

Bank and Leadership Role Strategies in Nigeria Deposit Money Banks

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Abstract: *The Nigerian banking industry has been facing stiff competition for the past decades with different structuring strategies and reforms to ensure stability and meet the global standard. All the banks in the Nigerian banking institutions are effectively and efficiently competing to be a market leader. Some banks are already seen as market leaders, challenges, some market niche. The fidelity bank pic wants to use all necessary strategies of moving from challengers to leaders. There are a lot of internal factors external factors and the consumer behaviour is also a factor. It is discovered that the size of the competitors, the level of knowledge of each company, the channel of distribution, the abilities and weakness of the companies in the market is very necessary. The attitude of consumers, factors that makes customers choice of banks and also customers loyalty to banks will understood. The economic factors, the political environment, social and cultural environment, technological development are major challenges. It is very necessary therefore that a company that wants to lead the market should conduct adequate survey to understand both the internal, external and the behaviour of consumers in the market. Conclusion is made that marketing strategies should be the best approach to lead the market. Recommendations were made that marketers should understand the market, conduct research, understand their consumers and the ethics of their profession and adopt a strategy that will help them be a leader in the market.*

Keywords: *Leadership, Banks, Strategies, Depositor, Market.*

1. INTRODUCTION

The Nigerian banking industry started in 1890s'. It was the colonial masters that introduced modern banking in Nigeria. From the introduction of modern banking to the present date, the Nigerian banks have witnessed different structural changes and because of the volatility of the banking industry, it is the most regulated. Reasons for the regulations is to protect the interest of the depositors, maintain equity and because of their economic role in national development. There are different types of banks that exist in the market, such as micro finance banks, money deposit banks and merchant banks as reintroduced by Sanusi Lamido Sanusi, the CBN governor. Banks because of their stiff competition are faced with a lot of challengers. Some old banks, have already dominated the market, some are challenges to the leaders, some are followers and some nichers. Fidelity banks wants to adopt some strategies that will make them be among the market leaders, this work therefore wants to look at the various strategies that the bank will adopt and the problems they will face at adoption and what will be the prospects of such strategies, if efficiently implemented, that it is the objective of the work.

2. THE CONCEPT OF BANKING

The concept of banking can be traced to Gold Smith, when he started collecting money for deposit and realized that some of the depositors do not collect them at the same time, he decided to give out some as loan with interest (Cyole, 2000). Interest rate sends signals to lenders, borrowers, savers and investors. Banking in its own has no particular definition. This is because banking can be seen as a profession, and institution, keeping deposit and other important documents. Rather, a banker was defined in bill of exchange Act 1958 that a banker includes a body of persons whether incorporated or not who carry out the business of banking. Pagets (1972) Doyle, 1972 Hart (1931) all were given various definitions of a banker not banking.

Today, the banking industry mobilizes savings from households, individuals and pay them interest and then give out part of the savings to investors at higher interest rate. Efficient financial intermediation is an important factor in economic development process as it has implication for effective mobilization of investible resources (Nwite, 2009).

3. HISTORICAL DEVELOPMENT OF BANKING INDUSTRY

Banking is an institution for keeping, lending and exchanging etcetera of money. It is a moneybox for savings, a stock of money, fund or capital in game of hazard, (Odo[^] 2004). The history of banking development in Nigeria can be traced back to 1890s. The African Banking Corporation was the first commercial bank that opened its first branch in Lagos in 1892, whose founder was Messrs Elder Dempsters and Co. a shipping firm based in Liverpool. This bank encountered different initial difficulties and eventually decided to transfer its interest to elder Dempster and Co in 1893; this led to the formation of new bank known as British Bank of West Africa (BBWA) in 1893 with the initial capital of £10,000 which was later increased to £100,000 the same year. The British Bank of West Africa (BBWA) was the first surviving bank in Nigeria and registered in London as a Limited Liability Company in March 1894, and the same year other branches started springing up.

The Barclay Bank Dominion Colonial and overseas (BBDC) was established in Lagos in 1971 now Union Bank of Nigeria PLC. Another bank, the British and French Bank in 1949, now called United Bank of Africa PLC was established in 1949 making it the third expatriate banks to dominate early Nigerian Commercial Banks. The foreign banks came principally to render services in connection with international trade, so their relation as at that time was with company and with the government. These three banks control closed up to 90% aggregate bank deposits from 1914 to early 1930s, several abortive attempts were made to establish locally owned foreign monopoly.

In Paton (1949), the indigenous sectors in 1929, industrial and commercial banks were set up by a handful of patriotic Nigerians. It folded up in 1930s due to their under capitalization, poor management, aggressive competition from expatriate banks (Emeka, 1999).

According to CBN (1990) many in indigenous banks were opened and later dissolved or collapsed between 1947 and 1952, a total of 22 banks were registered in Nigeria. However a figure as high as 185 banks were quoted from government records in 2000, but from 2005 till date after banking reform, 22 banks was left for operation and was licensed as commercial banks in Nigeria. Today, banking business or industry are licensed to operate as follows; Merchant bank, Commercial bank, specialized banks. The central bank of Nigeria repealed the universal banking operations in September 2010 therefore, directed all commercial banks to divert from non-banking business (Alawiye, 2011).

This reform measure effectively signaled the reversal of the universal banking operations in the banking industry and making banks to choose International, National or Regional banking licenses.

4. THE MAJOR FUNCTIONS OF NIGERIAN BANKS

The reasons for existence of banks in Nigeria according to Orji (1998) are:

- **Infrastructural Development:-** Some facilities are very important in banking industry such as electricity, information technology and others, thus existence of bank give room for growth and development of these facilities where banks are located (Okoro; 2005)
- **To enhance economic growth and development:**A national bank encourages individuals to secure and also given them the opportunity to invest through purchase of bank share, fixed deposit and other investment (Orjih; 1996)
- **A safe place:** Banking institution provides a safe place for depositing cash and other valuables for safe keeping (Jhingam: 2004)
- **Availability of Industries:** The availability of industries in Nigeria spread the growth of banking activities because most of these industries need the services of banks. Bank encourages provision of industries, which will enhance effective and efficient operation of business, this arose from loans granted to them (Olukoya; 2008).
- **Favourable Government Policy:** The enactment of favourable government policy(ies) on banking operation with the nation paved way for other policy(ies) enactment that will aid growth and development of the nation. (Jhingam: 2004).

- **Improvement in other sectors:** The improvement in other sectors of the economy like the oil and gas sub sector, agricultural sector etc was aided by banking industry (CBN: 2007)
- **Financing Customer's Activities:** Banks help in financing consumers services through loan advancement payment of services, money-gram etc which makes it possible now for them to engage in industrial activities.
- **Aid Government on Monetary Policies:** This is also another reasons for development of banking business in Nigeria. In that it helps government on drafting out modalities on monetary policies like giving useful suggestions. It is also a source of income to the government. (CBN: 1993)
- **Local utilization of Deposits:** Local utilization of deposits by bank on development of the same locality also contribute to the reasons for development of banking industry (Orjih; 1996)

5. THE MARKET LEADERSHIP ROLE

A strategy as Agbo (2000) opines that it is a general programme of action and development of emphasis and resources towards the attainment of the overall objectives. It was borrowed from the military to management, marketing and other related sciences.

Nwite (2004) defines strategy as the determination of basic long term goals and objectives of an enterprise Chaudler (2000) also defines strategy as the adoption of causes of action and allocation of resources necessary to carry out these goals. There are different types of strategy.

- **Tactics:** What specific actions should be undertaken by whom and when. This involves deciding upon resources that will be used to help the organization to achieve its goals. It involves short time period.
- **Long time strategy:** This type of strategy looks at the objective of the firm and find ways of achieving such objectives. (Ikupolati, 2005).
- Programme strategy is a single use plan covering a relatively larger set of activities.

In formulation of marketing strategy, the organization have to look at the

- Market size, value, region, consumption pattern, distribution and competitive brand.
- Again, their market share in the market and how to move ahead (Murphy, 2000).
- Level of information and awareness of their product.
- The objective of the market which incorporates short and long term objective.
- The current media strategy like advertising and how effective is such strategy.

From this, the marketer will ask the following questions Median (1894) asked in strategic marketing

- Where are we now?
- Where do we want to be?
- How do we get there?
- How do we make it happen?
- Then, what next?

Fidelity bank knows that they are the major challengers in the market and wants to lead the market that is the place they want to be, what are the strategies for them to adopt to make it happen.

As a marketer, you must have certain qualities to enable you perform better.

6. QUALITIES OF A GOOD MARKETER

➤ Innate qualities:

Height is an important factors in effective marketing.

Height is implementing authority

Height, here is power of persuasion when interaction takes place in the market place.

Let us look at, the judge who sits on elevated platform so that he could sit in a position of authority.

In the church, the pulpit is the place of pastors.

In the offices, the visitors chair is always lower than that of the officers.

In companies, the topmost floor is always reserved for the management. Finally God created man and made his head on top of him and the head houses the brain that controls everything. A marketer should also be smart and agile. If a marketer is out of proportion, he will be looking out of the quality of a good marketer. A marketer should also have good communication skill.

Again, a good marketer must have the natural tendency of meeting people and always cheerful, wearing smile on her face. Smiling is contagious. If you meet a customer with a smile; he or she is bound to smile too.

A good marketer must have the ability to absorb shock.

If one cannot absorb shocks, then the alternative is to be rude to customers and the result is that you may lose him or her via, good height, good weight, communication, tendency of meeting people and the capacity of absorbing shock are very important factors.

➤ A good marketer should have attainable qualities such qualities are as follows;

- Persistency. See mosquito and the ear in the night and that should be the relationship between a customer and a marketer of banks.
 - Patient and ability to listen to other people's view A good marketer should be a good listener.
 - Empathy (Alymor, 1970) A good marketer must actually have knowledge of marketing segmentation and also know if the product will be useful to the user: Good communication skill is also very important in marketing of banking products.
 - Ability to consummate failure as a challenge. It is a general adage that challenges are breakfast of champions. If a marketer is to be a champion, he should be ready to convert failure as challenge.
 - A good marketer should always say the truth and not what is right.
 - Good dressing culture and being simple and sharp, even does the marketing to the marketer.
 - Ability to turn threats into opportunities. Every marketing environment is full of threats and opportunities. A good marketer should always try to reduce environmental threats into environmental opportunities.
 - A good marketer must understand the company structure. The ownership structure is very important.
 - The departmentalization of operations (Okehi, 2005).
 - Communication channels.
- Knowledge of the company products is very important mostly this era of electronics banking. This must help you market better and answer some questions.

A good marketer must know their marketing strategies.

The banking industry today, the fidelity bank today is, in the challenger level.

A challenger is not that the firm is the second position but they are trying to be the leader in the market or take leadership position.

7. CONDITIONS WHICH WILL HELP BANK TO BE THE MARKET LEADER

Nwite (2004) opines that three major factors are necessary, and they are internal, external and consumer behaviour.

Nwite (2004) views were corroborated by Akintayo (2006) in his book on insurance marketing in

Nigeria.

➤ Internal factors are:

The components of the internal factors are as follows: The number of banks in the country, The size of their competitors.

The ease or difficulty of entrance of co-operation in the industry, Level of knowledge each company has on their competitors, The company's channel of distribution.

The understanding of the companies' abilities and weaknesses, The relationship among the different units of the industry.

➤ Consumer behaviour:

- The perception of the public about the product.
 - The ability to consume the products (income)
 - The number of depositors and their level of deposits
 - The awareness of the product
 - Past experience with such product or similar products with consumers
- c. External factors: Such external factors are

The economic environment, the expenditure and resources available in the market and among consumers.

The political environment and also the regulatory environment. Like in Nigeria, the current banking reforms and structuring.

The social environment which incorporates culture, demography, agent of socialization (e.g. Families, school, religions, organization, social group). Technological environment. These refer to the level of knowledge and procedures available in the society to simplify tasks.

8. THE PROBLEMS OF SOME STRATEGIES IN THE BANKING INDUSTRY

Actually in any market, the aim is to win the interest of the general public and make more sales, have more sales volume, larger market shares and make more profits. But in most cases, it is not always so.

- First, most of the marketers do not understand the market.
- Some of them also do not understand the product they are marketing.
- Again, most of them do not have a good shock absorber.
- Some of them have very poor communication skills and also most of the marketers have poor listening ears.
- Again, introducing new products always costs a lot of money.
- Advertising newly introduced products is always very high.
- Wasteful spending on marketing since they have similar products.
- Consumers mostly fear insecurity in new products.

9. PROSPECTS OF EFFECTIVE MARKETING STRATEGIES TO COMPANIES MOSTLY BANKS

- If a bank engages in effective marketing strategies, it will have the following benefits:
- They will be market leaders as now challengers.
- They will increase market share.
- They will also make more profit.

- They will also earn good image and reputation.
- They will effectively fight their competitors.
- They will increase sales.
- Reduction of cost on getting new customer.
- Their products will also be very popular.

10. CONCLUSION

From the aforementioned, Fidelity Bank Pic, which is a challenger today in the banking industry if these strategies are adopted in marketing will dominate the market hence become a market leader in few years to come.

11. RECOMMENDATIONS

Staff should be trained from time to time to know the product they are marketing.

- Public relation among staff and customers is very necessary.
- Most of the staff should be trained on communication skill understand the market and products.
- Marketers should be trained, monitored to ensure that they have shock absorbers not to insult customers as the saying goes that customers are always right.
- The marketers should be able to know their customers through market segmentation.
- Adequate orientation, training, seminars, conferences should be organized from time to time to develop new strategies among staff in the market.

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