RELATIONSHIP BETWEEN MARKETING OF FINANCIAL SERVICES AND BANK PERFORMANCE IN JORDAN

A thesis submitted to Othman Yeop Abdullah Graduate School of Business in partial fulfillment of the requirements for the degree of Master of Science (Banking)

Universiti Utara Malaysia

By

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ABSTRACT

In recent times, marketing has evolved to become the backbone of any successful business activity. This study therefore seeks to investigate the nexus between marketing cost and bank performance. The study is based on a sample of 8 out of 13 commercial banks in Jordan covering a five-year period from 2006 to 2010. The selected banks were identified based on the data availability. In this study, the role of marketing activities is related to bank performance in terms of deposits from customer, loans, profit after taxes, return on assets and return on equity. Data collected were analyzed using the Pearson Correlation Matrix and Simple Linear Regression. The results show a significant positive relationship exists between marketing cost and Jordanian bank performance based on deposits from customer, loans and profits after taxation and a negative relation exists between marketing cost and bank performance in light of return on assets. The findings further reveal that there is no significant link between marketing cost and return on equity in Jordanian banks. Growing marketing cost in improving bank performance is also evidenced and supported in the study, although the marketing role is not the single factor that determines bank performance.

ACKNOWLEDGEMENTS

First and foremost, praise and gratitude go to Allah SWT, the Almighty, for bestowing on me with great strength, patience, and courage in completing my program of study and for the successful completion of this thesis.

There are a number of individuals whom I owe my deepest gratitude. Firstly, my sincere appreciation, gratitude and heartfelt thanks go to my supervisor, Associate Professor Mohamed Nasser Bin Katib, the dedicated and inspiring mentor for his continuous guidance, suggestions, and constructive criticisms all in a bid to make this work a success. I thank him very much. Secondly, my heartfelt gratitude also goes to all lecturers in College of Business, Universiti Utara Malaysia that have taught me.

With deep sense of affection, I will like to acknowledge my mother, the source of love and compassion to the candle that lit the path of my life to the spirit that surrounded me with the warm fragrance of love and security. To my late father, your presence still remain evergreen in my memory for the indelible mark you left in me and for making me what I am today, may your gentle soul continue to rest in peace, Amin.

To all my brothers, sisters and family members, I say a big thank for the moral and financial support you all rendered to see to the successful completion of my studies, may the Almighty Allah reward you all, Amin.

Finally, I would like to acknowledge all my friends here in UUM and Iraq for the tremendous support you all rendered to me, standing by me through bad and good times, I will forever cherish your friendship and may Almighty Allah continue to spare our lives and grant us long life, Amin.

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LIST OF ABBREVIATIONS

MC	: Marketing Cost
D	: Deposits
L	: Loans
PAT	: Profit after Taxation
ROA	: Return on Assets
ROE	: Return on Equity

CHAPTER ONE
INTRODUCTION

1.1 Introduction

The marketing of financial services and banks performance like those of other countries is premised on the acceptance of deposits, lending, effect domestic and foreign payments and provide property management and trustee services among other wide range of financial services (Firpo and Consulting, 2005).

The marketing of financial services is a unique and highly specialized branch of marketing. The practice of advertising, promoting, and selling financial products and services is in many ways far more complex than the selling of consumer packaged goods, automobiles, electronics, or other forms of goods or services (Brenkert, 2010).

The environment in which financial services are marketed is becoming more competitive, making the task of marketing financial services increasingly challenging and specialized. Financial services marketers are challenged every day by the unique characteristics of the products they market. There are many predictable behaviors that consumers often exhibit in their dealings with financial services providers. The predictability of these behaviors and the abundance of data on existing and potential customers enable a uniquely scientific approach to developing and executing successful strategies for the marketing of financial services, much more so than in other markets (Lovelock, 2008).

The factors that contributed to the increased interest in marketing banking can be viewed from two sides. The first is external and is in relative decline in income due to increased competition among banks between each other and to other financial institutions. The second is an internal awareness of the need for banks to for the two types of marketing mix, namely that the router to get the raw materials in the form of deposits and savings, and the other designed for the marketing of banking services to customers in the form of loans and services. Hence, the need for clear banking institutions to the need for more attention to the activity Catalog, both in attracting deposits or make loans (Czinkota and Ronkainen, 2007).

The financial services marketing have undergone a major shift over the past few years. Formerly, the view was that market access should be limited, competition should be circumscribed, and administrative guidance offered by government officials should be welcomed by businesses.

The product development and marketing cost focus on meeting domestic demand for savings services, good information technology products and effective marketing program that produces a successful mobilization of savings that will lead to the growth of this institution. As Fontela (2002) noticed that the first step in determining how to meet client demand is to find out what clients and potential clients want in their savings services. Once that information is obtained, savings institution managers should evaluate existing products to see if they meet those demands. Various sources of information can be used to evaluate products and services, including staff observations, client complaints, market research, competitor activities, and national financial market behaviour. When existing products do not meet the demand for savings services, new products are developed to fill the void. Staff training should be part of the product development process. In addition, a product manual that contains comprehensive information about all products is essential. Information about policies and procedures should also be included in the manual (Buchenau, 2003).

Over the past ten years the marketing of financial services has become a necessity for all countries that want to be successful in the global economy. As the banking sector in developed countries is adopting vigorous marketing techniques to remain competitive, Middle East countries which Jordan belongs to are not left behind. Attempts have been made by Jordan to develop its banking industries by using aggressive marketing cost and bank performance, even though consumers in the Middle East countries and Jordan are viewed as late adopters of new technology (Al Sukkar and Hasan, 2005).

1.2 Problem Statement

Marketing plays a crucial role in the business activities of all kinds of organisations, whether manufacturing companies producing real goods or banks 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). He noticed that 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, 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 cost is becoming one of the emerging models for banks performance in the emerging net age. Most of the research studies in the area of banking and finance, e.g. (Bouke, 1989; Miller and Noulas, 1994; Molyneux and Forbes, 1995; Zaim, 1995) have focused on the factors that contributing towards bank profitability. However, the prominent research studies are more based on bank portfolio allocations (Lown et al., 2000). 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 cost and bank performance.

1.3 The Research Questions

1. Is there any relationship between marketing cost and Deposits?

2. Is there any relationship between marketing cost and Loans?

3. Is there any relationship between marketing cost and Profits after taxes?

4. Is there any relationship between marketing cost and Return on Assets?

5. Is there any relationship between marketing cost and Return on Equity?

1.4 The Research Objective

The objective of the study is primarily to investigate the relationship between marketing of financial services and bank performance of commercial banks in the Jordanian banking industry.

Specifically, the study intends to examine the economic impact of bank marketing services on deposits, loans, profit after tax, return on assets and return on equity as a measure of bank performance.

1.5 Significance of this Study

The outcome of this research will have immense impact on scholars by contributing to the existing body of knowledge in this particular field of study. Scholars and other researchers will also find the outcome useful as a reference point in their effort in carrying out further research on the same field of study.

Furthermore, practitioners and stakeholders in the banking industry in Jordan will also find the outcome of this study useful as it would throw more light on the understanding of the banking sector in Jordan.

Finally, bank customers in Jordan will also find the outcome of this study handy as this research is focused on the marketing of financial services and bank performance which directly relates to satisfying customers banking needs.

1.6 Scope of Study

As mentioned above, the main focus of the study is to examine the relationship between marketing cost and bank performance in Jordan. Therefore, the scope of this study is limited to the local Jordanian commercial banks. According to the Association of Banks in Jordan (2010) the total number of local commercial banks in Jordan is 13 banks. Because of limitation information, the sample for this study included only eight commercial banks. The data were collected from the annual reports of the eight selected banks. Based on information obtained for the selected banks, the researcher has chosen the period of study from 2006 until 2010.

1.7 Organization of the Study

The report of this study contains five chapters. The first chapter provides an introduction to marketing of financial services and bank performance in Jordan. The second chapter consists of literature review of study in marketing of financial services and bank performance. The methodology is explained in chapter three and the analysis and finding are discussed in chapter four. Finally, chapter five presents the study's recommendations and conclusions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature concerning marketing of financial services and bank performance. Studies in this area are lacking in Jordan (Khrawish, 2011), therefore, it is worth going through the relevant studies in other countries in order to understand the subject of the research. The chapter begins with the development of marketing of financial services. This is followed by explanations regarding marketing mix, marketing policies and towards the end of the chapter, selected studies are discussed concerning marketing and bank performance.

2.2 The Development of Marketing in Financial Services

Marketing in several financial institutions and organizations is similar to selling activities and public relations. The 1970s-1980s periods were marked by environmental changes which resulted in integration of marketing within the financial services institutions and organization and it was provided a strategic and tactical role in facilitating business development. During the 1970s, the bank marketing profession had a dramatic transformation and this was compounded by the advent of electronic funds transfer system like ATMs and credit cards (Perez, 1983). According to Newman (1984) it was not until the 1970s when the marketing markets were formed on new scopes. He revealed a comprehensive analysis of the development of the marketing function in the context of financial services in the 60s, 70s and 80s which stressed on shifting from passive marketing to a tactical activity of a more integrated strategy.

The importance of marketing method needs to be well acknowledged. The belief that marketing has a strategic dimension is a novel one in the context of the financial services sector and its development is attributed to the period of rapid development changes from the 1970s-1990s. Based on the study by Wright et al. (1990), the financial marketplace has transformed into a global and technological marketplace in an effort to enhance the speed and variety of services provided and the trend of deregulation resulted in widening the potential product range for many suppliers.

According to Easingwood and Arnott (1991), the service sector of the economy has always been characterized by rapid changes in terms of technology, distribution patents, numbers and types of competitors, legislative, deregulation, industry boundary shifts, free market, better information and more demanding customers. These changes impact the banks as they do other service sectors (Easingwood and Arnott, 1991). In the face of such complexity and owing to the demands of a dynamic environment, marketing of financial services must consider prioritizing the different sections of their work.

Ireland's International Financial Services Industry also acknowledged that the promotion and the development of integrated disciplines of research collaborations between industry and education may play a key role in the development of research industry. The industry also believed that making use of the expertise of education is a fine way for the industry to be privy to best thinking. In addition, research and development can also be used for the creation of new ideas and development of products and processes. It is imperative that idea-exchange is facilitated and in an environment full of varied backgrounds and varying perspectives and thus, adding a new value to the exchange (O'Riordan, 2009).

A clear move is being noticed towards marketing in financial services in several countries including Malaysia (Shanmugam, 1989), Australia (Adler, 1991), the U.K. (Thwaites and Lynch, 1992), and Hong Kong (Yee-kwong, 1992). From the studies, it is evident that the shift towards marketing is characterized by a more integrated management function in the context of financial services.

2.3 Role of Marketing of Financial Services

The marketing mix comprises of product, price, promotion and place which are basically considered as variables directly controlled by the organizations. For the financial services Easingwood and Arnott (1991) identified six key areas of marketing activities that impact the financial performance:

1. New Product Strategy: this focuses on the new product development which covers the development of new products, their introduction, their positioning, maintaining the complete product line and offering differentiated products.
2. Customer Interface: this covers marketing tools for attracting customers like branding, advertising, and understanding the needs of the customers like marketing research.
3. Marketing Department: its influence is evident in its input to corporate operations of other departments, the high level marketing strategy and the cooperation with other departments.
4. Width of Product Line: this encapsulates the management of product range and sales force.

5. Depth of Product Line: the product line extension effectiveness hinges on its connection with the data processing and effective communication with suitable markets.
6. Pricing Policy: pricing by segment is considered as a main dilemma in the pricing area of the organization.

Along with the above six areas, Ennew and Watkins (1995) stressed the needs of extra people, process and physical evidence in the financial services. 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 service, the processes whereby the service in made available to the customer and physical evidence attached to the people.

2.4 Marketing of Financial Services and Banking Industry

The banking industry is considered as the core of the financial services sector and the development of the banking industry in the current dynamic market faces challenges in the form of risk management and regulatory compliance. Moreover, there are greater avenues of growth most especially through globalization and expansion into new markets and the application of innovative technology for the improvement of service delivery. In the context of Jordan, as a developing country, it must be aware of the constant environmental changes. Banks should have the willingness to modify their corporate mission and their marketing policies, their plans and their strategies in order to take advantage of business opportunities in a free environment.

According to Knights et al. (1994), banks should concentrate on improving their service to customers to promote their profitable goals. Focus should be given to identify the pattern of customer's needs and products should be redesigned and their distribution should be targeted to achieve profitability. In sum, the concept of marketing is considered as the emerging model for bank activities in the financial service sector.

Moreover, tools and activities facilitate the identification of customer wants and the suitable ways in which to satisfy them. Banks are comprised of three main market segments namely corporate, commercial and personal (Perumal, 2000). Customers who are characterized as those who use banks for the purpose of business, generally needs banks accounts for their business operations and many of them make use of more than one bank account. For corporate customers, direct personal selling can be the promotion method used. Other smaller commercial customers often need a higher degree of personal attention and they react to extensive promotional cost like distribution of leaflets, brochures and special advertisements. The personal sector requires mass promotion and advertising tools.

In a related study, Ursacki and Vertinsky (1991) stated that banking service is generally divided into three main services namely lending, deposit taking and ancillary service including foreign exchange trading, letters of credit and safekeeping. The key to success in the three categories differ from one category to another and it hinges on the suitable choice of positioning marketing which impact a considerable level of performance in the markets.

For financial soundness and well development, the German financial services are at the top. Owing to their holding of proxies to vote for large portfolios of shares through trust operations, they have a greater degree of control over industrial enterprises that is many times larger compared to their proportionate share ownership Saunders and Walter (1994).

A related study by Motley (1994) recommended that banks should prepare themselves for the challenges in the 21st century where all the marketing issues are expected. He stressed on the necessity of the marketing activities for the bank's success and it will represent as a major step to control the market share's erosion. According to Trafton (1995), three notable trends transform the way banks market their individual financial services. These trends are:

1. The entrance of the banking and financial service sector into a new era of intense marketing warfare.
2. Retailing is now considered as the marketing manifesto for financial services
3. After the focus on the internal and customer-centered bank marketing, concentration is on the competition.

In the banking industry, the practice of marketing of financial services has many unique characteristics. Turnbull and Moustakatos (1996) identifies some of the unique characteristics as follows:

1. It often involves expensive equipment but it is people intensive with emphasis on people's capabilities;
2. It involves customers with more precise service level expectations, which are clearly communicated and informed;
3. It involves a formal buying process, with emphasis on the tangible evidence of the seller's ability of service provision; and
4. It involves a long term on going relations with customers.

In the formulation and selection of marketing cost and activities, banks should conduct an investigation into their strengths and weaknesses and connect them to the environmental opportunities and threats (Meidan, 1996). On the basis of the SWOT analysis, the missions and goals are developed and the marketing resources are appropriated.

Meidan (1996) concluded that marketing activities are linked to a great many alternative marketing strategies for financial services which are summarized in two different sets of strategies comprising of:

1. Offensive strategies including geographical expansions, market penetration, new market leader, and market challenge strategy.
2. Defensive strategies including market followers, market diversification and rationalization of strategies.

The combination of these strategies is supported by Pompili (1998) who stated that the integration of marketing activities in strategic financial services will provide opportunities and ways to deliver financial services in the future.

In the context of Bangladesh, Chowdhury (2002) noted that the banking industry is a mixture of nationalized, private and foreign commercial bank. Attempts have been carried out to explain their performance. Understanding banks performance calls for the acquisition of knowledge concerning profitability and the link among variables such as, market size, bank's risk and bank's market size with profitability. This evidences the importance of the performance evaluation of commercial banks in the current times in light of the intense competition in the market. In the last two decades, the banking industry has gone through major transformations and it is now imperative for them to face challenges from both internal and external factors to remain competitive and profitable.

The study by Cavallo and Rossi (2002) showed the relation between earnings management and firm performance in bank mergers through the efficient frontier method. This method has also been used by prior empirical studies to measure the efficiency of banking firms but its usefulness in studying bank performance related to mergers has only surfaced recently.

In another related study, Twati and Gammack (2006) examined the impact of organizational culture innovation upon the adoption of information systems and information technology in the Libyan banking industry. They revealed the Libyan banking industry is still not ready to acknowledge and adopt information systems effectively owing to their lack of infrastructure, lack of top management support, lack of staff skills and avoidance of anything new and uncertain.

Moreover, in Mahdi and Dawson (2007) study, the process of how technology change and adoption is impacted by the political and social contexts in Sudan's banking industry is examined. They revealed that Internet and information technology in Sudanese banking industry is still at its infancy as evident from the inadequate information technology training for the staff of banks.

On the other hand, Nadim, Jahangir and Haque (2007) revealed that the traditional measure of profitability through the use of stockholder's equity differs greatly between the banking industry and other business sectors. In the banking sector, loan-to-deposit works as a good indicator of bank's profitability as it reveals the status of asset-liability management of banks. However, bank's risk is not only linked with this asset liability management but also with the growth opportunity. Effective growth guarantees future returns to holders and this is where profitability lies; in other words, profitability lies in both current profits and future returns. Therefore, it can be stated that market size, market concentration index, equity, and loan-to-deposit ration are all important factors for the analysis of bank's profitability.

Mashhour and Zaatreh (2008) examined the application of IS in the Jordanian banking industry with a particular focus on the acceptance of Internet and E-commerce in Jordanian banks. They revealed that information systems impact Jordanian bank's operations in a positive way. They proceeded to evaluate the contribution of information systems in the effectiveness of the Jordanian bank's operations from the customers' viewpoints.

2.5 Marketing of Financial Services and Bank Performance

Profitability is a term that is commonly used particularly in the business world. It refers to all kinds of measurement and indicators for an organization's performance. Therefore, profitability has different meanings for different people (Sin et al., 2005).

Profitability is defined and measured in many ways according to the purpose of the definition. It is considered as a generic name for variables including net income, return on total assets, earning per share, etc. Its simplest definition and measure is the net income.

The study conducted by Reidenbach, Moak and Pitts (1986) highlighted the relationship between the adaptation and implementation of the marketing concepts and differing bank performance measurements. They showed evidence the presence of a strong relation between major marketing concepts and the operating income of major banks.

Moreover, Lustgarten (2007) conducted an analysis of the bank's customer relationship portfolio and the marketing plan's effectiveness. He revealed that for an effective marketing plan, management of customer relationship should be concentrated upon.

In addition, Bettinger (1987) stated that the profit is driven only from customer relationship and therefore, the bank's strategy plan should basically be a marketing plan that focuses on customer relationship. This will allow the bank to reach its goals and achieve greater performance. He advised that the utilization of proposed strategies for the deliverance of the marketing plan significantly lead to the bank's performance.

Watkins (1990) on the other hand, claimed that the novel method to financial service marketing will impact the banks' and the financial institution's marketing. Shanmugam (1989), presented some of the marketing methods utilized by the banks in the developing countries, for instance, in Jordan, marketing activities have succeeded in promoting growth of deposits and rapid loans.

Marketing activities have also been evidenced to affect the amount of customer deposits and loans. According to Holmlund and Kock (1996), studying customer services and marketing to analyze the bank's performance is quite effective and also facilitates the bank's raising of capital and maintenance of the depositors' confidence.

A good way to build customer base is to use niche marketing techniques as suggested by Alfansi and Sargeant (2000). They stated that banks can acquire new accounts through the introduction of product packages and this is a great way to obtain large number of customers. The new customer basically brings in major deposits and this method reinforces the future customer-bank relationship.

Berry (1995) stressed the importance of market segmentation in the marketing of financial services as it facilitates the banker's gaining, building and keeping profitable relationships.

Similarly Harker (1999) defined relationship marketing as the organization's engagement in proactive creation, development, and maintenance of a committed, interactive and profitable exchange with selected customers in the long term.

On the other hand, Arnett and Badrinarayanan (2005) provided a conceptualization of marketing cost as the firm's ability to identify, develop and manage cooperative relationships with its customers that are reinforced by commitment, trust and effective communication.

There are different ways to measure bank performance. Revell et al. (1980) made many uses of interest margin to measure the performance of U.S. commercial banks. They referred to interest margin as the difference between interest income and expense divided by the total assets. On the other hand, Sathye (2001) made normal correlation analysis as a measure for bank performance including multidimensional indices such as probability, pricing, services and loan market share.

Philip (1989) defined a service as any act or performance of party to another that is basically intangible and do not lead to ownership. The production of service may or may not be linked to a physical product. It fulfils certain needs, are identifiable and intangible activities providing satisfaction and are not always linked to the sale of a product or another service.

Miller and Noulas (1996) examined the technical efficiency of large banks and revealed that larger and profitable banks report greater levels of technical efficiency and are more likely to operate under low levels of returns of scale.

Another study in the context of the U.S. commercial banks was carried out by De Young and Hasan (1998). They revealed that the profit efficiency of new banks show rapid improvement in the first years of operation although they take around nine years to achieve the level of established banks. On the other hand, smaller banks lend a great proportion of their assets to small business as compared to large banks.

Also in the U.S., Jayaratne and Wolken (1999) revealed that small firms will more likely have a line of credit from the bank which does not decrease in the long run. This happens when there are only a small number of banks in the area although short run disruptions have been reported.

Naceur (2003) conducted a study of bank performance in the U.S. and the emerging market involving the sample of the U.S. banks from 1983-1992 time periods. The study attempted to examine the relationship between the return on equity and capital asset ratio for the sample banks. He utilized the Granger Causality Model in his study and revealed that the return on equity and capital to asset ratio seem to be positively related. He proceeded to explore the profitability of the sample banks in the years 1980-1995 and concluded that the banks' performance is positively linked to the annual percentage changes in the state's per capita income. He further investigated the determinants of bank net interest margins for the sample banks in the years 1989-1992. The results revealed that default risk, the opportunity cost of non-interest bearing reserves, leverage and management efficiency are positive by related with the banks' interest spread.

Meanwhile, Cavallo and Rossi (2001) conducted an examination of whether cost improvements in output efficiency of European banks emerge from the ongoing merger process. Their findings revealed that mergers should be carried out in a way that increases the bank scale for small banks and facilitates the expansion into new product lines for large banks.

According to Mugume (2007), in a well running economy, banks often act as quality controllers for capital seeking successful projects and thus making sure that returns are higher and the output growth is accelerated. A competitive banking system should make sure that banks are effective forces for financial intermediation pouring savings into investment and facilitating greater economic development.

Several studies, Brissimis et al. (2008) have been carried out on the evaluation of the direct effect of financial deregulation upon bank performance and they revealed that financial deregulation has a positive effect on banking efficiency and on the banks' productivity. Other authors on the other hand, stated that deregulation has a negative impact upon the bank's performance and it leads to the decrease of technical efficiency. They added that financial liberalization, more often than not, results in financial crises (Marius and Bogdan, 2010).

Onaoplapo et al. (2011) stated that in the service industry including the banking industry, rising overhead expenditures have been experienced and attributed to market segmentation. This happens owing to a product's profitability in a given bank. Other banks imitate it leading to the negative impact upon the original bank.

Alkhatib (2012) studied in the context of Pakistani banks revealed that the size of the bank plays a pivotal role in its profitability measured by ROE. He utilized the Tobin's

Q mode as a proxy to determine the bank's performance and found that it is impacted by the bank's size, the leverage ratio and the investments.

In the context of Jordan, Alawneh and Hattab (2009) studied e-banking which covers varying operations that can be carried out from home, business, on the road and elsewhere as opposed to the physical location itself. The operations studied were: retrieving account balances and history of accounts, opposition to check and credit card payments, security trading, bill payments, Internet e-banking, ATM services, automatic bill payment (ABP), electronic transfer of funds (ETF) and computer banking (PC banking).

2.6 Conclusion

Literature regarding marketing of financial services particularly in the banking industry states that marketing has dual dimensions: functional dimension which encompasses customer's needs, wants, and satisfaction, and common marketing dimension. Majority of the studies tackled the development and role of marketing financial services and a few of them emphasized the role of marketing cost in the bank performance and significantly supports the relationship.

CHAPTER THREE
METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology of the study. It begins with the discussion on data collection and time frame, type of investigation, sampling, research design, research model, definitions of terms and source of data. It also explains the data analysis technique that was applied to analyze the data

3.2 Data Collection and Sample Period

This study has used secondary data. The data have been collected from the annual reports of the banks. Eight banks in Jordan have been selected out of 13 local commercial banks as sample for the purpose of this study. They were selected because of the availability of the required data. These banks are Bank of Jordan, Jordan Ahli Bank, Jordan Kuwait Bank, Jordan Commercial Bank, Union Bank, The Housing Bank for Trade and Finance, Cairo Amman Bank and Capital Bank. The period of study is between 2006 and 2010. This period was selected because of data availability. Nevertheless, its analytical significance and inferences cannot be undermined.

3.3 Types of Investigations

Basically, the two widely used investigation methods in marketing research are:

i. Causal Investigation

ii. Correlation Investigation

The present study is a correlation investigation which tries to empirically explain the relationship between marketing cost and bank performance.

3.4 Sampling

The sample frame for this research consists of all commercial banks in operation in the Jordanian banking industry. However, the sample was determined according to the availability of the data in the selected banks. Based on the banks' annual reports, it has been found that only 8 banks have the data required for the analysis.

3.5 Research Design

The purpose of this research is to investigate the impact marketing cost on bank performance. The unit of analysis is individual and a probability sampling method of simple random sampling used in determining the sample size. The time horizon is cross sectional and a linear regression model used to analyze the data collected and arrive at a conclusion.

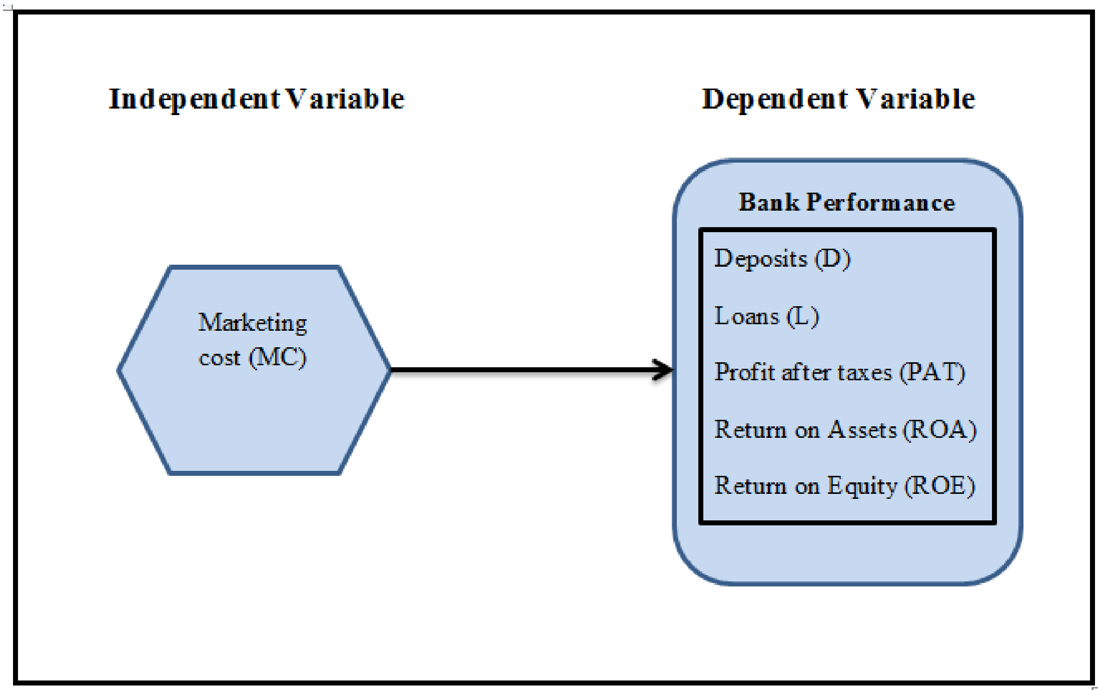

Figure 3.1 Research Framework

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

From Figure 3.1, the bank performance was measured by 5 indicators namely, profit after taxes, return on assets, return on equity, deposits and loans. On the other hand, marketing cost were measured using marketing activities.

As shown in Figure 3.1, 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 (Perumal, 2000; Khrawish, 2011). 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.

3.6 Research Model

The research model of the study is outlined as follow:

$$Yi = a + b\ x$$

$$Y_1 = a_1 + b_1x$$

$$Y_2 = a_2 + b_2x$$

$$Y_3 = a_3 + b_3x$$

$$Y_4 = a_4 + b_4x$$

$$Y_5 = a_5 + b_5x$$

Where:

X= MC (Marketing Cost)

Y_1= D (Deposits)

Y_2= L (Loans)

Y_3 = PAT (Profit after Taxes)

Y_4= ROA (Return on Assets)

Y_5= ROE (Return on Equity)

3.7 Research Hypotheses

Based on the research framework of this study, the study has developed the following hypotheses:

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

H2: Bank performance in terms of loans has positive relationship with marketing cost.

H3: Bank performance in terms of profits after taxes has positive relationship with its marketing cost.

H4: Bank performance in terms of Return on assets has positive relationship with its marketing cost.

H5: Bank performance in terms of Return on equity has positive relationship with marketing cost.

3.8 Definition of Terms

In this study, the following major terms have been used:

3.8.1 Deposits (D)

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.

Fixed deposit will often be used by individuals, businesses and financial institutions around the world as a means of storing their liquid funds for a fixed period of time for future use.

For example:

1. A transaction involving a transfer of funds to another party for safekeeping.

2. A portion of funds that is used as security or collateral for the delivery of a good.

3.8.2 Loans (L)

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

3.8.3 Profit After Taxes (PAT)

PAT is the net profit earned by the bank after deducting all expenses like interest, depreciation and tax. PAT can be fully retained by a bank to be used in the business. Dividends, if declared, are paid to the shareholders from this residue**.**

3.8.4 Return on Assets (ROA)

Return on assets is the ratio of Net Income after Taxes/Total Assets. The rate of return secured on a bank's total assets indicates the efficiency of its management in generating net income from all of the resources (assets) committed to the institution (Ali, Akhtar, and Ahmed, 2011)

It is measured by Net Income after Taxes/Total Assets. This ratio demonstrates the relationship between net income and total assets. Selecting this measure is attributed to the fact that using net income for funding purposes within the financing structure constitutes an incentive and target for many companies to increase their return on investment. Meanwhile, the capital structure policy involves venture and returns trade-off simply because using debt extensively increases the risks faced by the banking organization, but amplifies total invested funds and expected return (Aburime, 2008).

3.8.5 Return on Equity (ROE)

Return on equity capital is the ratio of net income after taxes/total equity capital. It represents the rate of return earned on the funds invested in the bank by its stockholders (Athanasoglou, Brissimis, and Delis, 2008).

It reflects how effectively a bank management is using shareholders' funds. A bank's ROE is affected by its ROA as well as by the bank's degree of financial leverage (equity/ asset). Since returns on assets tend to be lower for financial intermediaries, most banks utilize financial leverage heavily to increase return on equity to a competitive level. This ratio is intended to measure the risks to which the commercial banking is subjected. A lower index in this regard means that the bank depends on borrowed money for financing its assets, thereby exacerbating capital risks (Aburime, 2008).

3.8.6 Marketing Cost (MC)

This part 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.

3.9 Source of Data

This study covers eight banks and a five-year period, from 2006-2010. The data used in this study are secondary data collected from each the annual report of commercial banks in Jordan.

3.10 Analysis Techniques

This study has quantitative research approach. Two major statistical analysis techniques have been used in this study, namely:

- Pearson Correlation Analysis
- Linear Regression Analysis

The statistical software SPSS version 18.00 was employed to ensure the relevant issues is examined in a comprehensive manner.

By using the correlation matrix, the linkage between both the variables can be determined 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.

In this 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 technique that measures the relationship of one variable to another variable. In our study the linear regression method is adapted to relate one dependent variable to one independent variable.

3.11 Conclusion

The information on marketing cost, loans, deposits, profit after taxes, total assets and equity were obtained from annual reports of the eight commercial banks selected in the study. The study sought to portray a clear picture of positive relationship between marketing cost and the bank performance.

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter discusses the findings of the study. The results have been interpreted to describe the nature of the relationship between the independent variable (marketing cost) and five dependent variables (deposit to customer, loans, profit after taxation, return on assets, and return on equity).

4.2 Analysis and Findings

Two data analysis techniques were used, namely Pearson Correlation and Simple Regression. In particular, the following relationships have been examined:

- Marketing cost and bank deposits
- Marketing cost and bank loans
- Marketing cost and bank profit after taxes
- Marketing cost and bank return on assets
- Marketing cost and bank return on equity

4.3 Marketing Cost and Deposits

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

H0: Bank performance in term of deposits has no relationship with marketing cost.

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

Table 4.1

Pearson Correlation Matrix for Marketing Cost and Deposits

		Deposits	Marketing Cost
Deposits	Pearson Correlation	1	.606**
	Sig. (2-tailed)		.000
	N	40	40
Marketing cost	Pearson Correlation	.606**	1
	Sig. (2-tailed)	.000	
	N	40	40

**. Correlation is significant at the 0.01 level (2-tailed).

From Table 4.1, the correlation coefficient between marketing cost and deposits is 0.606 suggesting that there is positive relationship between these two variables. The observed significant level is 0.000, which is less than the desire level of significance (0.05). Thus, the relationship is significant at levels, 0.05 and 0.01.

Table 4.2

The Linear Regression Analysis between Marketing Cost and Deposits

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.648E19	1	1.648E19	22.061	.000[a]
	Residual	2.839E19	38	7.471E17		
	Total	4.487E19	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: Deposits

Table 4. 3

The Linear Regression Analysis between Marketing Cost and Deposits

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.038E8	3.304E8		-.314	.755
	Marketing cost	638.046	135.844	.606	4.697	.000

a. Dependent Variable: Deposits

By using linear regression, the beta coefficient attached to marketing cost and deposits is 638.046. It indicates that the marketing cost is positively related to the deposits from customer. This indicates that as marketing cost increases by 1 unit, the deposits increases by 638.046, when other things remain constant.

The observed t – value is also significant (0.01) for this variable. The value is 4.697. Therefore we can statistically reject the null hypothesis and accept the alternative hypothesis.

4.4 Marketing Cost and Loans

To examine the relationship between marketing cost and loans, we develop the following null hypothesis:

H0: Bank performance in term of loans has no relationship with its marketing cost.

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

Table 4.4

Pearson Correlation Matrix for Marketing Cost and Loans

		Loans	Marketing cost
Loans	Pearson Correlation	1	.524**
	Sig. (2-tailed)		.001
	N	40	40
Marketing cost	Pearson Correlation	.524**	1
	Sig. (2-tailed)	.001	
	N	40	40

**. Correlation is significant at the 0.01 level (2-tailed).

The Table 4.4 shows that the correlation coefficient marketing cost and loans are 0.524. There is a good positive relationship between the two variables. Thus, the found relationship between marketing cost and loans is statistically significant at both 0 .05 and 0.01. level of significances.

Table 4.5

The Linear Regression Analysis between Marketing Cost and Loans

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.257E18	1	3.257E18	14.390	.001[a]
	Residual	8.602E18	38	2.264E17		
	Total	1.186E19	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: Loans

Table 4. 6

The Linear Regression Analysis between Marketing Cost and Loans

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.526E8	1.819E8		1.389	.173
	Marketing cost	283.642	74.774	.524	3.793	.001

a. Dependent Variable: Loans

The regression result shows that (283.642), the beta coefficient attached to marketing cost is a positive. The results show that the marketing cost is positively related to the dependent variable (loans). As marketing cost increase by 1 unit, loans increase by 283.642, when other things remain constant.

Besides that, the t – value (3.793) is greater than the critical value 2.00. This means that the positive relationship between marketing cost and loans is statistically significant. According to the empirical evidence, it is possible to reject the null hypothesis and accept the alternative hypothesis.

4.5 Marketing Cost and Profit after Taxes

To examine the relationship between marketing cost and profit after taxes, the relevant null hypothesis (H0) and alternative hypothesis (H1) were tested under:

H0: Bank performance in term of profits after taxes has no relationship with marketing cost.

H1: Bank performance in term of profit after taxes has positive relationship with marketing cost.

Table 4.7

Pearson Correlation Matrix for Marketing Cost and Profit after Taxes

		profit	Marketing cost
Profit after taxes	Pearson Correlation	1	.432**
	Sig. (2-tailed)		.005
	N	40	40
Marketing cost	Pearson Correlation	.432**	1
	Sig. (2-tailed)	.005	
	N	40	40

**. Correlation is significant at the 0.01 level (2-tailed).

From Table 4.7 the Pearson Correlation coefficient between marketing cost and profit thus we found that the relationship between marketing cost and profit after taxes is statistically significant at both 0.05 and 0.01, level of significances.

Table 4.8

The Linear Regression Analysis between Marketing Cost and Profit after Taxes

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.374E15	1	5.374E15	8.731	.005[a]
	Residual	2.339E16	38	6.155E14		
	Total	2.876E16	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: profit after taxes

Table 4. 9

The Linear Regression Analysis between Marketing Cost and Profit after Taxes

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4997402.540	9484623.026		.527	.601
	Marketing cost	11.521	3.899	.432	2.955	.005

a. Dependent Variable: profit

In the regression analysis the beta coefficient marketing cost has a positive value of 11.521, meaning that the marketing cost is positively related to the dependent variable

(PAT). This shows that, as the marketing cost increases by 1 unit, profit after taxes increases by 11.521.

The observed t – value (2.955) is above the critical value (2.00). Thus, the linear regression is statistically significant. This indicates that the null hypothesis is rejected and the alternative hypothesis is accepted.

4.6 Marketing Cost and Return on Assets

In order to examine the relationship between marketing cost and return on assets, we develop the null hypothesis as follows:

H0: Bank performance in term of return on assets has no relationship with its marketing cost.

H1: Bank performance in term of return on assets has positive relationship with its marketing cost.

Table 4.10

Pearson Correlation Matrix for Marketing Cost and Return on Assets

		ROA	Marketing cost
ROA	Pearson Correlation	1	-.266
	Sig. (2-tailed)		.097
	N	40	40
Marketing cost	Pearson Correlation	-.266	1
	Sig. (2-tailed)	.097	
	N	40	40

From Table 4.10 for the Pearson Correlation between marketing cost and return on assets is -0.266, which is a negative relationship between these two variables. The desire level of significance is 0.10 levels. The observed significance level is 0.097 which is less than the desire level of significance (0.10). Thus we found that the relationship between marketing cost and return on assets is statistically significant at the 0.10 and 0.01. Level hypothesis testing reject null hypothesis.

Table 4.11

The Linear Regression Analysis between Marketing Cost and Return on Assets

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	2.900	.097[a]
	Residual	.010	38	.000		
	Total	.010	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: ROA

Table 4.12

The Linear Regression Analysis between Marketing Cost and Return on Assets

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.027	.006		4.440	.000
	Marketing cost	-4.285E-9	.000	-.266	-1.703	.097

a. Dependent Variable: ROA

For the beta coefficient (-4.285) in the regression analysis, we found a negative significant relationship.

The observed t – value of -1.703 is less than critical value (2.00). Thus, we found the relationship is not statistically significant at either 0.01 or 0.05 but significant at 0.10.

4.7 Marketing Cost and Return on Equity

In order to examine the relationship between marketing cost and return on equity, the relevant null hypothesis (H0) and alternative hypothesis (H1) we tested are as follows:

H0: Bank performance in term of return on equity has no relationship with its marketing cost.

H1: Bank performance in term of return on equity has positive relationship with its marketing cost

Table 4.13

Pearson Correlation Matrix for Marketing Cost and Return on Equity

		ROE	Marketing cost
ROE	Pearson Correlation	1	.106
	Sig. (2-tailed)		.516
	N	40	40
Marketing cost	Pearson Correlation	.106	1
	Sig. (2-tailed)	.516	
	N	40	40

Table 4.13 shows that the Pearson correlation coefficient between cost and return on equity (0.516) is not statistically significant. Therefore, it can be concluded that return on equity is not influenced by marketing cost.

Table 4.14

The Linear Regression Analysis between Marketing Cost Return on Equity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	.430	.516[a]
	Residual	.088	38	.002		
	Total	.089	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: ROE

Table 4.15

The Linear Regression Analysis between Marketing Cost Return on Equity

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.103	.018		5.609	.000
	Marketing cost	4.958E-9	.000	.106	.656	.516

a. Dependent Variable: ROE

4.8 Conclusion

In this study five dependent variables (deposits, loans, profit after taxation, return on assets and return on equity) and one independent variable (marketing cost) were considered. A synthesized review of the observed 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 of deposits, loans and profits after taxation. It, however, shows a negative significant relationship with returns on assets. The study does not find any significant relationship between return on equity and marketing cost.

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

5.1 Introduction

This chapter provides an overview of the summary of the findings, recommendations and conclusion. The main objectives of the study are to examine the relationship between marketing cost and bank performance. In the final section, implications for the future study are indicated.

5.2 Analysis and Findings

Based on the empirical findings of the present study, a strong relationship exists between marketing cost and Jordanian bank performance based on deposits from customer, loans and profits after taxation and a negative relation exists between marketing cost and bank performance in light of return on assets. The findings reveal no significant link between marketing cost and return on equity in Jordanian banks. Jordanian banks have been undertaking marketing cost and activities to enhance their business performance. Their negative performance could be attributed to lack of funding for daily operations.

Overall, the findings reveal that the relationship between marketing cost and bank performance are interrelated. According to bank executives, marketing cost are crucial aspects of bank management and business strategies which can be utilized to develop competitive advantage. Through the use of Pearson correlation analysis and simple linear regression test, it is detected that with the increase in marketing costs, the bank performance also increases in terms of deposits, loans and profits.

5.3 Recommendations

The results of the present study have unique implications to the researchers and practitioners of the marketing strategies in the banking sector. The following recommendations are listed for future studies:

1. Future studies can investigate the major areas of marketing activities in the banking sector which is reported to have the highest impact on the bank's performance in light of improved performance.
2. The scope of the present study can be extended to cover all banks in Jordan in the environment of developing financial innovation and competition in the Internet age.
3. In practice, the marketing department of each bank can conduct an identification and analysis of the impact of marketing cost of their business and deal with the significant factors impacting financial and marketing innovation for competitive advantage.
4. There is ample potential to establish specialized financing service marketing agency in a developing country like Jordan.
5. The findings of the present study may be used as guidelines to advance relevant suggestions to assist bank managers in decision making to improve the banking performance in Jordan.

5.4 Conclusion

The empirical findings of the research confirm a positive relation between marketing cost and bank performance in light of deposits, loans and profits after taxation. A negative impact is reported on the relationship between marketing cost and bank performance in light of return of assets.

The findings also reveal no significant links between marketing cost and return on equity. Marketing cost growing significance in improving bank performance is evidenced and supported in the study although the marketing role is not the single factor that determines bank performance. Marketing cost is an important element of the bank's business strategy to enhance its competitive advantage. The Jordanian banks marketing department should seriously think about conducting product innovation, product development, market segmentation, marketing innovation and a comprehensive understanding of customer needs and expectations in order to build longer term relationships. Furthermore, the banks should make use of advanced technology like e-banking and Internet to achieve a larger market share in the open economy and for outsourcing, there is a wide opportunity for the establishment of a special financial services marketing agency through the bank's resources.

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APPENDICES

Cross sectional data for research variables

Name of Banks	Years	Deposits	Loans	ROA	ROE	Marketing cost	Profit after tax
Bank of Jordan	2006	1090436054	665972113	.018589	.182241	2680422	25582705
Bank of Jordan	2007	1146572908	738172229	.016751	.151262	3126746	24384386
Bank of Jordan	2008	1276796269	826521842	.019489	.171885	3429677	32858476
Bank of Jordan	2009	1418072024	864686229	.013296	.118479	3864818	25369137
Bank of Jordan	2010	1482736214	961163483	.016310	.136221	2762098	32115410
Jordan Ahli Bank	2006	1089972135	621668426	.011620	.095669	2304398	20229095
Jordan Ahli Bank	2007	1242728753	733705849	.005470	.055201	2218084	10810145
Jordan Ahli Bank	2008	1373583974	889730076	.008260	.085697	3210763	17396197
Jordan Ahli Bank	2009	1518162665	980816924	.008285	.092080	3714213	18691993
Jordan Ahli Bank	2010	1664333433	1066571053	.009130	.100613	4116334	23007044
Jordan Kuwait Bank	2006	877747708	959174719	.024326	.204915	1268835	40132812
Jordan Kuwait Bank	2007	1092957018	1127481771	.022510	.201081	1651220	45396662
Jordan Kuwait Bank	2008	1193543511	1237394692	.023791	.196181	1530919	49075991
Jordan Kuwait Bank	2009	1244572472	1089148849	.020979	.153279	1359899	44871942
Jordan Kuwait Bank	2010	1304904523	1170473395	.025055	.157875	1700399	52213883
Jordan Commercial Bank	2006	341581111	272534994	.020816	.141477	936333	10682700
Jordan Commercial Bank	2007	341952722	294943837	.022612	.152905	1062510	12420154
Jordan Commercial Bank	2008	421533968	368360600	.014866	.106566	1256299	9338221

Jordan Commercial Bank	2009	443335338	325815439	.008826	.061124	936834	5560865
Jordan Commercial Bank	2010	551567066	390445134	.005737	.046438	1023038	4376426
Union Bank	2006	479605553	436967870	.013931	.121634	721078	12422634
Union Bank	2007	554144167	465415208	.012898	.064077	714251	13776465
Union Bank	2008	653175345	601551048	.013759	.071431	1254857	15609002
Union Bank	2009	833418799	689364649	.112002	.071156	643546	16313890
Union Bank	2010	912444926	711797603	.013858	.090707	2152824	21332951
The Housing Bank for Trade & Finance	2006	2832729875	1589871677	.023121	.113437	2729048	94705866
The Housing Bank for Trade & Finance	2007	3500562100	1936250617	.022204	.125198	3367082	111463294
The Housing Bank for Trade & Finance	2008	3764520478	2341696067	.018658	.111220	3537531	101322745
The Housing Bank for Trade & Finance	2009	4430410552	2368648748	.010929	.068872	2813770	66562510
The Housing Bank for Trade & Finance	2010	4808562716	2449148398	.013240	.086371	3846347	88437238
Cairo Amman Bank	2006	889356617	508778353	.016328	.139245	2123024	19248635
Cairo Amman Bank	2007	994859431	539389673	.015850	.144162	3681234	20909814
Cairo Amman Bank	2008	1125347862	632853802	.013879	.133959	2882984	20294839
Cairo Amman Bank	2009	1264096632	729800243	.014625	.144304	2037075	25549038
Cairo Amman Bank	2010	1335849372	823104605	.018850	.168744	2957784	34748836
Capital Bank	2006	433597400	489727259	.021089	.115037	1739568	18059905
Capital Bank	2007	476023705	497411907	.014376	.078368	2007114	13508666
Capital Bank	2008	530204360	592871680	.015505	.075064	1552151	15250169
Capital Bank	2009	679981283	569774041	.001245	.006432	1978612	1338383
Capital Bank	2010	754717021	670119771	.004275	.024053	1692359	5149968

Correlations Analysis between Marketing Cost and Deposits

Correlations

		Deposits	Marketing cost
Deposits	Pearson Correlation	1	.606**
	Sig. (2-tailed)		.000
	N	40	40
Marketing Cost	Pearson Correlation	.606**	1
	Sig. (2-tailed)	.000	
	N	40	40

**. Correlation is significant at the 0.01 level (2 tailed).

Correlations Analysis between Marketing Cost and Loans

Correlations

		Loans	Marketing cost
Loans	Pearson Correlation	1	.524**
	Sig. (2-tailed)		.001
	N	40	40
Marketing cost	Pearson Correlation	.524**	1
	Sig. (2-tailed)	.001	
	N	40	40

**. Correlation is significant at the 0.01 level (2-tailed).

Correlations Analysis between Marketing Cost and profit after taxes

Correlations

		profit	Marketing cost
profit	Pearson Correlation	1	.432**
	Sig. (2-tailed)		.005
	N	40	40
Marketing cost	Pearson Correlation	.432**	1
	Sig. (2-tailed)	.005	
	N	40	40

**. Correlation is significant at the 0.01 level (2-tailed).

Correlations Analysis between Marketing Cost and Return on Assets

Correlations

		ROA	Marketing cost
ROA	Pearson Correlation	1	-.266
	Sig. (2-tailed)		.097
	N	40	40
Marketing cost	Pearson Correlation	-.266	1
	Sig. (2-tailed)	.097	
	N	40	40

Correlations Analysis between Marketing Cost and Return on Equity

Correlations

		ROE	Marketing cost
ROE	Pearson Correlation	1	.106
	Sig. (2-tailed)		.516
	N	40	40
Marketing cost	Pearson Correlation	.106	1
	Sig. (2-tailed)	.516	
	N	40	40

Simple Linear Regression Analysis between Marketing Cost and Deposits

Variables Entered/Removed [b]

Model	Variables Entered	Variables Removed	Method
dimension0 1	Marketing cost[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: Deposits

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.606[a]	.367	.351	8.644E8

a. Predictors: (Constant), Marketing cost

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.648E19	1	1.648E19	22.061	.000[a]
	Residual	2.839E19	38	7.471E17		
	Total	4.487E19	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: Deposits

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.038E8	3.304E8		-.314	.755
	Marketing cost	638.046	135.844	.606	4.697	.000

a. Dependent Variable: Deposits

Simple Linear Regression Analysis between Marketing Cost and Loans

Variables Entered/Removed [b]

Model	Variables Entered	Variables Removed	Method
dimension0 1	Marketing cost[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: Loans

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Dimesion0 1	.524[a]	.275	.256	4.758E8

a. Predictors: (Constant), Marketing cost

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.257E18	1	3.257E18	14.390	.001[a]
	Residual	8.602E18	38	2.264E17		
	Total	1.186E19	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: Loans

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.526E8	1.819E8		1.389	.173
	Marketing cost	283.642	74.774	.524	3.793	.001

a. Dependent Variable: Loans

Simple Linear Regression Analysis between Marketing Cost and Profit after taxes

Variables Entered/Removed [b]

Model	Variables Entered	Variables Removed	Method
dimension0 1	Marketing cost[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: profit

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.432[a]	.187	.165	2.481E7

a. Predictors: (Constant), Marketing cost

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.374E15	1	5.374E15	8.731	.005[a]
	Residual	2.339E16	38	6.155E14		
	Total	2.876E16	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: profit

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4997402.540	9484623.026		.527	.601
	Marketing cost	11.521	3.899	.432	2.955	.005

a. Dependent Variable: profit

Simple Linear Regression Analysis between Marketing Cost and Return on Assets

Variables Entered/Removed [b]

Model	Variables Entered	Variables Removed	Method
dimension0 1	Marketing cost[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: ROA

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.266[a]	.071	.046	.016009100

a. Predictors: (Constant), Marketing cost

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	2.900	.097[a]
	Residual	.010	38	.000		
	Total	.010	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: ROA

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.027	.006		4.440	.000
	Marketing cost	-4.285E-9	.000	-.266	-1.703	.097

a. Dependent Variable: ROA

Simple Linear Regression Analysis between Marketing Cost and Return on Equity

Variables Entered/Removed [b]

Model	Variables Entered	Variables Removed	Method
dimension0 1	Marketing cost[a]	.	Enter

a. All requested variables entered.
b. Dependent Variable: ROE

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.106[a]	.011	-.015	.048096830

a. Predictors: (Constant), Marketing cost

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	.430	.516[a]
	Residual	.088	38	.002		
	Total	.089	39			

a. Predictors: (Constant), Marketing cost
b. Dependent Variable: ROE

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.103	.018		5.609	.000
	Marketing cost	4.958E-9	.000	.106	.656	.516

a. Dependent Variable: ROE