

A STUDY ON THE MARKETING STRATEGIES OF NBFC'S IN INDIA

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Abstract

Banking and NBFCs significantly rely on their different business procedures to thrive in any market. This being said, one of the most important way of speculating a company's strategy is to analyze their marketing campaigns. Banking and NBFCs throughout the years have prospered their foundation in India through a variety of Marketing Campaigns. When bank primary focuses upon its services to target the audience, NBFC along with the services also utilizes the digital platform to enter widely into the market.

The banking sector is considered to be an important source of financing for most businesses. The regular supposition, which supports a great part of the monetary presentation examination and conversation, is that expanding money related execution will prompt improved capacities and exercises of the associations.

NBFCs are rising as an option in contrast to standard banking. Moreover, they are likewise developing as an essential piece of Indian Financial System and have estimable commitments towards Government's plan of budgetary Inclusion. NBFCs structure a fundamental piece of the Indian Financial System. They have been giving credit to retail clients in the underserved and unbanked regions. Their capacity to advance items in consonance to the necessities of their customers is settled. They have assumed a key job in the advancement of significant segments like Road Transport and Infrastructure which are the existence lines of our economy.

NBFCs have been supplementing the role of the organized banking sector by bridging the credit gaps, i.e., in meeting the increasing financial needs of the corporate sector, delivering credit to the unorganized sector and to small local borrowers. NBFCs have enjoyed a more flexible structure than banks in the organized sector.

INTRODUCTION

Non-banking financial companies (NBFCs) are providing diverse financial services, which is an important component of the Indian financial structure. Financial services of NBFCs includes various kinds of banking services, like credit and loan facilities, retirement benefits schemes, wealth management, underwriting, and merger and acquisition services. In the last two decades the number of NBFCs has increased significantly due to the entry of industrial companies, venture capital companies and retail companies into the business of lending. Since then NBFCs have been playing a very significant role in the development of economic structure of the nation. These companies

are catering the financial requirements as well as providing livelihood sources for the un-bankable public in the semi-urban and rural segments of the country. NBFCs have strong connection at the grassroots level, and have maintained a source of touch and communication with the semi-urban and rural segments for effective financial services. NBFCs have been providing the complementary services to the economy, like other financial institutions, including banks for fulfilling the funds requirements of the society. They assist to fill the gaps in the accessibility of financial services that only banks can provide to the public. The resources of NBFCs are not directly collected from the savers as debt. Instead these NBFCs channelize the savings of the public

for rendering other financial services. All these companies are financial intermediaries and when such companies provide loans; these are termed as non-banking financial intermediaries (NBFIs) or Investment

Institutions. NBFCs consists mainly of institutions that run the activities of hire purchase finance, investment, housing loans, asset financing and leasing or mutual benefit financial companies

But do not cover insurance companies or stock exchanges or brokerage companies.

Marketing in NBFC includes a lot of different things like-

Accessibility of Credit

One of the main reasons why NBFC's have been successful in expanding their retail customer base is by providing easy access to credit. Whether it is a consumer durable, vehicle finance or a small personal loan, NBFC's have quite successfully transformed the banking value chain by making loan acquisition faster and easier. NBFC's are more accepting than banks of low credit scores and give fast loan approval and disbursement.

Competitive rates of interest

To increase their customer base and ensure that they are able to retain them, NBFC's could take a look at the interest rates and at least make them a little more competitive. These better rates of interest could be linked to specific schemes, offers, festivals or occasions, or to certain customer profiles and could be targeted better using insights from data mining and analytics.

Improve product portfolio

As the consumer of today evolves, NBFC's too had to take a long and hard look at their product offerings and assess if they are strong enough to hold the attention of the consumers of today. The spending habits of consumers are changing, holidays – domestic as well as international, luxury purchases, upgrades of gadgets, vehicles, and even cars are all on their minds today. The NBFC that can engage the consumer across the entire lifecycle, as their purchases follow their aspirations, stand to gain.

Loyalty programs

NBFC's too will have to go beyond the usual in this regard and incentivize loyalty. Loyalty programs are a key marketing tool in the finance sector and have also been seen as a revenue driving tool. NBFC's can develop strong loyalty programs using customer data to understand spending patterns and develop customized loyalty programs that suit their consumer. Partnerships with local restaurants, malls, established retail stores, etc. also can go a long way in showing value and keeping the consumer attracted to them for future purchases.

Focus on customer satisfaction

In today's competitive business environment, keeping customer satisfaction front and centre is of paramount importance. Since customers are a brand's strongest and most powerful ambassadors, ranking high on customer satisfaction goes a long way to attract and retain existing NBFC customers. Fine tuning internal and external processes, delivering a high-quality end-to-end customer experience, high service quality, having metrics to measure customer satisfaction, and identifying a few specific drivers that can set the standard for an elevated customer experience are essential for customer retention.

Focus on Technology

Technology is the secret, or shall we say, not so secret ingredient that will help NBFC's power their expansion strategies and retain their existing customers. Technology can be the great enabler of business. Technology can be used to refine the application process and make it easier and faster, provide application review capabilities to allow the users to see the status of their application provide multiple payment options, enable transaction security, and even promote the provision of better interest rates. Optimally using technology can ultimately help NBFCs launch new products and services with increased business agility. That apart, technologies such as Big Data and analytics can be used to get actionable insights into product and customer portfolios and can help NBFC's identify

loopholes, areas of improvement as well as new business opportunities by enabling targeted profiling of customers. This will ultimately help in increasing customer engagement levels. NBFC's have established themselves as critical in India's financial landscape to meeting the financial needs of several people and sectors. However, in order to remain relevant and to keep their existing customer base attracted to them, they have to focus on their core strengths while looking for ways to reinvent the wheel in a dynamic and continuous manner.

LITERATURE REVIEW

Shollapur M.R in his article in 'The Indian Journal of Commerce' has reviewed concept of NBFCs. The NBFCs constituted a significant part of financial system and compliment the service provide by commercial bank in India. The efficiency of financial services and flexibilities helped them build a large body of client including small borrower and bigger corporate establishment. The pace of financial liberalization has an intensified the competition. As a result, there has been a shift towards strategic perspective marketing process of NBFCs. This perspective enable them to predict the future impact of change and help to move out of weak area and grab new opportunity through continuous monitoring system. **R.M Srivastava & Divya Nigam** in their book Management of Indian Financial Institution highlighted that background material for economic growth and financial institution, types of financial institution, recent trend Indian financial market. They put emphasis on the fact that the money market has passed through a phase of substantial adjustment and advancement in recent year. **K.C Shekhar & Lakshmy Shekhar** in his book has explained role of Indian NBFCs in India has shown rapid development especially in 1990 owing to their high degree of orientation towards consumers and implication of section requirement. The role of NBFCs as effective financial intermediaries arise has been well recognized as they have inherent

abilities to take quicker decision, assume risk and customize their services provided by bank and market the components on a conceptual basis. **L M Bhole** in his book define the NBFCs perform a diversified range of function and other various financial services to individual, corporate and institutional client. It also play positive role in accessing certain depositor segment and clearing credit requirement of borrowers. It also

Shashi K. Gupta, Nisha Gupta & Neeti Gupta: in his book define money market is an opportunity for balancing the short term surplus fund of the investor with the short term requirement to borrowers. Another feature of money market is that they are liquid with varying degree. It also define NBFCs play an important role in financial intermediaries because they can take quick decision making assume greater risks and design their product to the need of customer.

RESEARCH OBJECTIVE

The purpose of this study is to understand the Business Marketing Strategy of Non banking financial institutions in India.

Briefly, it can be said our basic objective is: To understand the basic meaning of a Non Banking Financial Companies. To compare the Business Marketing Strategy to enhance the Strategic Business of the sector. To understand performance and growth of the non banking financial sector.

RESEARCH DESIGN

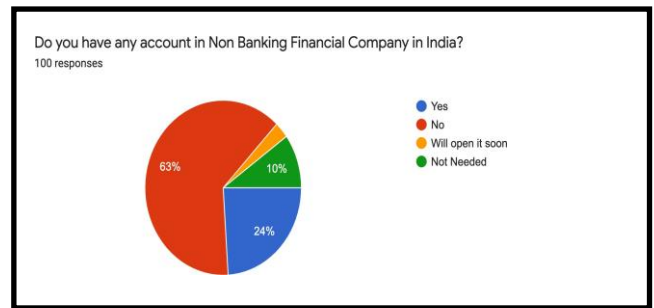
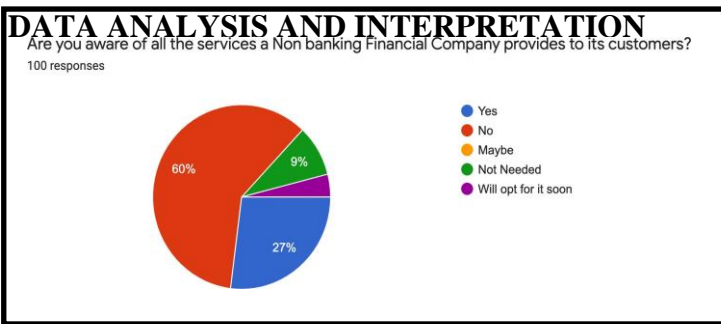
An attempt has been made to use primary data in the study by way of an independent online survey conducted to analyze the market responses to bank and NBFC's and their interests and willingness to adapt the new style of banking.

RESEARCH INSTRUMENT

The research instrument used is the questionnaire method because it is the most feasible way to

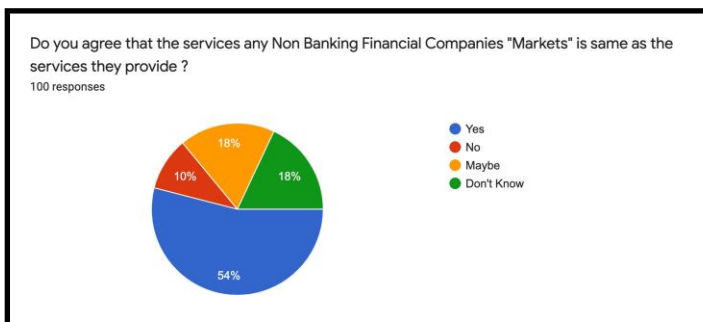
interact with the sample organizations and get the relevant data for our market research. Mostly all the questions are in a structured form as the questions are multiple choice questions or they are to be answered in yes or no with some open ended ones as well. Some questions also require respondents to rank or scale the various parameters mentioned. The research has been largely exploratory in nature owing to the nature of the study. Discovering general trends and notions in the market by simple surveys and experiments was the kernel point of this research. Both primary and secondary data have been used to form a cohesive whole for the entire research.

The purpose of Question 1 was to know how many of our recipients have an account in any NBFC of India. The purpose was to see how capable a NBFC is in marketing the need of having an account for availing its services. The figure above shows that only 24% of the surveyed recipients had an account in a NBFC and 63% of them do not have one. This showcases that the NBFC was not able to showcase its importance to the consumers through the right marketing channel. The major reason is the availability of a NBFC nearby and the outreach to their target consumers. Consumers not having the account can be accounted for different factors; however this objective is solely focused in marketing.

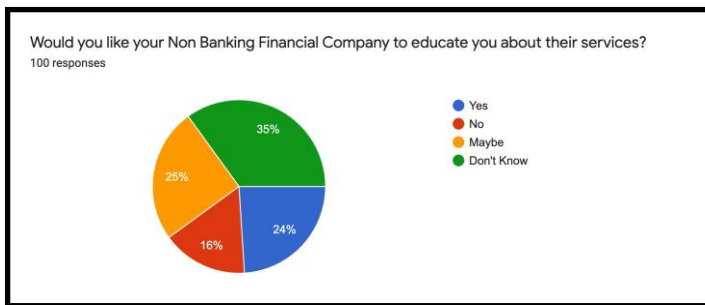


Each question in the questionnaire has been analysed and interpreted. Statistical operations have been performed when required and findings have been revealed subsequently. A questionnaire was prepared and was sent to 100 Recipients to analyze their understanding and awareness of the Presence of Non Banking Financial Institutions in India. The Results of the following and the discussions pertaining to the outcome depicted in a Pie Chart Format will be created to reach to a conclusion.

The purpose of Figure 2 is to understand if the account holders or any layman have any knowledge of the services the NBFC provides and is able to make a concise decision on bases of the services they want to avail. The figure above shows that 60% of the surveyed recipients do not have the full knowledge of all the services the NBFCs provide and only 27% agree to know about all the functions of the NBFCs. This survey showcases that NBFCs neither have reached the grass root level of recipients having an account and availing the primary services nor their consumers know all the services provided by the same and may later turn out to be a big deterrent factor.



The purpose of figure 3 is to understand if the consumers would like to be educated about the various services the NBFCs provide. However only 24% of them agreed to be educated. NNFCs should make sure to innovate their methods of bringing the information to their consumers so that they do not lose out on the target market of their various secondary services.



The purpose of this question was to understand the viewpoint of the recipients if they feel that various marketing campaigns of the NBFCs give them incomplete or untrue information or not. According to the survey 54% of the consumer believes that the NBFCs provide accurate information however only 10% of the recipients do not believe in the same. This shows that even if the NBFC have fewer accounts but the advertisement and their marketing campaign is not misleading to the maximum percentage of recipients if the survey.

The question was addressed keeping in mind the current situation of COVID -19 Pandemic. This was done to understand if the consumer thinks that with the existing scenario where a lot of revolution is taking place, will NBFCs will also get revolutionized. According to the response of the survey 31% of the people feel that the NBFC system can be revolutionized. From the responses in the 'other' section, respondents has stated that due to pandemic, initially the chances would drop majorly due to less money in the market, however post the Governments 20l lakh Crore Economic

package of liquidity can lead to easy granting of loans.

Another factor is that NBFC is already a reformed measure of banking system and hence the percentage of yes is also lower because the consumer may feel that further revolution is not possible because of the slow adaptability of the consumers.

FINDINGS

Till recently NBFCs and Unincorporated Bodies have been competing and complementing the services of commercial banks all over the world. While, the financial system in a country generally develops through a process of gradual evolution, it has been observed that here is a stage in the evolutionary process wherein the growth of NBFCs is more pronounced than other components of the financial system. Further, they take different forms and sizes depending upon the needs of their clientele.

Major Findings from the above Data can be stimulated in the following categories

Rank	Parameter
1	Marketing and Advertisement
2	Growth
3	Services
4	Availability
5	Adaptability

The top 5 have been analyzed only. Other parameters have been left out due to its low importance and owing to a constraint of time.

Over the past few years, we have seen the NBFC sector in India become more mature and stronger. NBFC have provided the large unbanked sector of India opportunities of financial inclusion. The consumer base of the NBFC sector has increased considerably registering an annual growth rate of 20% of late. One of the main reasons why NBFC's have been successful in expanding their retail

customer base is by providing easy access to credit. Whether it is a consumer durable, vehicle finance or a small personal loan, NBFC's have quite successfully transformed the banking value chain by making loan acquisition faster and easier. NBFC's are more accepting than banks of low credit scores and give fast loan approval and disbursement. However, with disposable incomes growing, especially in the urban sectors and increasing competition within this market space, NBFC's have to ensure that they not only acquire new customers but also manage to retain them successfully. In this blog, we take a look at how they can do so.

CONCLUSION

Project is all about identifying the Role of Strategic Business Management of a NBFC sector in India. We analyzed it in various aspects. The marketing strategies of NBFCs showcased their primary business management strategy. Use of marketing mix in banking and NBFC sector is increasing day by day with 4'Cs. So marketing concept is very important for every NBFC.

NBFC are gaining momentum and have come a long way over the decades. The banking sector is financing only 40% of the trading sector the rest is by the NBFC's. They play a major role in economic development of a nation. NBFCs in India have become prominent in a wide range of activities like hire purchase finance, equipment lease finance, loans, and investments. NBFCs are doing more fee-based business than fund-based. They are focusing now on retail sector-housing finance, personal loans and marketing of insurance. The strong NBFCs have successfully emerged as 'financial institutions' in a short span of time and are in the process of converting themselves into 'financial supermarket' – a one-stop financial shop. The growth trend of NBFCs in India is still catching momentum. Their role in the economy cannot be neglected and RBI should also make certain policies which should help them to flourish along with care for its investors.

To summarise all these, the project comprises detailed study of the role of marketing in the NBFC Sector. Marketing has become a necessary survival weapon and is fundamentally changing the financial industry worldwide. The rise of Marketing is redefining business relationships and the most successful banks and NBFC will be those that can truly strengthen their relationship with their customers. Technology innovation and fierce competition among existing banks and NBFCs have enable a wide array of banking products and services, being made available to retail and wholesale customer through an electronic distribution channel, collectively referred to as e-banking. Technology is altering the relationships between banks and NBFCs its internal and external customers.

LIMITATIONS OF THE RESEARCH

The responses recorded by the individuals in the online survey might include bias on account of lack of clarity of the subject matter. As far as possible, an honest attempt has been made to take data from reliable secondary sources. However, there might be a possibility of incorrect data being creptin. Time and cost are critical factors limiting this study.

The study is also limited to the data available in hand as on a particular date since the topic is dynamic and several rules, regulations and/or clarifications may be issued by the relevant regulatory authorities after the submission of this project which might render certain sections of this project as obsolete.

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