisement is the most expensive expenditure of marketing activities.

Marketing alone, however, does not help much if there is no quality of the bank product and the bank's staff. Sponsorship and scholarship are also regarded as a part of marketing activities in Malaysian banking sector. Thereby, the banks are also rendering a social service in promoting the course of education in the country.

Malaysian bankers are, however, shy in approaching the marketing consultants. They usually rely on the internal staff for marketing activities. In general all the marketing officials gave comments and agreed that there is a relationship between the marketing activities and bank performance

#### **5.4 Concluding Remarks**

For the present study three dependent variables (deposits, loans and profits after taxation) and one independent variable (marketing cost) were considered. A synthesised review of the found relationships between dependent variables and independent variable examined for the study suggests that the marketing cost has significant positive impact on the bank performance in terms deposits, loans and profits after taxation.

## **CHAPTER SIX**

### **Summary and Concluding Observation**

#### **6.1 Prelude**

In this chapter, we ring down the curtain with a summary of the findings in the light of the objectives of the study such as : to examine the positive relationship between marketing efforts and bank performance ( as hypothesis to be tested), and determining the level of nexus between marketing efforts and bank performance in Malaysia. Moreover, finger posts to future research in the field are indicated.

#### **6.2 Summary of Findings**

The empirical results of the study show that there is a strong positive relationship between marketing efforts and bank performance ( in term of deposits from customer, loans and advances, and profits after taxation) in Malaysia. It follows that, banks in the country have been significantly undertaking marketing efforts and activities in the course of their business to enhance their performance. However, in 1998, owing to the 1997 economic

crisis in the country, there was a set back in marketing activities too so that the impact of marketing cost on profit after taxation was insignificant. This could be attributed to the lack of funding with banks to generate daily operations.

Nonetheless, over all study results suggest that, relationship between marketing efforts and bank performance are co interrelated. So also, the interview discussions with 6 bank executives of major commercial bank supported our conclusion regarding a positive nexus. Bank executives opine that marketing efforts are important aspect in bank management and business strategies, which can be used as competitive advantage. Using Pearson Correlation and Simple Linear Regression test, we have detected that if the marketing cost increases, the bank performance in term of deposits, loans as well as profits increases.

### **6.3 Suggestions**

The findings and conclusions drawn from this study has its unique significant to researchers, and practitioners of marketing strategies in banking business. The following finger-posts by way of suggestion are worthy of consideration in this regard.

- The present study had a restricted scope. There is a potentiality to enlarge the scope. Future study can be undertaken to cover a larger sampling population from 1995 to 2000. The validity of the hypotheses about marketing and performance nexus can further be examined more rigorously with the increased sample and new techniques of analysis.
  
- Future researchers can examine the main areas of marketing activities in banking sector which have highest impact, in term of improved banks' performance.
  
- Specifically, the scope of the study may be extended to examine the anchor bank of Malaysia under the environment of growing financial innovation and competition in upcoming Internet Age.
  
- Above all, on practical sides, marketing department of each bank should identify and analyse the impact of marketing efforts of their business and deal with the significant factors towards financial and marketing innovation for its competitive advantage.
  
- For outsourcing, there is a wide potential for establishment of specialised financing Services Marketing Agency in a developing country such as Malaysia.

#### **6.4 Conclusion Remarks**

Empirical findings of this study confirm a positive relationship between marketing efforts and bank performance in terms of deposits, loans and profits. The growing importance of marketing efforts in enhancing bank performance is well supported in this study. Even though, marketing role is not a sole factor in determining the bank performance, it has a significant impact on bank performance. Marketing efforts and expenditures is an important aspect in a bank's business strategy to improve the organisation's competitive advantage. The marketing departments of Malaysian banks should seriously consider product innovation, product development, market segmentation, marketing innovation as well as understanding customer needs and expectations to build relationship on long term basis. Finally, the banks need to utilise the advancing technology such as electronic - banking and internet in order to obtain a larger market share in an open economy. For outsourcing there is a wide scope for establishment of a special 'Financial Services Marketing Agency' through pooled bank resources.

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## **APPENDICES**

**Appendix 1 : Cross Sectional Data For Research Variables**

Banks	1996 ( RM '000 )			1997 ( RM '000 )			1998 ( RM '000 )					
	MC	PAT	D	L	MC	PAT	D	L	MC	PAT	D	L
Arab/Malaysian Bank	1697	10048	2418247	3329550	2853	42477	5177175	6198182	7988	-30678	3628973	8129298
Ban Hin Lee	5358	56594	4601252	3577176	4187	57801	5264762	4433124	2551	22135	5802037	4637063
Bumiputere(BBMB)	17474	403644	23133941	20935607	22051	337986	27900061	22211062	19384	-1199800	31567659	25006790
Bank of commerce	3932	158330	11435392	9708273	4022	149878	13046680	11843221	4507	43726	13235376	13339765
Commercial BSN	2131	31908	2005375	3256307	3067	-51774	2934590	41054126	3686	-335112	4541126	4317534
Bank Utama	1915	42681	3524405	2916204	3122	64301	3950178	4105232	1521	-370220	4728882	3743577
EON bank	3426	20712	2810399	2659027	4619	5012	2945328	4791179	4489	-48500	3988177	5094706
Hock Hua Bank	634	68071	3595486	2757490	627	211166	3467978	2980665	564	53489	3516111	3111137
Hong Leong Bank	8303	78956	5814503	5092908	7646	114368	8213649	7822444	6813	59903	10252346	9267432
Maybank	31699	709481	39300236	36373997	27045	865040	46918402	45297719	43900	260126	51894351	56277246
Multipurpose bank	4003	101613	5100069	4349765	3877	73787	5976515	6057426	2626	26056	5727864	5532797
Oriental Bank	5373	37608	3144502	3985590	3940	64386	4733303	5015292	4624	-70719	5330894	5644444
Perwira Affin	7873	206455	8782994	8289115	7174	163956	10172217	9979062	5780	80933	10936155	9500026
Philocalled bank	3163	16724	1508330	1568594	9983	14690	4720461	4263740	2663	-68326	4526719	5319852
Public Bank	19973	286520	17970881	10486116	24206	227964	21041305	11112890	15196	275117	21882894	11772395
Southern bank	8527	80150	4172712	3649890	10807	80594	4604636	4472723	7608	72786	4876188	5150571
Pacific bank	4499	88137	6344788	5757338	4593	63595	7343506	6710843	2803	15028	7543358	6252840
Wah Tat bank	533	7730	452847	438944	565	6897	531914	481874	575	4144	554090	489559
ABN AMRO bank	545	4355	765349	1075281	586	-11603	868300	1267176	854	11427	697426	1206293
Bangkok bank	60	8660	424002	364830	68	10249	524702	568431	73	-41624	544348	430173
Bank of America	76	17162	503935	862215	137	39459	772807	1180773	244	50641	462985	741106
Bank of Tokyo	1306	49055	1337606	1771767	1104	65927	2065781	1969824	1121	144520	1703752	1843675
Citibank	19475	216086	5715163	1428411	32969	200007	7685244	5937584	36319	219549	7860833	7322700
Deutsche bank	1327	27522	1054158	1310820	1988	190	1283830	1166052	1225	-29693	927175	7501067
HSBC bank	16375	320630	12188574	11440225	27731	213652	17010219	13794503	17931	-269755	16889765	14989569
OCBC bank	7047	181121	9078698	8941296	6594	187667	12706119	11514530	4717	75286	11227975	10990592
Overseas union bank	728	82191	2490983	3333826	595	72019	2946354	4051647	2555	32571	3438118	5119732
Standard Chartered	16464	200161	8327975	7758957	18286	322801	12058493	10114811	17826	164062	11530755	11150720
Bank Of Nova Scotia	559	6345	173789	918048	543	10222	180942	854035	1203	12443	349984	1012734
United Overseas Bank	3900	106745	2873657	2896618	6192	108056	7419386	7125236	5171	140931	6682874	6377525

## **Appendix 2: Open- ended Questions Used in Interview Method**

### **I. Personal Details:**

- a. Sex:
- b. Age:
- c. Educational Level:
- d. No. of years in Banking Sector
- e. No. of years in Marketing Department
- f. Attendant Course / Training in Marketing
- g. If so, how many and what types of training:

### **II. Bank:**

- a. Name of Bank: \_\_\_\_\_
- b. Bank Capital: \_\_\_\_\_
- c. Number of Staffs ( Marketing Department): \_\_\_\_\_
- d. Annual Budget Approx: \_\_\_\_\_

### **III. Marketing Activities / Programs**

- a. Types of marketing activities: ( Elaborate what are the activities undertaken)
- b. Hierarchy of marketing activities: ( List from important activities to least)

- c. Status of marketing department in the bank?
- d. Perception of the interviewee towards marketing activities:
- e. Is there any difference between type of customer and marketing activities?
- f. Do you have marketing consultant? If yes, how many?
- g. Do you farm out marketing activities? If so, why?
- h. What is most expensive marketing expenditure?
- i. Do you see scholarship and sponsorship as part of marketing?
- j. Is marketing expenditure tax deductible?
- k. Any other comments?



**Appendix 3: Correlations Analysis Between Marketing Cost (MC) and  
Profits After Taxation (PAT), Deposits (D) and Loans (L) for Year 1996**

## Correlations

**Correlations**

		Marketing cost	Profit after taxation
Marketing cost	Pearson Correlation	1.000	.917**
	Sig. (1-tailed)	.	.000
	N	30	30
Profit after taxation	Pearson Correlation	.917**	1.000
	Sig. (1-tailed)	.000	.
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

## Correlations

**Correlations**

		Marketing cost	Deposits
Marketing cost	Pearson Correlation	1.000	.870**
	Sig. (1-tailed)	.	.000
	N	30	30
Deposits	Pearson Correlation	.870**	1.000
	Sig. (1-tailed)	.000	.
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

## Correlations

**Correlations**

		Marketing cost	Loans
Marketing cost	Pearson Correlation	1.000	.810**
	Sig. (1-tailed)	.	.000
	N	30	30
Loans	Pearson Correlation	.810**	1.000
	Sig. (1-tailed)	.000	.
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

**Appendix 4: Correlations Analysis Between Marketing Cost (MC) and Profits After Taxation (PAT), Deposits (D) and Loans (L) for Year 1997**

**Correlations**

**Correlations**

		Marketing cost	Profit after taxation
Marketing cost	Pearson Correlation	1.000	.684**
	Sig. (1-tailed)		.000
	N	30	30
Profit after taxation	Pearson Correlation	.684**	1.000
	Sig. (1-tailed)	.000	
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

**Correlations**

**Correlations**

		Marketing cost	Deposits
Marketing cost	Pearson Correlation	1.000	.726**
	Sig. (1-tailed)		.000
	N	30	30
Deposits	Pearson Correlation	.726**	1.000
	Sig. (1-tailed)	.000	
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

**Correlations**

**Correlations**

		Marketing cost	Loans
Marketing cost	Pearson Correlation	1.000	.645**
	Sig. (1-tailed)		.000
	N	30	30
Loans	Pearson Correlation	.645**	1.000
	Sig. (1-tailed)	.000	
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

Appendix 5: Correlations Analysis Between Marketing Cost (MC) and Profits After Taxation (PAT), Deposits (D) and Loans (L) for Year 1998

## Correlations

Correlations

		Marketing cost	Profit after taxation
Marketing cost	Pearson Correlation	1.000	.051
	Sig. (1-tailed)	.	.395
	N	30	30
Profit after taxation	Pearson Correlation	.051	1.000
	Sig. (1-tailed)	.395	.
	N	30	30

## Correlations

Correlations

		Marketing cost	Deposits
Marketing cost	Pearson Correlation	1.000	.795**
	Sig. (1-tailed)	.	.000
	N	30	30
Deposits	Pearson Correlation	.795**	1.000
	Sig. (1-tailed)	.000	.
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

## Correlations

Correlations

		Marketing cost	Loans
Marketing cost	Pearson Correlation	1.000	.792**
	Sig. (1-tailed)	.	.000
	N	30	30
Loans	Pearson Correlation	.792**	1.000
	Sig. (1-tailed)	.000	.
	N	30	30

\*\* . Correlation is significant at the 0.01 level (1-tailed).

**Appendix 6: Simple Linear Regression Analysis Between Marketing Cost (MC) and Profits After Taxation (PAT), Deposits (D) and Loans (L) for Year 1996.**

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost	.	Enter

a. All requested variables entered.

b. Dependent Variable: Profit after taxation

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.917 <sup>a</sup>	.841	.836	61418.2402

a. Predictors: (Constant), Marketing cost

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.60E+11	1	5.5991E+11	148.430	.000 <sup>a</sup>
	Residual	1.06E+11	28	3772200232		
	Total	6.66E+11	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Profit after taxation

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2013.498	14865.553		.135	.893
	Marketing cost	17.981	1.476	.917	12.183	.000

a. Dependent Variable: Profit after taxation

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost	.	Enter

a. All requested variables entered.

b. Dependent Variable: Deposits 70

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.870 <sup>a</sup>	.757	.749	4099646.9651

a. Predictors: (Constant), Marketing cost

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.47E+15	1	1.4688E+15	87.394	.000 <sup>a</sup>
	Residual	4.71E+14	28	1.6807E+13		
	Total	1.94E+15	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Deposits

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	278449.94	992270.65		.281	.781
	Marketing cost	920.967	98.515	.870	9.348	.000

a. Dependent Variable: Deposits

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost		Enter

a. All requested variables entered.

b. Dependent Variable: Loans

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.810 <sup>a</sup>	.656	.643	4330842.3539

a. Predictors: (Constant), Marketing cost

# ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.99E+14	1	9.9944E+14	53.286	.000 <sup>a</sup>
	Residual	5.25E+14	28	1.8756E+13		
	Total	1.52E+15	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Loans

# Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	683355.14	1048228.7		.652	.520
	Marketing cost	759.688	104.071	.810	7.300	.000

a. Dependent Variable: Loans

**Appendix 7: Simple Linear Regression Analysis Between Marketing Cost (MC) and Profits After Taxation (PAT), Deposits (D) and Loans (L) for Year 1997.**

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost	.	Enter

a. All requested variables entered.

b. Dependent Variable: Profit after taxation

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 <sup>a</sup>	.468	.449	126598.2680

a. Predictors: (Constant), Marketing cost

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.94E+11	1	3.9432E+11	24.603	.000 <sup>a</sup>
	Residual	4.49E+11	28	16027121452		
	Total	8.43E+11	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Profit after taxation

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24840.630	30518.985		.814	.423
	Marketing cost	12.300	2.480	.684	4.960	.000

a. Dependent Variable: Profit after taxation

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost	.	Enter

a. All requested variables entered.

b. Dependent Variable: Deposits

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.726 <sup>a</sup>	.528	.511	6814968.8775

a. Predictors: (Constant), Marketing cost

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.45E+15	1	1.4529E+15	31.284	.000 <sup>a</sup>
	Residual	1.30E+15	28	4.6444E+13		
	Total	2.75E+15	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Deposits

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2148373.1	1642881.3		1.308	.202
	Marketing cost	746.613	133.486	.726	5.593	.000

a. Dependent Variable: Deposits

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost		Enter

a. All requested variables entered.

b. Dependent Variable: Loans

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645 <sup>a</sup>	.416	.395	6676989.7425

a. Predictors: (Constant), Marketing cost



# ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.90E+14	1	8.8995E+14	19.962	.000 <sup>a</sup>
	Residual	1.25E+15	28	4.4582E+13		
	Total	2.14E+15	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Loans

# Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2701074.7	1609618.8		1.678	.104
	Marketing cost	584.327	130.784	.645	4.468	.000

a. Dependent Variable: Loans

**Appendix 8: Simple Linear Regression Analysis Between Marketing Cost (MC) and Profits After Taxation (PAT), Deposits (D) and Loans (L) for Year 1998.**

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost	.	Enter

a. All requested variables entered.

b. Dependent Variable: Profit after taxation

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.051 <sup>a</sup>	.003	-.033	270322.5007

a. Predictors: (Constant), Marketing cost

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.26E+09	1	5256884780	.072	.791 <sup>a</sup>
	Residual	2.05E+12	28	73074254362		
	Total	2.05E+12	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Profit after taxation

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-33071.558	61303.178		-.539	.594
	Marketing cost	1.292	4.816	.051	.268	.791

a. Dependent Variable: Profit after taxation

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost	.	Enter

a. All requested variables entered.

b. Dependent Variable: Deposits

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795 <sup>a</sup>	.631	.618	6608866.0509

a. Predictors: (Constant), Marketing cost

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.09E+15	1	2.0945E+15	47.954	.000 <sup>a</sup>
	Residual	1.22E+15	28	4.3677E+13		
	Total	3.32E+15	29			

a. Predictors: (Constant), Marketing cost

b. Dependent Variable: Deposits

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2406047.8	1498745.0		1.605	.120
	Marketing cost	815.338	117.740	.795	6.925	.000

a. Dependent Variable: Deposits

## Regression

### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	Marketing cost		Enter

a. All requested variables entered.

b. Dependent Variable: Loans

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.792 <sup>a</sup>	.628	.615	6465414.2481

a. Predictors: (Constant), Marketing cost

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.98E+15	1	1.9758E+15	47.267	.000 <sup>a</sup>
	Residual	1.17E+15	28	4.1802E+13		
	Total	3.15E+15	29			

a. Predictors: (Constant), Marketing cost

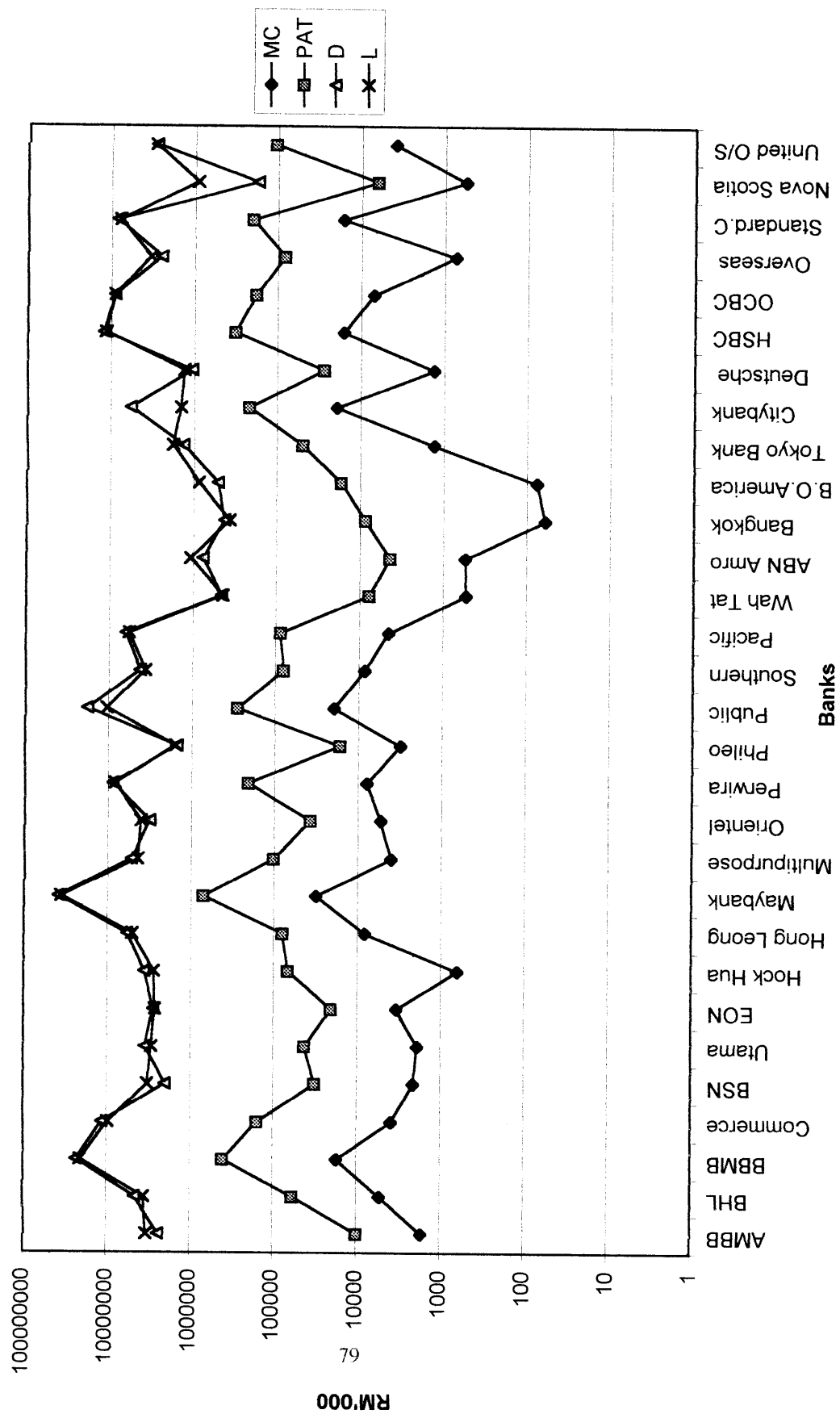
b. Dependent Variable: Loans

**Coefficients<sup>a</sup>**

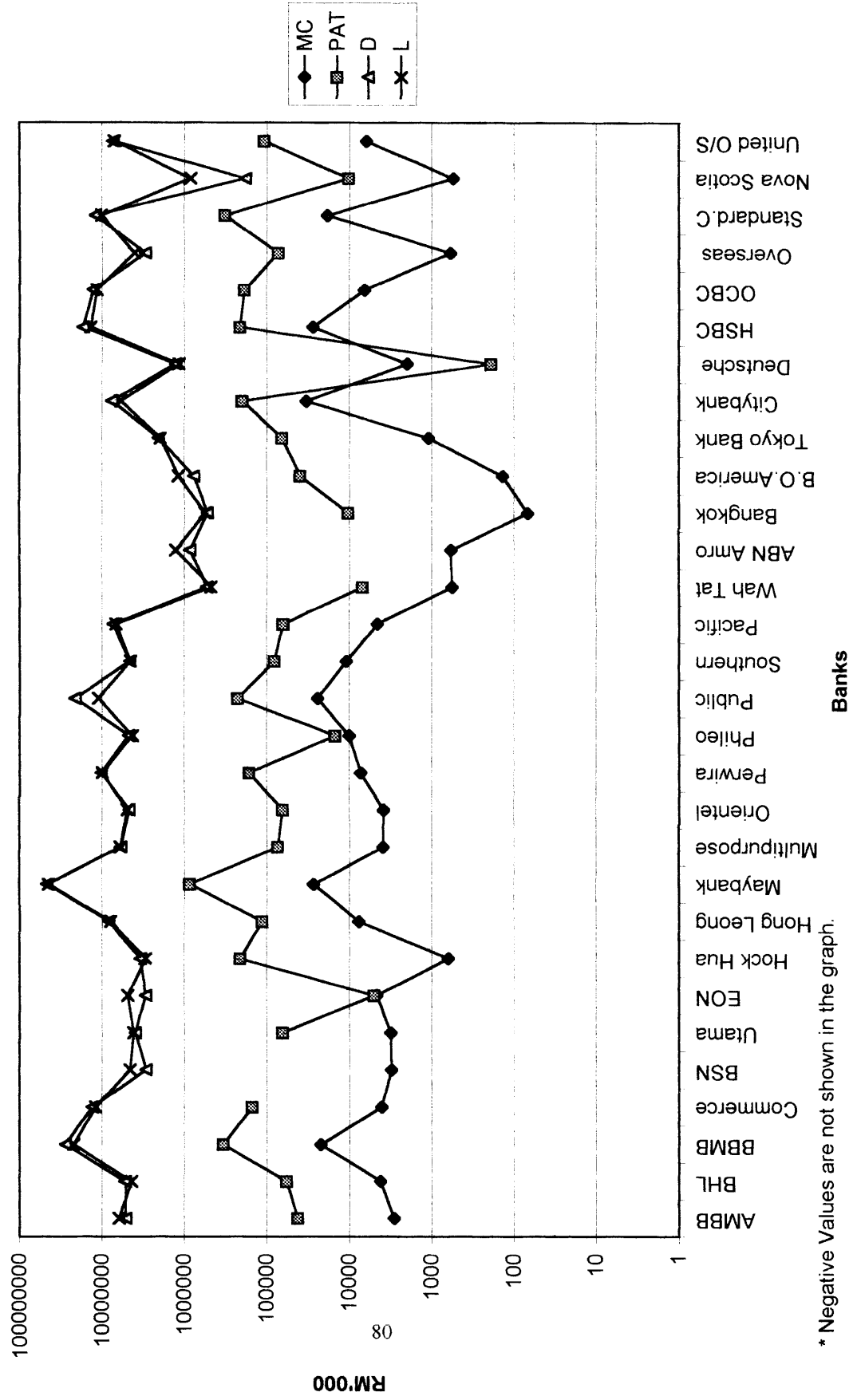
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2396447.7	1466213.3		1.634	.113
	Marketing cost	791.903	115.185	.792	6.875	.000

a. Dependent Variable: Loans

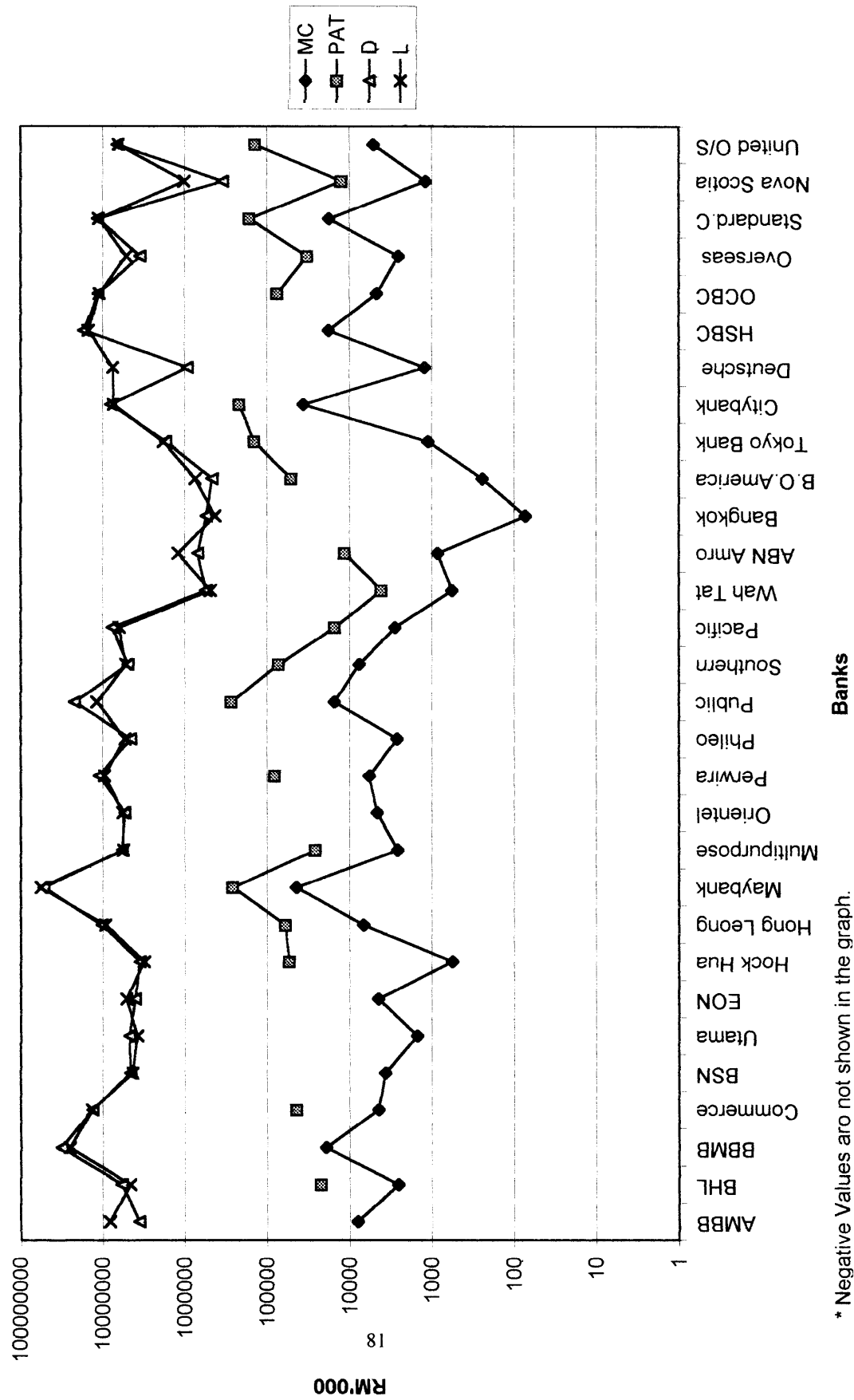
**Appendix 9: Marketing Cost, Deposits, Loans And Profits After Taxation for Year 1996**



**Appendix 10: Marketing Cost, Deposits, Loans and Profits After Taxation for Year 1997**



**Appendix 11: Marketing Cost, Deposits, Loans and Profits After Taxation for Year 1998**



## **Appendix 12:Information Obtained Through Interview Method**

**Bank 1:                      Maybank**

### **Interview content**

#### **I.        Personal Details**

The respondent from the X1 is a Male, 39 years old, holding Masters in Finance. He has 18 years of working experience in the banking sector as well as in the marketing department. He had attended few courses and training concerning marketing areas. The courses attendant by the respondent are consist of Bank Assurance, Campaign Training, Product Knowledge and Selling techniques.

#### **II.       Bank**

There are 30 - 35 staffs in the marketing department.

#### **III.      Marketing Activities**

Maybank has various form of marketing activities which consist of advertisement (TV, newspaper), sponsorship, leaflet, banner, megamall promotion, magazine, radio, internet and etc. According to the respondent the leaflet and pamphlets were used to reinforce the information to the customer. TV adds are used especially for international trade finance which includes internal and external goods and also for personal banking. Megamall promotions are promotion activities which is done by setting up Maybank counter.

From the various marketing activities done, the most and frequent form of marketing activity is advertisement in the TV followed with leaflet and pamphlets, newspaper, banner, megamall promotions and etc

When the question on the status of the marketing department was asked, the respondent responded by saying that the department directs its staffs to conduct marketing activities effectively. He also added that marketing department is as important as other department in the bank. This was said so because this department not only takes care of the marketing activities of the bank but also plays an important role as a customer needs department by setting up new product and service strategies.

According to the respondents the marketing activities actually reacts as a communicator or informer on the banking products and services to the outsiders (customers and future customers). He also added that this activity actually influences their customers on choosing the bank's products and services.



Regarding the differences between marketing activity and the type of customer, the respondent agreed that there is a difference between them. This is said so because the marketing activities actually aimed to provide or deliver the right information to the right customer. He also added that the differences is also been influence by the target product. There is no marketing consultant for the bank. Moreover the bank doesn't farm out marketing activities because their internal staff carries out all the marketing activities.

The most costly marketing activity is TV advertisement. The respondent agreed that sponsorship and scholarship as part of marketing activities because these kind of activities will add value to the image of the bank.

Finally respondent concluded that marketing activities is a continues improvement activity. In fact this activities will have an impact on the bank performance as well as customers behaviours. This is said so because these activities indirectly satisfy the existing customer by delivering information on new products and services. This activities also plays an important role to attract prospect customer.

## **Bank 2: Bumiputera Commerce**

### **Interview content**

#### **I. Personal Details**

The respondent from the BC is a Male, 40 years old, holding Masters in Business Administration. He has 15 years of working experience in the banking sector and 4 years in the marketing department. He had attended few courses and training concerning marketing areas. The courses attended by the respondent are consist of Selling training, Market Identifying Training, Product Knowledge and ECRM (e-customer relation management).

#### **II. Bank**

There are 25 staffs in the marketing department.

#### **III. Marketing Activities**

BC has various form of marketing activities which consist of advertisement (TV, newspaper), sponsorship, leaflet, banner, magazine radio and etc. BC bank divides its marketing activities into two types; conventional marketing and e-commerce strategies. Conventional

marketing are activities that consist of all kind of media advertisements whereas e-commerce is a new marketing strategies involving internet.

From the various marketing activities done, the most and frequent form of marketing activity is advertisement in the TV followed with newspaper leaflet and pamphlets, , banner, magazines and etc

When the question on the status of the marketing department was asked, the respondent responded said that the marketing department functions by its own resources. The department has subgroups for the two types of marketing activities (conventional marketing and e-banking.

According to the respondents, if a bank or even a company which don't have a marketing plan and marketing activities, it is lack of competitive advantage in doing business. He added that the conventional marketing activities help in term of communicating about the products and services to their customers (existing and prospect customers)

Regarding the differences between marketing activity and the type of customer, the respondent agreed that there is a difference between them. The respondent said that the marketing activities depend on the customer need and the product been targeted . For instance, for saving account, its better to market using leaflets and TV and radio advertising, whereas for the corporate customer, the marketing activities are focused in the corporate magazines and newspapers.

There is a marketing consultant for the BC bank. Their marketing consultant is Boston Consulting which gives marketing advice and guidelines. But however the BC bank doesn't farm out marketing activities because their internal staff carries out all the marketing activities.

The most costly marketing activity is media advertisement in TV. The respondent agreed that sponsorship and scholarship as part of marketing activities because these kind of activities can create BC community involving all the stakeholders.

Finally respondent concluded that all existing and new products strongly needs marketing activities. This is because marketing activities acts as a continues reminder to their customers. Furthermore marketing activities also help as a communication tool which informs on the banking restructuring. He greed that marketing activities has impact on the loans, deposits and bank profitability.

**Bank 3:****Public Bank**Interview content**I. Personal Details**

The respondent from the PB bank is a Male, 30 years old, holding Diploma in Marketing. He has 9 years of working experience in the banking sector and 6 years in the marketing department. He had attended few courses and training concerning marketing areas. The courses attendant by the respondent are consist of Selling and Campaign Training, Marketing and Quality training and Customer Relationship Training.

**I. Bank**

There are 25 staffs in the marketing department.

**II. Marketing Activities**

PB bank has various form of marketing activities which consist of advertisement (TV, newspaper), sponsorship, leaflet, banner, internet, magazine radio and etc.

From the various marketing activities done, the most and frequent form of marketing activity is TV advertisement followed with leaflet and pamphlets, newspaper, internet, and etc

When the question on the status of the marketing department was asked, the respondent responded by saying that the department functions with their sub department (loans, saving, treasury, current and etc) its as important as the other departments. The sub department will market the products base on customers needs.

According to the respondents the marketing activities performs two functions, to obtain new customers as well as retaining new customers by accommodating their needs with the products offered. Furthermore these activities also plays its role as a after sales service for certain banking products.

Regarding the differences between marketing activity and the type of customer, the respondent agreed that there is a difference between them. This is said so because the marketing activities normally depend on the targeted customer which directly take account their needs and products been offered by the bank. For instance, saving accounts, the best marketing tools are advertising, leaflets and banners whereby the business products are aimed in the business magazines, TV and internet.

There is no marketing consultant for the bank. Moreover the bank doesn't farm out marketing activities because all the marketing people will meet once in forth night to discuses a cross research on customers. In other words it focuses more on internal consultant.

The most costly marketing activity is TV and newspaper advertisement. The respondent agreed that sponsorship and scholarship as part of marketing activities because these kind of activities will indirectly communicate brand and image of the bank.

Finally respondent concluded that marketing activities is a must for an organization because it keeps on informing the customers on their new products and changes in the banks' services. Furthermore marketing activities have certain degree of impact on the bank performance especially in terms of loans and deposits.

**Bank 4: Hongkong Shanghai Bank (HSBC)**

Interview content

**I. Personal Details**

The respondent from the HSBC bank is a Male, 41 years old, holding STPM. He has 23 years of working experience in the banking sector and 6 years in the marketing department. He had attended few courses and training concerning marketing areas. The courses attendant by the respondent are consist of Product Knowledge / Concepts, Selling techniques, Unit Trust, Market Analysis Training and etc.

**II. Bank**

There are 30 staffs in the marketing department.

**III. Marketing Activities**

HSBC bank has various form of marketing activities which consist of advertisement (TV, newspaper), sponsorship, leaflet, banner, internet, magazine radio and etc.

From the various marketing activities done, the most and frequent form of marketing activity is advertisement in the TV followed by newspaper, leaflet and pamphlets, banner, magazine, internet and etc

When the question on the status of the marketing department was asked, the respondent responded by saying that they have a main marketing department with performs two sections. This includes commercial and personal banking. Each section has their own marketing and customer responsibilities.

According to the respondents the marketing activities actually reacts as a communicator and helps to promote their product and services by influencing their customers on choosing the bank's products and

services. Furthermore it is an effective way to touch on customers' personal needs.

Regarding the differences between marketing activity and the type of customer, the respondent agreed that there is a difference between them. The marketing activities depend on either the customers are personal or commercial customers. The personal customer current and personal accounts to name a few whereby the commercial customers are such as corporate accounts which range from insurance to unit trust. Moreover he also added that the differences is also been influence by the target product.

There is no marketing consultant for the bank. Moreover the bank doesn't farm out marketing activities because their internal staff carries out all the marketing activities.

The most costly marketing activity is TV advertisement. The respondent agreed that sponsorship and scholarship as part of marketing activities because these kind of activities will indirectly add prestige to the bank.

Finally respondent concluded that marketing activities has a little impact on the bank performance because there are other factors that need to be consider. Anyhow it do influence the quality of the product and people in the HSBC bank.

## **Bank 5:                      Standard Chartered**

### Interview content

#### **I.        Personal Details**

The respondent from the SC bank is a Male, 35 years old, holding Degree in Accounting. He has 12 years of working experience in the banking sector and 8 years in the marketing department. He had attended few courses and training concerning marketing areas. The courses attendant by the respondent are consist of Project Management, Financial Analysis, Service Quality training, Campaign Management Training etc.

#### **II.      Bank**

There are 20 staffs in the marketing department.

### **III. Marketing Activities**

SC has various form of marketing activities which consist of advertisement (TV, newspaper), sponsorship, leaflet, banner, direct mailing, magazine, sales mailing and etc.

This respondent have highlighted that all marketing activities are important and this depends on the targeted customers.

When the question on the status of the marketing department was asked, the respondent responded by saying that the department function by it self wit its 20 staffs who perform various marketing activities such as personal selling, product development, advertisement, public relation and etc.

According to the respondents the marketing activities actually drives the business in a effective track. They have two main function; to get new customer and retain existing customer by offering various products and services

Regarding the differences between marketing activity and the type of customer, the respondent agreed that there is a difference between them. Besides that it also depends on the objective of the marketing activities.

There is no marketing consultant for the bank, but sometimes they use the advertising agency to get ideas and information about the market.. SC bank do farm out marketing activities because outsiders have their own skills experience as well as being creative. Generally this consultants will be aimed only for the TV advertisement.

The most costly marketing activity is TV advertisement The respondent agreed that sponsorship and scholarship as part of marketing activities but it is not a effective way of marketing strategies.

Finally respondent concluded that marketing activities has a big impact to the bank as it will help to create more "money". Moreover it also influence customers behaviour by communicating the product information as well as the bank image.

**Bank 6: Pacific Bank**

Interview content

**I. Personal Details**

The respondent from the Pacific bank is a Male, 31 years old, holding MBA majoring in Finance. He has 7 years of working experience in the banking sector and 4 years in marketing department. He had attended few courses and training concerning marketing areas. The courses attendant by the respondent are consist of Competitor Analysis, Utilization Analysis, Training in Marketing, Product Knowledge and Selling techniques.

**II. Bank**

There are 20 staffs in the marketing department.

**III. Marketing Activities**

Pacific bank has various form of marketing activities which consist of advertisement (TV, newspaper), sponsorship, leaflet, banner, megamall promotion, magazine radio, internet and etc.

From the various marketing activities done, the most and frequent form of marketing activity are mall promotion and leaflets and pamphlets followed by newspaper, banner, internet promotions and etc

When the question on the status of the marketing department was asked, the respondent responded by saying that there are may marketing units involving different kind of products. He also added that marketing department is as important as other department in the bank. This was said so because this department not only takes care of the marketing activities of the bank but also plays an important role as a customer needs department by setting up new product and service strategies.

According to the respondents the marketing activities reacts as a promoting tools to its customers. In addition to that, marketing activities also help customers to get knowledge on the bank rates and the products offered.

Regarding the differences between marketing activity and the type of customer, the respondent agreed that there is a difference between them. This is said so because the marketing activities will based on the deposit customer and business customer. Basically this activity is to provide or deliver the right information to the right customer.

There is no marketing consultant for the bank. Moreover the bank doesn't farm out marketing activities because their internal staff carries out all the marketing activities.

The most costly marketing activity is leaflet and pamphlets printed in a year. The respondent agreed that sponsorship and scholarship as part of

marketing activities because these kind of activities will add value to the image of the bank.

Finally respondent concluded that marketing activities help to identify the nearest customer. Furthermore this can be used in the niche marketing as well as loyal customer. In fact this activities will have a little impact on the bank performance as well as profitability. However this might increase the depositors and the borrowers