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Digital Disruptions and Transformation of Bank Marketing

Sarita Bhatnagar

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Abstract

Banking industry is at the cusp of a disruptive revolution led by the advent of digital technologies. This paper intends to describe the impacts of digital disruption on one specific function, i.e., marketing of banking services. We explore the evolution of technology in banking, transformations from traditional marketing paradigm to present day digital marketing paradigm. We look at the major ways in which the core marketing functions in banks, such as customer acquisition, brand promotion, product development, service differentiation, experience management and loyalty development, have changed. The study is based on an extensive review of literature, with information sourced from authentic websites, articles, journals, documents, published reports and online data bases. Additionally, views of practitioner's are incorporated from deliberations made in a recent webinar on the same theme.

Keywords: Marketing, Bank marketing, Digital marketing, Digital disruption, Banking technology.

JEL Classifications: G 21; M 15; M 31; O 33

Sarita Bhatnagar

National Institute of Bank Management, Pune, India

e-mail: sarita@nibmindia.org

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Digital Disruptions and Transformation of Bank Marketing

1. Introduction

Marketing of banking services has been experiencing a seismic shift with the advent of digital technologies. The rising mobile penetration, increasing connectivity and ubiquity of payment services coupled with big data analytics, artificial intelligence and machine learning are leading to near disruption in the approaches to marketing and targeting of customers. Banking institutions are investing more and more on digital technologies to attract the growing young and tech savvy consumer base. However, the new generation customers seek even higher empowerment, information and continue to remain demanding of superior and personalized service experience. Innovations in product design, targeting, selling and serving the customers are now essential to compete for customer acquisition and retention in this emerging inter-connected and phygital ecosystem.

2. Literature Review

In this section we attempt to briefly mention the important findings from studies exploring the influence of digital technologies on banking sector and its marketing paradigms.¹

Usage of digital banking services both volume-wise and value-wise, has increased after demonetization (Bansal and Jain , 2018). Digitization is changing the manner in which business is done and it considerably improves economic activities and competition. Digital innovations are leading to increasing convergence of sectors such as financial services, telecom, and information technology (Gupta , 2018). There is a paradigm shift in the overall strategy and notable changes in the entire value creation process. Distinctions between online and offline distribution/communication channels is almost blurred for internet savvy customers. It is suggested that it is critical for countries at different transition stages of digitization to adopt an ecosystem philosophy and enable sustainable competition (Kapadia and Madhav, 2020). There is going to be a rapid digital mobile banking transformation and there will be strategic partnerships between fintechs, large technology companies, banks and other financial institutions for value creation and scale synergy. The old and large investment banking institutions will extend their business model to retail and commercial banking via Artificial Intelligence powered digital channels, while retail banks will extend their core boundaries to leverage regtech, insurtech and wealthtech investment

¹ A broad literature survey is given in a tabular form in Annexure I

technological innovations (Wewege and Thompsett, 2020). A variety of different banking models are emerging – including Banking as a Platform and Banking as a Service. These approaches enable banks to reap the benefits of latest innovations, provide the customers with wider choices and best products and services from across the fintech ecosystem (Pugliese, 2021). Fintech will drive the new business model, sharing economy will be embedded in every part of the financial system and block chain will bring unprecedented changes. With digital becoming mainstream, dominance of public cloud, customer intelligence will be pivotal to profitability (Courbe & Lyons, 2016).

Informed customers of the digital era can dictate much of the desired content, and retailers including banks must be able to serve customers with immediate and personalised content, anytime and anywhere. Virtual experts deliver an immersive personalised shopping experience, improving flow among consumer touch points and providing content that has emotional and cognitive fit. Remote product experts leverage customer analytics across multiple touch points and delve into customer personas to customize touch point flow. Organisations that address the immediacy challenge through use of Remote Experts and digital assistants will be more competitive (Parise et al ,2016). Businesses that take data seriously organise themselves around data and as organisations everywhere increase their use of analytics, differentiation will become increasingly important (Ransbotham and Kiron , 2016). IT and innovations have enriched better customer services and major increase in cashless payment system has been observed in recent years (Sarkar 2016). There is a need for banks to become AI- first institutions by streamlining their capability stock for value creation. Customers expect banks to know their context and needs, no matter, where they interact with the bank and to enable a frictionless experience. Banks will need to redesign overall customer experiences and specific journey for Omni channel interaction. Banks need to transition to the platform operating model and adoption of AI technologies is no longer a choice but a strategic imperative (Biswas et al, 2020).

Cashless economy policy has significant impact on marketing strategies of banks. Banks need to redesign their marketing in transition strategies from traditional to digital marketing strategies (Goswami and Sinha , 2019). It is important to understand youth buyer behaviour by marketers and move towards Technical customer oriented marketing approach (Sivasankaran , 2017). Disruptive technological advancements demand adoption of new marketing practices keeping in view capabilities offered by social media, on-line targeting, price transparency, automated interactions and online metrics. At the same time banks face certain issues like talent gap and organisational challenges (Leeflang, et al 2013). Organisations need to understand the immense potential of digital marketing and since it is at a nascent stage, success will involve attempts and cycle of “test-learn-evolve”. Innovations in customer experience and media strategies should be stressed upon to unleash the capabilities digital marketing offers (Yasim et al, 2015). Digital marketing components like mobile marketing, social media marketing and web sources have some impact on overall

rural banking performance and customers are accepting that connectivity and search engines offer relevant information to them (Anbazhagan et al, 2020). Digital marketing offers benefits of convenience, lower cost and relationship building (Patil , 2019). Integrated digital marketing campaigns increase brand loyalty. Digital marketing is the future of marketing, not only essential for a business to survive, but also thrive with the best results (Paranjape , 2018). In B2B industry, migration from traditional to digital marketing is speeding up. Significant benefits of this transition are lower cost in B2B marketing and better customer bonding (Routray , 2020). Benefits of digital marketing are realized in increased brand recognition, loyalty, cost reduction, increased inbound traffic and better ranking in search segments. Digital Marketing has important strategic dimensions including importance of innovation, customer first orientation and content sharing capabilities (Kaushik , 2016).

Analysis of extant literature on digital disruption on bank marketing reveals three major themes namely (i) emergence of new business models, (ii) impact of specific technologies on the marketing functions and (iii) transformation from traditional to digital marketing. In regards to the emergence of new business models, it is found that there has been a continuing convergence of financial services, telecom and information technology sectors resulting in huge scale and synergy from a widely interconnected ecosystem. The second set of studies on the impact of specific technologies indicate to empowerment of customer in terms of choice, content and medium. Studies on digital marketing practices and paradigms in banks find a felt need for redesigning the marketing strategies of banks keeping in view the evolving behaviours of an increasingly digitally savvy customer. These studies indicate to a deep and possibly disruptive impact of digital technologies on bank marketing. There seems to be an urgent need to redesign the bank marketing framework to traverse towards digital marketing practices at the core.

This paper attempts to present a detailed view of such impact and transformation of banking. Rest of the paper is organized as follows. Section 3 explores the evolution of technology in banking and the resulting impact on banking operations in terms of shifts in perspectives towards the customers. Section 4 attempts to describe the impacts on the conceptualization of marketing mix from traditional to present day digital marketing paradigm. Section 5 outlines the major themes of transformation in bank marketing. Section 6 concludes.

3. Technological innovation and disruption in banking services

Since the time of emergence of banking services in the sixteenth century, their core functions, viz, mobilizing savings, creation of credit and enabling transfer of money have remained the same for long. However, the form and structure of banking has been continually evolving. One of the drivers of the changes in banking has been technology adoption. From the adoption of the credit cards in 1950s, ATMs in 1960s, the swift based

payment network in 1970s, beginning of branch computerization in 1980s, automated mortgage and loan processing in the 1990s, and the development of data warehousing and data mining, the functions of banking have changed in many ways (Antonios, 2020). Foremost, banking functions have become more automated thereby enhancing their service capacity and lower transaction cost. Also, integration of banking services became possible, which along with the use of customer data, about their profiles and transactions, enabled banks to enhance their customer centricity.

The mid of 1990s also saw the entry of internet as online banking when several large banks provided such services to their customers. In early 2000, the wide adoption of smartphones led to mobile banking that empowered people to make financial transactions by their own. Both these technologies gave a significant fillip to enhancement of outreach of banks to their customers. The emergence of e-wallet in the early 2010s and other more sophisticated mobile based payment enabled the consumers to use their phones directly for making purchase.

Digitization and digital banking emerged to be the next frontier of banking innovation. Development of component based technologies and Application Programming Interfaces (API) led to a huge leap in the structure of banking value chain and the ecosystem. Fintech companies having significant capabilities in digital technologies arrived as third parties providing specific solutions for banking functions. New business models, such as platform banking and open banking emerged providing an interesting technological alternative to traditional branch based banking (Dapp et al 2015). Digital banking has opened up new paradigms of captive ecosystem, customer switching cost and networks effect to redefine competitiveness in banking.

Further developments such as cloud computing has enabled storage and processing of data in virtual resources reducing upfront cost and complexity of owning and maintaining them. Alongside, blockchain technology brought in newer possibilities for secured storage and transmission of transaction data (Mehta et al 2020). Big data analytics enabled banks to manage data, of immense volume and complexity, from various sources and analyze by using artificial intelligence and machine learning tools for obtaining important information and business knowledge (Agarwal et al, 2021). Other technologies such as the robotic process automation and internet of things have enabled automation of routine activities using interoperable information and communication technologies.

One significant observation regarding the journey of technology adoption in banking is the rapidness of growth of new technologies from breakthrough stage to becoming mass-market applications. In this regards, the fintechs and other non-financial digital brands have enabled the adoption of digital technologies at an accelerated rate. There has been an increasing mashup and blurring of boundaries between physical and virtual world of banking. This has led to disaggregation of the production of banking services both vertically

and horizontally (Feyen et al, 2021). Banks are now able to incorporate functions and features from outsourced providers and external vendors such as marketplace originators, credit scoring services, white labeled resources and partnerships, etc. As a result, customers have become more empowered and enabled to find and assemble their personalized and preferred suite of products. Bank differentiation has moved towards hyper personalization and superior service experience.

4. New technologies and changing connotations of marketing mix

New technologies have led to shift in perspective about the concept of marketing mix, or the set of controllable marketing variables that a firm needs to blend together to produce the response it desires from the target market. The traditional view of marketing mix involved four Ps such as product, price, place and promotion (McCarthy, 1960), which later found addition of others such as people, process and physical evidence (Booms & Bitner, 1982). Digital technologies have particularly redefined and transformed how the elements of marketing mix are come to be viewed.

4.1 Product: *From static products for masses to personalized offerings.*

The traditional view of product in marketing mix consists of offerings that satisfy the need of the customer. This view of product encapsulate a core benefit that may be enhanced by additional and augmented features to enhance their value proposition. Product development is associated with design, quality, feature and brand decisions which are usually targeted to either serve mass customers or the elite ones. Often for mass customers, products mostly remain the same for years with little change in their features.

New technologies have led to a changeover from static products to more personalized offerings for mass customers (Marcus, 2018). On one hand, with manufacturing and production of goods and services becoming more platform based, possibilities for addition of features and creation of product variants become enhanced. On the other hand, digitization of product functions, emergence of interfaces such as APIs and availability of real time data now enables connection of devices and objects through digital means and development of products based on events, life stage, location, etc. This allows for increased personalization of product design such as varying health insurance premium based on information from fitness bands about healthy lifestyle, auto insurance premium from data captured through devices monitoring safe driving parameters in automobiles, etc. (Ennew et al, 2017)

4.2 Price: *From limited differentiation to dynamic and value based pricing*

Price in traditional marketing has been viewed as economic indicator of customer value, discounts, differentiation and quality price interaction. In several industries such as

banking, pricing tactics have been sparingly practiced as the last tool of competition. Digital technologies have enabled more effectively use of price in a dynamic manner.

On one hand, technology has empowered customers to compare and contrast prices and features of competing financial services for selection of the best value providers. On the other hand, provider's digital capabilities enable them to make more nuanced price discriminations based on segment and customer behaviour details (Kotler and Keller, 2015). Possibilities for dynamic pricing has become enhanced by providing discounts and offers curated to the specific profiles and needs of customers simply based on their search patterns across digital channels. Therefore, from both the seller and the buyer side, digital technologies have made pricing truly a value based function.

4.3 Place: *From fixed physical location to seamless access.*

In the traditional view of marketing mix, the place element was mostly focused on physical location and coverage through channels and retail units. In fact, brands were known from their country or region of origin. Availability of services, therefore, was limited to the presence through their sales and trading outlets.

In digital era, however, distribution and accessibility to service has no longer remained restricted to branches and other fixed outlets. Instead, with services being available on internet and online channels including mobile devices, products and services have become location-free and can be marketed and supplied over wider geographies. Instead now, experience and ease of access has become an important baseline factors. With proliferation of access modes, delivering omni-channel experience with capabilities of data synchronization have become important. Customers now expect a seamless and frictionless channel journey while completing their service transactions.

4.4 Promotion: *From one way communications to creating brand conversations.*

Promotion refers to communication with actual and prospective customers in order to evoke a positive attitudinal position and behavioural response for generating intent to purchase. In the traditional view, it included advertising, publicity, public relations, etc. With proliferation of digital channels, like emails, sms, social media, mobile apps, website, etc., it is now observed that promotion and communication does not flow solely from sellers to the buyers. Rather, the latter now proactively engage in search activities for their desired source of supply on the internet. Often times, customers are willing to adopt paid search to find out their service providers.

These have led to new marketing practices like viral marketing, affiliate advertising, display advertising, etc. These have elevated the competition for the customer but their success depend on developing the right content and engagement with potential customers.

Customers today have the power to share and endorse a brand, but only when they grow an emotional connection, deep affiliation and loyalty. Therefore, from being messages from brand to the consumer, promotion in marketing mix has transformed to a different connotation of being able to generate customer conversations.

4.5 People: *From operational activity and roles to creative team work.*

People are the defining factors in a service business. It has traditionally referred to those mostly involved in customer facing roles, such as in sales, distribution and marketing, and also other operational roles to support the former such as back office personnel. The people component emphasized customer orientation and service culture amongst those in such roles. Challenges existed for their selection and recruitment, training, appropriate placement, motivation, skill enhancement, etc.

In digital marketing, the people element has undergone immense change as new roles such as data scientist and technology specialists have emerged. These require new sets of skills such as creativity and orientation to technology laden functions, which are mostly found in the younger generation (Kiron and Shockley, 2011). Alternative organizational modes, such as team structures, and people management practices, such as reverse mentoring, need to be cultivated.

4.6 Physical Evidence: *From tangibles to intuitive interfaces.*

Physical evidence refers to artefacts that manifest the brand such as branches, equipment, layout, facilities, stationary, etc. Marketers and sellers used such artefacts as vehicles to enhance the visibility and presence of the brand before their audience. Significant investments were made on these objects to provide a tangible look and feel for developing connect with the brand.

With growing digital activity and use of online for purchase of products and services, physical evidence as elements of marketing mix have been becoming less influential. Technology systems now provide digital artefacts and tools such as intelligent dashboards, updated user insights, 360 profile view, etc., that enable customer interfaces to become more intuitive and user-friendly, with right content, messages and offers. Ease of navigation and speed of search and transaction processing have become more important features of digital artefacts.

4.7 Process: *From procedures and processes to fast and frictionless offerings*

Process as element of marketing mix refer to facilitation of service delivery and related administrative and support functions. In transition from manual to technology enabled and now digital processes, there is a vast change in the connotation of this element.

In a digital marketing environment, customers expect instant need fulfilment such as frictionless completion of transactions, immediate response to their queries and problems, etc. Technologies of virtual assistants, chatbots, robo advisors, self-service channels and intelligent super apps today enable such instant fulfilment of customer needs possible.

5. Five transformations in bank marketing

In our exploration of the impact of digital technologies on bank marketing, we find almost all aspects of the function to have undergone change on diverse dimensions. We focus on five major transformations in banking marketing, which relate to customer acquisition methods, leveraging social presence, abilities of delivering bespoke offerings, enabling superior digital service functionalities and ensuring customer engagement. The following sub-sections details each of these transformations:

5.1 Brand presentment at zero moment of truth

Customer acquisition in banking has traditionally relied on promotions like advertising, emails, SMS, campaigns, brochures, pamphlets, banners, bill boards, public relations, networking with relevant departments and organizations, telemarketing etc. Application of these tools and tactics varied upon the product on offer and other marketing environment factors like geography, demography, socio-economic environment, regulations and government schemes. Acquisition now entails the presence of banking brand at the very moment when a prospect realizes the need for a financial service or information. This is known as Zero Moment of Truth, which can be described as the moment in the buying process when a customer researches a product prior to purchase (Lecinski, 2011). It is a moment where customer has an intent, need, curiosity or a stimulus for which he goes online to get answer or information. It is a new decision – making moment and it takes place millions of times on mobile phones, laptops, and connected devices of all kinds. Today’s customers make purchase decisions from user ratings, review sites, social media etc. They learn about brands and offerings from search results, text ads, video ads, banner ads, aggregator websites and official brand websites (Rachford, 2019). Capitalizing on these moments is essential for banks to acquire customers.

Banks attempt to arrive in the choice sets of digitally active customers through Search Engine Marketing (SEM), Search Engine Optimization (SEO), Display ads, Native advertising and Social Media Interactions. Search Engine Marketing is the practice of improving an organization’s place in the search engine results. With internet based search as the most important avenue of customer acquisition, banks are keen to ensure that they feature higher up the page in search results. Search Engine Marketing or Pay per Click (PPC) also called Paid Search is a way to achieve top positions on Google Page through purchase of key -words. Key –words are sold on an auction system, so that the organization that pays most has a better

chance of gaining a top place on Search Engine Result Page (SERP). The algorithm determining the rank of page of a particular bank also considers factors such as content on landing page, quality of advert content and organizations reputation.

Search Engine Optimization (SEO) is the art and science of attracting the right prospects to bank's websites and product specific landing pages when they click organic (non-paid) link of the bank. SEO is dependent on both On-page SEO and Off-page SEO. On - page SEO, concerns content on the web-pages, speed of delivery and the accessibility of webpage. Off- page SEO refers to methods of mentioning the web-page in other places including Social Media pages, and any website links on other web pages. The aim of these web links is to drive traffic back to the bank's landing pages.

In digital marketing it is often said that that "Content is King". Content marketing is very significant in context of SEO too. Content marketing is a strategic approach focused on creating and distributing valuable , relevant and consistent content to attract and retain a clearly defined audience , and ultimately to drive profitable customer action. Banks are investing in 'Content Marketing ', as it increases brand visibility, helps create backlinks for its site, encourages conversions and inspires social shares. Content can be an information, discussion or story addressing the interests and concerns of prospective customers based on their lifestyle, life stage and immediate /important decisions. Banks curate and deliver content so that there is active consumption of content leading to brand introduction, recognition and eventually purchase and endorsement. The various types of content include social media posts and curated content, short form blog posts, infographics and slide shares, long form blogs and presentations, white papers, informative articles and videos, etc. Banks can curate and deliver content leading to brand introduction, recognition and eventually purchase and endorsement.

Another significant strategies enabling brand presentment in zero moment of truth are Display Advertising and Native Advertising. Banks use display ads in form of a stamp, banner, picture or multimedia strategically placed on a selected webpage to drive hot leads to their sites when prospect is surfing through a relevant site. A prospect while surfing the webpage, when influenced by the display ad may click it and become directed to the promoting brand's webpage. For example stamp ad for car loans can be placed on online auto magazines and auto dealerships websites.

In Native Advertising, the advert or content is placed on a relevant website in a manner to gel with the editorial outlook and theme. For example, on a financial magazine a sponsored article by a bank sharing guidance on investment, cyber security etc. can be placed with presentation curated to gel with financial magazines editorial design and look. This catches attention of prospects off guard, and bank's brand gets attention and positive perception.

With technologies such as web analytics, cookies (or files with information sent to central server every time a prospect attempts to access a website), etc., prospects are identified based on their webpage engagement as they search for a product or service (Parthasarathi et al, 2020). When these interested prospects leave, without action, they are presented the brand message and particular product update at subsequent pages they visit. Bank marketers can leverage the power of analytics to sift through large volumes of structured and unstructured data of the customers to obtain insights on their channel preference, product propensity, product ownership etc., which can be utilized to make suitable product offerings in interfaces of their choice.

Social media has a special relevance in the presentment of bank brand at zero moment of truth. With large amount of granular data available with social media networks, it is possible to create and launch highly targeted ads for different demographic groups. For example, HDFC Bank uses social networks to identify and target customers based on specific segmentation criteria such as lifestyle, interest, location etc. On mapping the customers and their banking transaction behaviour with their social media profiles and device usage, the bank decides more relevant messages and medium for each segment. In leveraging the zero moment of truth, banks trace the entire customer journey from interest to conversion. Optimization is possible by understanding the comparative effectiveness of different acquisition tools at different stages of the journey and informed resource allocation to these. One such effort is by BBVA, it uses conversion optimization tool to understand the funnel through which customers find and acquire products.

5.2 Social media marketing and brand influencers

Word of mouth (WOM) has been an important aspect of bank marketing. It is well established that WOM is highly powerful and effective in changing customer attitudes and influencing buying behaviour more than many other form of promotion. WOM is a social phenomenon wherein customer share information about their brand experience informally through personal and impersonal channels with the intent of wider dissemination. Marketers attempt to generate positive WOM effects by undertaking social initiatives such as by forming user groups, encouraging customer referrals, etc.

In the digital world of marketing, there are opportunities to generate word of mouth through the social media. Customer's presence on social media platforms and their interactions offer opportunities for banks to generate WOM more effectively. Their digital activity and conversations on social media can serve for effective segmenting, targeting and campaigning (Ransbothom and Kiron, 2017). Social media networks can provide continuously updated customer data which helps to identify and target customers based on diverse segmentation criteria, leading to granular targeting (Nitescu, 2015). Used with mapping of customer profile, their device usage and data of banking transactions, customer

social media profile can help to customize brand message, offerings and medium suitable to the target segments. This may lead to enhanced outreach at lower costs as well as higher conversions and responses.

Social listening gives product ideas and product modifications based on response from people posting on different platforms about their requirements, expectations and service experiences. Other opportunities for bank marketing provided by Social Media are enabling real-time marketing for banks. Today's customers are always online and expect immediate responses for their queries, service requests etc. Through social media queries can be addressed, important information provided, feedback incorporated and changes in service features etc. notified immediately to enable prompt action and better decisions by customers.

Thus social media has numerous customer service advantage for banks. Customer relevant services can be provided through dedicated channels and staff can respond immediately. Real time chat services enable on the spot problem solving in common service situations. Customer engagement is another avenue of present day marketing which is powered by banks' social media presence. Customer engagement refers to depth of customer's relationship with the brand and it leads to more interactions, greater exchange of information and loyalty. Social media is utilized to engage the customers with interesting and relevant posts, contests and events.

Different social media platforms can be utilized for different marketing objectives like Facebook and Twitter for real time service handholding, YouTube for product demos, Twitter and Pinterest in sharing tips on safe banking and new product updates. Relevant content on blogs help in SEO for bank's websites and product specific landing pages.

Influencer marketing is emerging as one of the most cost effective online customer acquisition method. By analysing the social graphs, brands identify the right influencers for their brand message to intended target audience.² It helps engage with target customers when brand partners with influential people whose audiences align with the brand's offering or identity. Banks are using both organic (where influencers mention a brand without paid contract) and paid influencers. Bank brands are harnessing the power of personalization, and peer to peer recommendations that attribute to high level of trust and influence. Influencers aid in making financial products, services and processes relatable and accessible. By sharing their experiences modeling their usage, and infusing sign ups, purchase a brand's message with their own reliability, influencers can break down barriers and guide the way for their audiences and connections (Garcia, 2022). Influencer-bank

² Social Graph illustrates interconnections between people groups and organizations in a social network.

partnership results in long term brand endorsement and storytelling to support a brand's message. The outcomes are awareness, app downloads, sign ups, purchase engagement and further peer to peer endorsement.

HDFC Bank mobilized social media and influencers through the campaign branded as '*Spend It Well*', which combined appropriate messages and platform to reach out to millennials for HDFC Millennia Cards. In three days the campaign reached over 19 million people, created over 22 million impressions, generated 105000 website visits and 500% increase in google search for HDFC Millennia.

5.3 Hyper personalization and customized offering

Mass customization, or offering products that meet individual wants and needs, has been a long time challenge for manufacturers and sellers. It has required immense flexibility to organize production and distribution to create products that are truly 'segment of one'. The world of digital technologies, however, provides immense possibilities for not just customization of offerings but hyper personalization of products and services for the individual customer (OECD 2021).

Banks are investing in technologies like data warehouses and data lakes, which helps them to store and analyse structured and unstructured data about customers. The earlier 360 degree customer view or customer one view was developed based on multi-channel customer interactions recorded on operational CRM, and dashboard data. Now the 360 view of customer can be more appropriately termed as a Code Halo of a customer. Code halo is a customer's digital footprint across different digital platforms, payment gateways, swipes of cards, clicks, shares, search etc. (De La Castro et al, 2014). Some banks update this code halo in real time. In addition to this, information from a number of other external sources like credit bureaus, utility payments, income tax payments, travel bookings, etc. are collected and analysed. This access to insights about customer product ownership, interests, lifestyle, channel preferences, credit worthiness etc. gives the banks a large number of opportunities for cross selling, upselling, offering right products at the right time, through the right channel. Models suggest the best financial solution at the most opportune time based on spending habits, social and demographic profile, preferences, responses to previous product and promotional offerings (Regkas, 2020). Data scientists derive the propensity models that predict the customer's probable response to a particular offer and thus make a very personalized offer which in turn improves customer relationships (Zulaikha et al, 2020).

Hyper personalization is done by harnessing real-time user data to generate insights for creating products and services and also charging prices that address customers' manifest and latent needs (Huang and Rust, 2021). AI enabled tools can forecast life events and recommend suitable financial products for meeting user's saving and investment goals.

Personal Financial Management (PFM) has become the new competitive advantage. AI enabled PFM presents customers with personalized actionable insights based on their banking transactions, set priorities, saving goals with intelligent real time suggestions to help them better manage their finances. These recommendations help in adopting best course of action, at any given moment, and make optimum financial decisions. Bank's decision engines promote right actions at the right time, for e.g. a customer would be advised if their saving would deliver a better interest in different kind of account. Apps like Santander bank's Money Plan Apps, act as financial product aggregators gathering all cards and accounts in one platform. These apps offer personalized alerts and suggestions aligned with user's saving goals .RBC 's Intelligent App NOMI sends alerts reminders and tailored insights based on customer's banking habits , so that they can make more informed financial decisions.

Machine Learning algorithms have enabled tools for individuals to access semi-personalized portfolio management services through automated online platforms, known as robo-advisors (Kaya, 2019). Based on customer's investment preference information a robo-advisor creates and manages his investment portfolio. The tools of portfolio optimization are utilized which offer a greater level of investment sophistication. Robo advisors are less expensive and can be accessed any time.

5.4 Customer journey and digital service experience

With banks adopting most sophisticated technologies and commoditization of banking services, competitive advantage has shifted from products and services to differentiating on their brand. Such differentiation emerges from associating the brand with multiple customer benefits leading to a highly enriched customer experience that may evoke certain emotional response driving greater loyalty.

As customer journeys are becoming more complex, due to more devices and channels, quest for seamless banking experience is also rising given the consumer's experience from bigtech companies. Customers expect consistent Omni channel use experience (Regalla, 2022). Disruptive digital technologies of Natural Language Processing, Artificial Intelligence, and Machine Learning and Predictive analytics enable seamless, omni- channel, intelligent interactions for banking customers. For example Bank of America s digital assistant Erica is AI driven and combines predictive analytics and Natural Language Processing to help app users access balance information, transfer money between accounts, schedule meetings at financial centers. Customers interact with Erica in any way they choose including voice commands, texting or tapping options on phone etc. Similarly, in context of Omni channel experiences, Spanish Bank Bankia provides superior customer experience to its customers through the multi-channel, *Connect with your Expert* solution. This free service reaches customers via face-to-face meetings at Bankia's standard and quick branches as well as through a 24/7, dedicated web app. Customers have access to a personal advisor (always

the same person) for financial advice and transaction support. It has features like customer-to-adviser video calling and screen sharing for document review.

Customer satisfaction is of utmost importance in business success of banks and financial institutions. It provides the insights in areas of improvement of a bank's overall offerings and banks monitor it consistently to remain competitive and customer centric. It has traditionally been measured using models like SERVQUAL (Parasuraman et al., 1988) analysis SERVPERF (Cronin and Taylor, 1992) and many other qualitative and quantitative, disguised and undisguised methods. In light of changing bank- customer interaction, and largely online processes in availing banking services, the customer satisfaction measurement has also evolved. There is a growing importance of metrics such as Customer Effort Score (Dixon et al., 2010), to measure the digital interface of banks in terms of the effort required to access a banking service. Customer Effort Score measures how much effort a customer has to exert to get an issue resolved, a request fulfilled, or a question answered.

As customers evolve from novice users of digital banking channels, to advanced users and finally expert users, their aspirations from banks also evolve from feeling secure, to saving time and effort to finally be rewarded and feeling valued. On the other hand, most banks, unlike fintech companies, are not native to technology service provision. They need to map their customer journeys, identify key interactions and pain points and find ways to improve service experience. In this regard, journey analytics can provide insights at every stage and level of customer journey that can help the bank improve business outcomes, drive conversions, and deliver consistent and satisfying experiences.

5.5 Creating brand engagement loyalty and advocacy

Banks usually view customers from the regulatory viewpoint of KYC or '*Know Your Customer*'. Customers are examined before onboarding through due diligence exercises with regards to their identity, occupation, address, etc., and may often have to update such information for continued service. While these actions are intended for discerning any kind of customer risk that may exist, after having onboarded the customer, banks also need to evoke their loyalty and advocacy for the bank brand. In quest of customer loyalty banks need to move from 'Knowing the Customers' to 'Knowing their Context' and relate to them for developing relationships. The context for the customer refers, apart from their personal and demographic profile and their phase of life cycle, to their various emotional makeup or even ideological backgrounds. Having deep real-time insights on customer journeys, life-cycle phases and contexts with help of digital technologies, banks are innovating in developing deeper meaningful customer interactions and relationship (Brătășanu, 2017).

Further Digital technologies can assist in developing deeper and more meaningful customer engagements by building trust with the brand (Ennew et al, 2017). Some banks have undertaken certain benevolent acts such as solving certain life problems or acting on

issues that concern the customer deeply. For example, Suruga Bank of Japan created a benevolent app – *Dream Home* – that helps consumers select new home and assist in realizing the financial implications of their decisions (Urban and Sultan, 2015). In another example, in order to connect with socially and environmentally conscious consumers, MasterCard added a carbon calculator in their cardholder apps.

When each engagement with bank helps customer progress along his financial journey as well as life context, a positive experience leads to loyalty. In the digital marketing, the advocacy stage of marketing process has a special significance (Kotler et al, 2016). In the traditional marketing context advocacy relied on word of mouth, i.e. satisfied customers endorse the brand to their friends and relatives. In the digital context the endorsement by customer becomes even more efficient and greater in reach. This is by the communication facilities a customer has in form of likes, comments, shares, review writing, referrals, etc. These advocates share the positive brand experience to a large number of connections on different media and also to larger masses when they write reviews, comments, blogs or share brand related media.

In creating brand engagement advocacy and loyalty, one of the effective digital marketing innovation is the super app. Super app, in addition to providing banking and financial services, also caters to life style services such as customers travel, purchase, etc. It provides convenient experience for customers for obtaining these services. It enables banks to move from transaction based customer connect to develop long term relationship by partnering with other financial ,retail and lifestyle service providers (Wang , 2021). For example, State Bank of India offers YONO super app which not only provides digital banking facilities, but also fulfills investment, shopping, and travel needs. These engagements helps the customer progress along the financial journey, as well as their life context, a positive experience is created that leads to loyalty towards the bank.

6. Conclusion

With growing adoption of digital, banking may no longer remain as a business based on customer (B2C) interaction, but turn around to become a customer to business (C2B) interaction. Indeed, with customers becoming increasingly empowered and in control by virtue of digital technologies, the shift in the nature of buyer-seller relationship in banking may be imminent. How banks related to customers through their marketing activities must also undergo a significant change. The paper outlines how the entire range of functions of bank marketing, from brand promotion to customer acquisition, product development, service differentiation and experience management, are assuming different connotations as the practice moves on to the digital environment. It underlines important shift in mind-set of banks from being monolith organizations to becoming collaborations with many entities in the ecosystem.

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Annexure 1

Literature Review

| S.N | Author(S) | Objectives | Key Findings |
|------------|---|--|---|
| 1. | WewegeL, Lee J and Thomsett C (2020) | Digital banking transformations in fintechs and digital banking institutions | <ul style="list-style-type: none"> - Imminent rapid digital and mobile banking transformation - Strategic partnerships between fintechs , large technology companies, banks and other financial institutions for value creation and scale synergy - Large investment banks extend their business model to retail and commercial banking via AI powered digital channels - Retail banks will extend their core boundaries to leverage regtech, insurtech and wealthtech investment technological innovations |
| 2. | Biswas S, Brand C, Chung V, Singh S and Thomas R (2020) | Understanding need for banks to become AI-first institutions and framework to become an AI-first institution | <ul style="list-style-type: none"> - Customers expect banks to know their context and needs, no matter, where they interact with the bank - A frictionless experience- is expected - Banks will need to redesign overall customer experiences and specific journey for Omni channel interaction - Banks need to transition to the platform operating model - Adoption of AI technologies is no longer a choice but a strategic imperative. |
| 3. | Kapadia SB, Madhav VV (2020) | Role of digitization in the banking sector and its effect on improvement in quality of service | <ul style="list-style-type: none"> - A paradigm shift in the overall strategy and changes in the entire value creation process - That distinctions between online and offline distribution/communication channels is almost blurred for internet savvy customers - It is critical for countries at different transition stages of digitization to adopt an ecosystem philosophy and enable sustainable competition |
| 4. | Sivakumar R, Chandramohan T and Anbazhagan (2020) | Examining the utilisation of social media marketing on the performance of rural banks | <ul style="list-style-type: none"> - Digital marketing components like mobile marketing, social media marketing and web sources has some impact on overall rural banking performance - Customers are accepting that connectivity and search engines offer relevant information to them |

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| 5. | Routray J K (2020) | -Growth trend of digital marketing in India - Impact on B2B organisations. | - B2B industry migration from traditional to digital marketing is speeding up |
| 6. | Patil SS (2019) | Exploring the advantages of digital marketing adaptation | Benefits of digital marketing viz., convenience, lower cost and relationship building |
| 7. | Goswami KC and Sinha S (2019), | Study the impact of cashless economy policy on marketing strategies of banks | - Cashless economy policy has significant impact on marketing strategies of banks - Banks need to redesign their marketing in transition strategies from traditional to digital marketing strategies |
| 8. | Gupta M (2018) | Role of IT in digital era | -Diigitization considerably improves economic activities and competition. -Convergence of sectors such as financial services and telecom -Technology reached bottom of pyramid |
| 9. | Bansal N and Jain M (2018) | Impact of demonetization on digital banking services | -Usage of digital banking services volume-wise and value wise has increased after demonitization |
| 10. | Ransbotham S and Kiron D, (2017), | Impact of analytics on business innovations | - Business that take data seriously organise themselves around data and as organisations everywhere increase their use of analytics - Differentiation will become increasingly important |
| 11. | Sivasankaran S (2017), | Digital marketing and its impact on buying behaviour of youth | - Importance of understanding of youth buyer behaviour by marketers -Need to move towards Technical customer oriented marketing approach |

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| 12. | Parise S, Guinam PJ and Kafka R (2016) | Exploring how companies are leveraging digital technologies to transform the customer experience | <ul style="list-style-type: none"> - Informed customer can dictate much of the desired content - Retailers must be able to serve customers with immediate and personalised content, anytime and anywhere - Virtual experts deliver an immersive personalised shopping experience, improving flow among consumer touch points and providing content that has emotional and cognitive fit - Remote product expert leverages customer analytics across multiple touch points and delve into customer personas to customize touch point flow - Organisations that address the immediacy challenge through use of Remote Experts and digital assistants will be more competitive |
| 13. | Sarkar S (2016) | Technological innovations in Indian Banking sector and changing trends from cash to cashless payments | <ul style="list-style-type: none"> - IT and innovations have enriched better customer services - major increase in cashless payment system has been observed in recent years |
| 14. | Kaushik R (2016) | Studying precautions to be taken for effective implementation of digital marketing in realizing its potential in increasing sales | <ul style="list-style-type: none"> - Increased brand recognition, loyalty, cost reduction, increased inbound traffic and better ranking in search segments - Some commandments of Digital Marketing viz., its strategic dimension, importance of innovation, putting customer interest first, content sharing |
| 15. | Yasim A, Tasneem S and Fatema K (2015) | Study the importance of digital marketing for both marketers and consumers | <ul style="list-style-type: none"> - Significant differences in traditional marketing and digital marketing - Organisations need to understand the immense potential of digital marketing - Since it is at a nascent stage, success will involve attempts and cycle of “test-learn-evolve - Innovations in customer experience and media strategies should be stressed upon |

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| 16. | Leeflang PSH, Verhoef PC, Dahlstromp and Freundt Tjark (2013) | Exploring the challenges posed by digital media prevalence and consequent marketing tensions | <ul style="list-style-type: none"> - Digital revolution is threatening the existing business models - Increasing importance of leveraging big data in marketing - Rising importance of social media, on-line targeting, price transparency, automated interactions, online metrics, talent gap and organisational challenges |
| 17. | PWC report (2019) | Ten most important technology driven influencers that will shape the competition, in financial services by end of this decade | <ul style="list-style-type: none"> - Fintech will drive the new business model - Sharing economy will be embedded in every part of the financial system - Block chain will bring unprecedented changes with digital becoming mainstream - Dominance of public cloud, customer intelligence will be pivotal to profitability |
| 18. | Paranjape S | Exploring the role of digital marketing in developing customer loyalty | <ul style="list-style-type: none"> - Increased loyalty - Digital marketing is the future of marketing - Essential for a business to survive and thrive |