Poslovne studije/ Business Studies
Časopis za poslovnu teoriju i praksu
The paper submitted: 01.04.2015.
The paper accepted: 15.04.2015.

UDK 659.127.8:336.71]:005
DOI: 10.7251/POS1514133K
Original scientific paper

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MANAGEMENT OF BANK MARKETING

Summary: *Marketing concept of management of the total business system of banks remains completely undeveloped if we reduced it only to the ratio of loan and bank funds, i.e assets and liabilities. It must also include money market and financial capital, i.e total bank marketing. Money is both the starting point and end point of any market communication, it gives information on possible payback rates and profit. Modern markets are predominately financial markets with a constant process of transformation of goods and material values of all kinds into monetary forms with a completely revised financial structure of the assets of modern companies and banks. Therefore, financial (banking) marketing must start from the functions of money and capital, where the involvement of funds in production and transport gives the possibility for funds to secure the complete process of reproduction and development of each system. Today, demand and supply of funds, the inflow and outflow of money, the process of investing funds and the return of investments make up the basic functions of development, while the function of consumption and demand (goods and services) is derived from the system of investment and development policy (i.e the real engagement factors playing through market mechanisms).*

Key words: *banking management, bank marketing, financial resources, financial instruments, banking leadership*

JEL Classification: *G21*

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INTRODUCTION

This paper will analyse the marketing concept of financial operations. Financial marketing allows the maximum sensitivity of the banking and economic system to market fluctuations, macroeconomic policy and overall economic trends. Bank marketing directs banking business policy towards meeting current and future needs of both current and future customers and clients in an efficient and rational way. The basic aim of bank marketing is constant improvment of the depositary function with calculated effects in terms of increasing credit potential.

1. FINANCIAL MARKETING AND MANAGEMENT OF BANK FINANCES

Financial marketing, therefore, becomes an integral component of the finance function, development policy and the banking system, its modernization, efficiency and final effects of bank business policy towards the end users of banking assets and services. It is the inverse function of the current control - distribution state-public function of the existing banking system. The finance function in banking is increasingly geared to the following segments of business banking philosophy:

1. Management of financial resources (bank assets and liabilities),
2. Rational and efficient use of funds,
3. Control of the use of financial resources,
4. Policy of obtaining external funds, or the internal resources,
5. Inflows and outflows of money, the purposes of use,
6. Placement of available funds, especially in the new financial forms (shares, debentures, certificates, etc.).
7. Monitoring changes in the money and capital markets, as well as fluctuations in interest rates and foreign exchange rates,
8. Profitability of invested funds,

9. Change assessment of financial structure in the balance sheets,

10. Maintenance of permanent liquidity and solvency,

11. Assessment of investment projects, risk, analysis of profit, etc.

It is, therefore, all about managing finances, without which the overall function of production, realisation of goods and services, the target function of the overall system cannot be realized. Financial marketing (amended with financial management and financial engineering) allows the maximum sensitivity of the banking and economic system to market fluctuations, macroeconomic policy and the overall economic trends. This is particularly evident in terms of rapid and sudden shift in economic policy, extremely high inflation, fluctuations in foreign exchange rates and very high interest rates. In circumstances where the interest rate is about 20 times greater than the rate of profit, the financial area dominates the real one (production of goods and services), so that the poor management of the financial sphere may invalidate any positive results in the production and realization of goods and services. In such conditions consumer behavior changes, investments and long-term investments decline rapidly, business risk increases, inflationary gains and losses are spread uncontrollably often carrying away many operators and banks from the sphere of profit into the loss in a very short time. Financial marketing in such conditions gets the task to create reserve funds to cover the risk, to turn risk into operating costs, to “transfer” the risk into insurance institutions with increased insurance premiums and to optimally adjust short-term and long-term investments with their optimum time and interest structure (and the return dynamics). Financial marketing in terms of expensive money must adjust the procurement and sales, the inflow and outflow of funds, harmonize trade and financial flows of each bank and enterprise, including the system as a whole. Realisation of the optimum structure of funding (within the funds, commodity and financial resources) is an extremely complex task of managing all processes and overall business policy system.

The current worlwide trends in the area of money management and the overall finance function presume knowledge and great awareness about the economy of money. Financial management on this basis allows, even with unfavorable environment, the achievement of financial gain through maximization of the use of financial resources and the reduction of financial risk and costs, as well as through the elimination process of converting debt into the profit of creditors (inflation in particular). The rapid development of computer technology, linking systems, etc are leading to the growing importance of financial resources (money, capital, income, stocks, bonds, etc.) as well as to financial innovations. Large diversification of financial instruments (certificates of deposit, NOW accounts, repurchase of bonds, cash sweep accounts, common funds in the money markets, overdraft accounts, credit cards, bonds, SWOP arrangements, shares, etc.) are becoming the subject of buying and selling in the financial markets, with all greater gains and losses (resulting in greater business risks and financial risks). This leads to the loss dispersion in parallel with the widening scale of financial instruments in the business.

Thus, managing business finances is becoming a true pivot of integrated business strategy in the banking system. Financial decision-making becomes more complex, especially in the conditions when the finance function is increasingly oriented not towards meeting the needs of consumers, but on maximizing profits.

The electronic revolution completely modifies the current „rule of thumb "or" intuitive ", managerial model of bank finances, the random, somewhat expected trends as well as similar elements of rudimentary economy and tradicional (classical) banking. Now the finance function is almost completely automated. The telecommunications in the developed market economies provide the necessary infrastructure for a brand new financial marketing, which, in turn, becomes a catalyst for financial entrepreneurship and shareholding.

2. BANK MARKETING AND BANK GROWTH

Bank marketing is basically a modern approach to the market model where banks act as financial institutions and business entities in the financing of economic development and growth of enterprises. Bank marketing directs bank business policy towards meeting the current and future needs of present and future customers and clients in an efficient and rational way. The basic aim of bank marketing is a constant improvment of the depositary function with calculated effects in terms of increasing credit potential. This aim is achieved through attractive approaches to customers and clients, who have relatively high, stable and rising average funds without too high credit demands on their bank accounts. Bank marketing is also aimed at the development of new banking products and banking services, apart from the demands expressed for permanent development of the collecting deposit function and granting loans. Therefore, bank management accepts the contents of the markcting function, which is identified with the credit function (and which is of great importance for the management of bank assets and liabilities). That is why the acceptance and organisation of the marketing concept represented the kind of innovation in banking business and modern guideline of business-oriented bank policy.

Marketing approach to bank business policy is a reflection of the bank`s market orientation and pro – profit orientation of the bank’s management. Market-oriented business policy of the bank, as an independent business entity, represents a set of measures and bank instruments in the process of mobilization, concentration and allocation of funds according to the principles of liquidity, solvency and profitability. Banks` market motive for bank earning is profit from which the dividends on invested equity capital are received. The choice of marketing strategy, in this context, is an important factor in the bank’s business policy for the achievement of development and strategic goals of the banking business. In doing so, the assessment of the current market position of the bank should precede the formulation of marketing strategy. This is necessary because each bank has a functional organizational structure according to the following segments:

1. Fundraising – Corporate Banking (depository function),
2. Placement of funds – Corporate Banking (the credit function),
3. International Transactions (FX function),
4. Retail banking (depository and credit functions).

In that context, bank marketing identifies resources for the achievement of bank development and strategic goals. Marketing oriented organizational structure adjusts to the changes in the environment and puts pressure on the efficient operation of the bank through the rationalization of the bank`s credit function. Bank marketing covers the bank`s target market and signals the need for activation of new banking products to the bank management.

The promotional activities are done through a hard sell with creative and innovative messages, with its calculated effects of fast and efficient sale of banking products and services. It is actually the quality offer that should be promoted. The offer should be structured in the way that the clients` needs are met in the long and short run while creating new needs for potential clients. Simply put, modern bank marketing should create future demand with the current supply. The hard sell through the public relations should turn into the new "profit-attack" along with the achievement of the planned bank image promotions.

Normally, the bank management should imply a flexible pricing policy which affects the business performance. Bank pricing policy should ensure banking income, which is then used to cover the costs of the bank and income generation. Pricing policy of banking products and services should be market-oriented without administrative powers. Such a policy is empirically verified on the money and capital markets. Therefore, the bank has to take into account the net interest rate as the difference between active and passive interest rates, as well as fees and commissions. Bnk marketing goals are as following:

1. The increase in profit (profit) of the bank,
2. Investment in the growth of the bank,
3. Increase in the quantity of bank deposits,
4. Rationalization of loans,
5. Improvement of the bank image,
6. Extension of the banking market,
7. International performance,
8. Expansion of the range of banking products and services,

9. Expansion of the pinnacle network and
10. Construction of new profit bank centres in relation to the competition.

The growth rate of deposits and loans can be a relatively reliable indicator of exercising the bank function, as well as the reference information on whether the bank IS a market leader. Earnings per share is an achievement indicator of marketing objectives from the standpoint of preparing the bank for the future growth. The increase in profit (profit, earnings) of the bank, as a relevant target of bank marketing, as a rule, is followed by other bank marketing objectives, investment in maintaining the achieved level in the market compared to the competition and a secular increase in the deposits and loans.

In this context, it is important to identify short and long term bank marketing objectives. Market share, sales volume, consumer meritoring and hard sell of banking products and services present a range of short-term objectives of the bank marketing. In order to achieve the above objectives, the process of marketing planning should be formulated as a continuous process that includes:

1. Defining the objectives of the bank,
2. Identification of the bank market,
3. Competition analysis,
4. Planning of banking products and services,
5. Defining the prices of products and services,
6. Defining strategic and tactical plans,
7. Defining the resources (budget) of the strategic and tactical marketing plans.

Strategic planning, in this context, is a guide to the future of banking, i.e the messenger of progress. It determines the course of bank development and "transports" the bank from the present to the future. Strategic planning paves the spatial and business expansion, which builds the image of bank management. Thus, marketing "works" for management.

3. BANK MANAGER AND LEADER

The revolution in management didmnot only launch the so-called business managers to the surface of the business world as the people of cashable career. It also put forward bank managers, who have the monetary authority, power and knowledge as well as banking auditors, “controllers” who are nominated as the elite of a country, economy, society. Indeed, bank managers represent a special social elite, which has the authority, power, knowledge and ethics. Bank managers represent a resource of the banking sector development, as they plan, organise and control the financial and business activities. They are both the financial experts for money and capital management and for the efficient allocation of financial resources. They are well acquainted with monetary management, financial marketing and banking engineering. The bank manager is a business leader who uses the knowledge, experience, authority and power in a structured financial organization of the modern state and economy. The modern manager is a business leader who uses the knowledge, experience, authority and power in a structured financial organization of the modern state and economy. The modern manager makes the key banking decisions and coordinates the finance function of the economy and the state. He/She successfully communicates with individuals and corporate entities, as well as with the clients and partners. Bank manager is an innovator of financial structure and channeler of financial investments. The bank manager is a “business allocator” of the funds in the sectors of the corporate and retail banking, as well as a creator of a business alliance between the economy and the state. The banking (financial) manager is an agent of change in the financial sector, financial and banking infrastructure, as well as a strategist of the development of banking services and a thoughtful factor of social welfare.

However, the globalization of banking production and the internationalization of financial services incorporate the production of bank managers (personnel output), who are armed with general and specialist knowledge in the field of monetary finance, public sector, financial management, banking engineering and business consulting. The bank manager is trained to manage profit and non-profit banking financial organizations, public institutions, budget and funded institutions in which the material, personnel, financial and informational resources are transformed in public goods and financial services. In this context, banking management that forms and produces financial managers, becomes a universal activity, which incorporates expert knowledge, work culture, business ethics, tax ethics and humanistic behavior. Bank managers, through building financial morals, preserve human dignity of savers and debtors, cherish the principle of equality before the financial laws, vary the principle of tolerance towards debtors, respect the rights and obligations of their customers and clients.

Modern development of the theory and practice of bank management activates and creates the demand for bank managers with leadership qualities. Worldwide, banking leadership represents a wise way of using the bank power to turn financial "officers" into the drivers of change with strategic vision of the future development of the banking sector. A bank manager with leadership qualities is above average, a „ type "capable to create a strategic vision of the monetary and banking financing, the one that mobilizes people to think in terms of innovation of the financial structure and the rationalisation of the market allocation mechanism of financial resources. Bank leadership inspires change and decisions with long-term guidelines, but without the so-called control, which is typical for financial management. Bank leader provides guidance for achieving financial changes through creating a new vision of the banking sector, which is feasible in the long run. Financial and banking leadership, as a process, implies a team of experts with leadership qualities, but without a major strategist. Ultimately, banking leadership is the ability to perform financial and banking transactions for the state and the economy through other people who think alike about the way in which business is done – market-wise and profit-wise.

Bank Management represents a reliable basis for the modern business philosophy of the state, corporate, retail and international business system, which ensures coordination of available resources and adaption of the organization to the requirements of the environment. At the same tim, it is responsible for the profitability, operating efficiency and marketability of the organization. In the economic sector, the success of the n enterprise is determined by the "successful" team that consists of a leader who creates ideas and attracts people and a manager who creates the organization and motivates employees. The company acts as a pool of resources, which, by the leader`s ingenuity and the manager`s skills, confers a competitive advantage in the domestic and foreign markets and ensures efficient running. Leadership and management are ensuring compatibility of output for the environmental requirements (efficiency) and rational use of resources (effectiveness).

The leader is usually described as a person who has an idea and the power to influence people to achieve the goals of the bank and companies. He advocates for change and believes in innovation. The leader is focused on the concept of "know why" (efficiency), while the manager is focused on the way "know how" (effectiveness). The leader identifies a problem. Manager solves the problem. The leader has a long term -oriented personality that links entrepreneurship to the ability .of creating new ideas for combining resources and their profitable allocation. The leader creates a vision, which transforms into a mission. The leader connects the present and the future of the bank and leads the people, as the drivers of change and the creators of the business portfolio.

Before entering a business game, financial managers should know that the financial business is a big and exciting alternative of self-employment with fast market players and capable profiteers. Financial markets are a true wartime arena as the exchanges of money and capital permanently include "fresh units" and exclude "victims". It is a rigorous game of financial gains in the area of capital investment in risky ventures with "severe" profitable decorations. Market freedom is a wealth of financial choices with a variety of combinations and alternatives. Different amounts of the capital employed, different costs of financing, different levels of income, different rates of return and various types of risk lead to success or failure, wealth or bankruptcy, a new challenge or disappointment. Therefore, each bank manager should go through the test of enterpreneurship qualities and managerial skills so that he/she could "feel and measure" their own ability to conduct business and the risk of market games. In that hard test of life, the following characteristics/concepts are particularly important for bank managers:

1. Creativity and ability,
2. Persistence and perseverance,
3. Inquiring mind and experimentation tendencies,
4. Vision and initiative,
5. Independence and autonomy
6. Obsession with ideas, innovations and self-affirmation
7. Synthetic reasoning and analytical mind
8. Motivation and self-confidence,
9. The persuasiveness in presenting ideas and defending ideas,
10. Flexibility and openness,
11. Willingness to cooperate and create coalitions
12. The right choice of parters and staff,
13. Maximum responsibility and timely risk assessment,
14. Efficient identification of resources and rational financing of the activities,
15. Belief in oneself, one`s expertise, ability, work and success.

All this should be known and remembered because a number of people are mistaken when they think bank managers` only preoccupation is big money. It is often forgotten that managers are most obsessed with the imperative of survival on the business scene and competitive bleakness, considering that only primordial struggle for survival in successful managers ultimately results in money and prosperity. Only constantly successful manager is a man with a growing price. It should be remembered forever, as it is, in life, work and business "the hardest to earn the first million dollars."

The value judgment on the financial managers goes for the so-called bank managers, who are extremely honest and creative people. Bank managers, as a rule, are:

1. Intuitive and willing to risk,
2. Enthusiasts and motivated,
3. Nonconformists and emphatic,
4. Imaginative and "hard" workers,
5. Self-confident and enjoying the game with ideas,
6. Convincing and suggestive,
7. Immune to loneliness yet expressing an increased,
8. Curious about the unknown,
9. Perceptive and absorbing the world around them, have many interests,
10. Self - demanding, well meaning and well-informed,
11. Independent and original,
12. Psychologists and aesthetes
13. Hardworking and responsible.

These characteristics are derived from the very essence of banking management, as a science and skill of the monetary management of banking organisations, i.e financial matters of the economy, the state and its entities), and tax financial philosophy in creating resources for the functioning of the economy and society. Banking management is a business philosophy of the banking sector and entrepreneurship, as well as a financial strategy of economy and state. As a transdisciplinary science and praxeology, banking management comprises numerous scientific disciplines, such as economics, finance, banking, insurance, technology, law, psychology, organization, information technology, ethics, aesthetics, sociology, educology, anthropology, geography, demography, logistics, planning, mathematics, statistics. Bank management is, therefore, the sum of diversified and reintegrated knowledge that synthesizes applied microeconomics, entrepreneurial business economics, managerial economics, business logistics, financial macroeconomics, business ethics and morals, commercial law, financial psychology, business sociology, philosophy of satisfying financial needs, financial marketing, economics of banking goods and services, economics of financial infrastructure, social superstructure and social standards, but also the so-called 3 C- work culture, culture development and communication culture.

In this context, a management team is important for managing heterogeneous intellectual structures with creative managers who are known for thier integrity, ingenuity, talent for management, creative spirit, ability effects, vision development, motivation, training, leadership, respect, understanding, coordination, analytical ability, assertiveness, active attitude towards life and work, initiative, changes, creativity and professionalism. "Ideal bank manager" is an integrator of human resources and work processes, entrepreneurial manufacturer of successful results, a great master, systematic initiator of ideas, actions and changes, creative visionary and planner, communication coordinator, constructive, unobtrusively delegating tasks and responsibilities to the associates, participatory organizer, strategist through lifelong learning, cultural interlocutor and a friend.

In theory and practice the bank manager ideal is expressed by the famous so-called summarized 7-C - constructive, character, creative, communicative, cooperative, cultured and courageous manager, who with his multidisciplinary knowledge (with continual innovation) creates entrepreneurial strategy of the banking sector and formulates an integrated development vision of the monetary sector of the state and the economy. This, in turn, means that the modern manager has modern knowledge, knowledge of marketing, management, finance, morality and engineering. This leads to ethical management that links tangible and intangible resources, where culture and ethics become the efficiency factor and where ethical leadership, through human performance turns into a humanistic management. It all requires managers with the following skills: leadership style , motivation of associates, the way of decision-making, change management, direct communication with co-workers. Culture of management implies team work, human resources flexibility and productive conflict management (which is very important for central and commercial banking, directorate for loans, the banking agencies for engineering and consulting. In this sense, integration (coordination), entrepreneurship (risk), management (decision-making) and production (management) are structural components of modern banking management with a usiness leader at the forefront of commercial and investment banking.

CONCLUSION

The marketing concept of financial operations of enterprises and banks, as a rule " does not tolerate" overly decentralized model of financial management. The reasons for it we can see in a number of weaknesses of oversized decentralization, which is manifested through the territorialization of company cash flows, increased costs of payment operations, bank account multiplications, reduction of the coefficient of fund`s turnover, non-use of the effects of economies of scale (volume) of funds (concentration of resources), increasing the cost of reproduction, degradation of fund planning, and so on. Therefore, multinational and transnational companies in the modern world have left the decentralized model and turned to the centralization of the finance function. The benefits are reflected through a reduction in funding costs, concentration of financial resources, more effective policies of protection against financial risks, the establishment of control over the allocation of accumulation and elimination of profit overflow. The centralized financing through modern computer technology allows electronic communication among the financial centres and control over financial flows without the organizational decentralization. Such an approach to financial marketing would be useful for us, especially if we are to rationally organize financial engineering and cash-flow planning at the "top" of an enterprise and the banking sector.

In this context, the finance function, should be organized in the form of a profit centre. and not as a service for financial management. Such a profit centre may operate on the principle of business account with the diffusion of innovative financial technique. Only then can profit be realised based on the use of financial innovations, which increases the efficiency of finance function of enterprises and disperses business activity. The introduction of information technologies in the process of financial management has contributed to the development of so-called scientific media in the financial structure of an enterprise. It is the development of electronic money and the electronic management of financial operations (available-funds, recording and processing of loans, investments, maturity and cost of financing, management of debtor-creditor relations, evaluation of investment projects, electronic communication with banks and stock exchanges of money, data bank on customers, suppliers, creditors and debtors, etc.). Computerization of financial operations is a fundamental assumption of modern management of the finance function in the marketing concept in global business and banking.

However, such an approach to financial marketing needs modern financial personnel in the form of so-called. financial managers who are qualified for the management of funds, investments, loans, interest rate risks. innovation and financial instruments in the financial markets (such as swaps, NIF, STRIP, ICON, ZEBRA, NVR, FIIPS, forward swap option, options, futures, etc.) in the conditions of increasing financial deregulation and re-privatization. The electronic revolution, therefore, modifies the inherited model of financial management since the modern world tends to automate the finance function. Telecommunication technology already provides an infrastructure for the new financial marketing, as a financial catalyst of entrepreneurship and the shareholding, especially for sustainable development of global banking.

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