



Role and Effectiveness of E-Marketing Strategies in Banking Industry

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ABSTRACT

The service sector has been a significant driver of the global and Indian economies. Over the last three decades, the economic reforms have unbridled the service sector's potential by effectively utilizing available skilled human capital and resources, the tertiary sector of India is the only colossal economy that did not adhere to linear growth theories. Predominantly, the service sector's contribution to India's GDP is mammoth to the extent of 54% FY21,(IBEF), compared to the agriculture and manufacturing sector. E-Marketing, e-Business, and e-Commerce are the important parts of the e-business activities of an organization. e-Marketing is the application of information technology for the various marketing activities and the processes for choosing/creating, communicating, delivering, and exchanging offerings that have value to customers, partners, and for society at large. E-Marketing is the attentiveness of all efforts to acclimatize and create marketing strategies into the virtual platforms. Researcher aims to analyze the role & effectiveness of e-marketing strategies adopted by State Bank of India, Canara Bank, Kotak Mahindra Bank, ICICI and Axis bank by measuring the growth in terms of Rate of Return on assets, Rate of Equity, Net Interest Rate, Net Profit aligned with e-marketing expenses.

Key Words: Banks, E-marketing, ROA, ROE, NP, NII

I. Introduction

The service sector has been a significant driver of the global and Indian economies. Over the last three decades, the economic reforms have unbridled the service sector's potential by effectively utilizing available skilled human capital and resources, the tertiary sector of India is the only colossal economy that did not adhere to linear growth theories. Predominantly, the service sector's contribution to India's GDP is mammoth to the

extent of 54% FY21,(IBEF), compared to the agriculture and manufacturing sector. The service sector has attracted robust foreign investment, has contributed significantly to export, and has provided large-scale employment. India's service sector covers various services, including banking, insurance, transport, hotel and restaurant, trade, community, real estate, social and personal assistance, education, telecommunications, and construction services.

The Indian Banking industry is currently valued at US\$ 2.48 trillion in FY21,(IBEF) and it has the potential to become the third-largest banking industry in the World by 2025. According to Klynveld Peat Marwick Goerdeler (KPMG)-Confederation of Indian Industry (CII) report, retail banking contributes 7% and 14% towards GDP and employment, respectively. According to the Indian Bank Equity Foundation (IBEF) report, the current banking sector statistics consist of 22 private banks, 12 public sector banks, 46 foreign banks along with 56 regional rural banks (RRBs), and 1,485 urban cooperative banks, and 96,000 rural cooperative banks. The Government's flagship initiative for financial inclusion was carried out by opening bank accounts to drive Pradhan Mantri Jan Dhan Yojana (PMJDY). It reached 43.81 crores, and deposits in Jan Dhan bank accounts remained at more than INR. 1.48 trillion (US\$ 19.89 billion). The central Government of India has infused Rs. 14,500 crore capital in UCO Bank, Indian Overseas Bank, and Central Bank of India via non-interest-bearing bonds. The Government announced in September 2020, that it probably infuses Rs.200 billion in public sector banks through the recapitalization of bonds (FY21, IBEF).

E-Marketing, e-Business, and e-Commerce are the important parts of the e-business activities of an organization. e-Marketing is the application of information technology for the various marketing activities and the processes for choosing/creating,



communicating, delivering, and exchanging offerings that have value to customers, partners, and for society at large. E-Marketing is the attentiveness of all efforts to acclimatize and create marketing strategies into the virtual platforms. E-marketing impacts conventional marketing in two different ways, First, it enhances the effectiveness and efficiency of conventional marketing operations. Second, e-Marketing technology transforms numerous marketing strategies resulting in the developing of new business models by adding customer value and increasing organizations' profitability, such as the exemplary successful Twitter, Facebook, and Google AdSense advertising models.

Globalization has made different nations to join hands and to work effectively with each other. Various sectors have undergone with significant changes. The marketing sector has also been affected by this major revamp and continuously experiencing drastic changes. The pattern of creating, communicating, and delivering value to the customer through the internet or electronic mode is known as e-Marketing. E-Marketing supports identifying the right audience to whom the products and services are to be delivered. It includes all the processes with the aim of attracting, engaging, and retaining right customers. Technology and innovation in the field of marketing is witnessing the dynamic growth, the incremental innovation in various modes of online communication like, multimedia, graphics, text, etc. with distinct vernacular languages to create simulative ads, e-shops, forms, graphic pictures where products can be viewed, promoted, and sold. The scope of e-Marketing is broad; it does not only promote marketing over the internet but also assists marketers to design strategies using various tools like e-mail and wireless media

Developing relationships with potential customers by using direct marketing channels to promote products and services can be termed e-mail marketing. This e-Marketing strategy creates awareness, drives sales, builds community around the company's brand, and focuses on segmentation, consent, and personalization. Introduction of innovation in banking sector gave birth to new product design, various methods of doing online financial transaction and different electronic systems. All this gave a most popular name to today's banking system which is Innovative banking. Innovation banking mainly stresses on customer convenience and customer satisfaction. The main reason behind bringing innovation in current banking system was to provide customer

with better services with help of technology and in this race of technology development internet served as the foundation stone for innovation banking.

II. Literature Review

Paulus et al., (2014) on 'Is E-Marketing the Future of Marketing Field', relationship and network play an important role in e-marketing, right marketing segments, understanding competitors, right branding are very important and choosing right market segmentation, CRM tool and proper branding are few key technical strategies to be applied in e marketing strategies The aim of the study was to identify that the e-Marketing will be the future of marketing field. Niharika & Satinder, (2015) Studied on Internet Marketing In India: Challenges And Opportunities: study conducted to understand that, India is in the verge of transformation and it is growing faster than China and US, the purpose of the study was to review the present status and to identify the problems in online trading in retailing and study has identified unique challenges of e- marketing like market integration, security and privacy, impersonal services, improving brand awareness they found that Online marketing in India will strengthen further and long term sustainability depends on factors like market, innovation, and interactivity by market players and suggested that Internet retailers should offer more discounts than store retailers, Ethical practices must be incorporated. Afrina et al., (2015) stated that understanding the importance of digital marketing for both marketers and consumers is very significant and carried investigation with the aim to reveal various elements of digital marketing and to analyze various forms of digital marketing on the firm's sales and a comparison between traditional and digital marketing. The study found that digital marketing should be considered based on user need and customer experiences should be properly recorded through effective feedback mechanism and suggested Small business owners can also use digital marketing tools to efficient promotion, the watchword, "Test, learn and evolve" should be the heart of digital marketing. The study has contributed the importance of digital marketing which will help in identifying variable for future study in digital marketing field.

III. Objectives of the Study

Researcher aims to analyze the role & effectiveness of e-marketing strategies adopted by State Bank of India, Canara Bank, Kotak Mahindra Bank, ICICI and Axis bank by measuring the growth in terms of Rate of Return on assets, Rate of Equity, Net



Interest Rate, Net Profit aligned with e-marketing expenses.

IV. Methodology

To attain the research objectives, researcher has considered the ROA, ROE, Net Profit, NIR and EME (e-marketing expense) for the financial year from 2017 to 2021 of the selected bank and calculated the average growth of each variable and compared them for the statistical validations to arrive at conclusion.

V. Analysis of ROA, ROE, NIR, NP and EME

Table 1: Rate of Return on Assets of SBI, CB, KMB, ICICI and Axis Bank

Financial Year	ROA of State Bank of India	ROA of Canara Bank	ROA of Kotak Mahindra Bank	ROA of ICICI	ROA of Axis Bank
2017	43	8.41	98.8	134.81	0.11
2018	-12	2.53	95.49	52.18	29.46
2019	0.17	7.15	111.66	12.35	3.25
2020	55.05	5.88	141.78	57.1	46.12
2021	97.96	27.2	180.81	212.12	157.6

Source: Annual Reports of selected banks for the period of 2-17-2021

The higher the ROA number, the better, because the company is able to earn more money with a smaller investment. Put simply, a higher ROA means more asset efficiency. ROA is calculated by dividing a company's net income by its total assets. Table 1 depicts the Rate of Assets of the selected banks (SBI, CB, KMB, ICICI and Axis Bank) for the period of 2017-2021. ROA of State Bank of India was 43crores in the years 2017, followed by -12, 0.17, 55.05 and 97.96crores in the year 2021. Similarly the ROA of Canara Bank was 8.41cr in 2017 and followed by 2.53, 7.15, 5.88 & 27.2 in 2021crores. ROA of Kotak Mahindra Bank in the year 2017 was 98.8 crores, followed by 95.49, 111.66, 141.78 and 180.81crores in 2021. ROA of ICICI bank in 2017 was 134.81crores, followed by 52.18, 12.35, 57.1 & 212.12 in 2021. ROA of Axis Bank was 0.11crores in 2017 followed by 29.46, 3.25, 46.12 and 157.6

SBI has witnessed minimum ROA in the year 2018 with -12crores valuation and maximum in the year 2021 with 97.96 crores valuation. CB has witnessed minimum ROA in the year 2018 with 2.53crores valuation and maximum in the year 2021 with 27.2 crores valuation. KMB has witnessed minimum ROA in the year 2018 with 95.49 crores

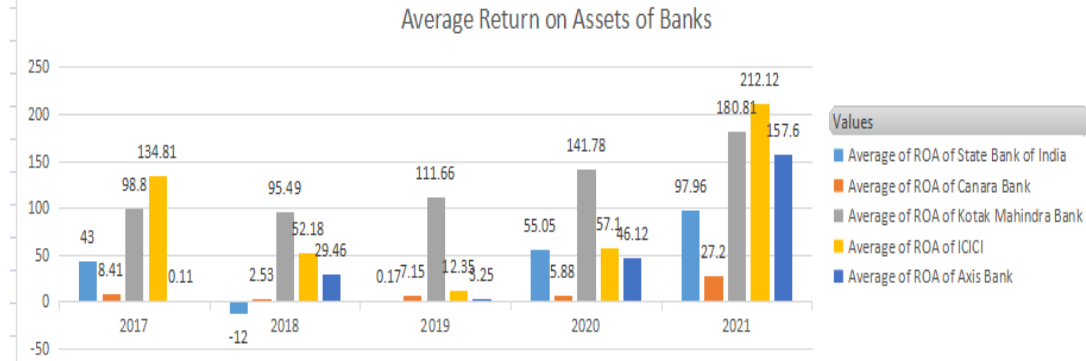
valuation and maximum in the year 2021 with 180.81crores valuation. ICICI has witnessed minimum ROA in the year 2019 with 12.35crores valuation and maximum in the year 2021 with 212.12crores valuation. SBI has witnessed minimum ROA in the year 2017 with 0.11crores valuation and maximum in the year 2021 with 157.6crores valuation.

Chart 1 elucidates the average rate of ROA and growth rate of ROA of selected banks. Average ROA of SBI is 36.836, followed by 10.234, 125.708, 93.712 and 47.308 of CB, KMB, ICICI and Axis Bank respectively. The average growth rate of SBI is 1.27, followed by 2.23, 0.83, 1.431.7 and 0.57 of CB, KMB, ICICI and Axis Bank respectively.

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. Investors generally prefer firms with higher ROEs. However this can be used as a benchmark to pick stocks within the same sector only. Across sectors, profit and income levels vary significantly



Chart 1: Average Return on Assets of SBI, CB, KMB, ICICI and Axis Bank



Source: Annual Reports of selected banks for the period of 2-17-2021

Table 2 represents the ROE of selected banks for the study for the period of 2017-2021. SBI's valuation of ROE for the year 2017 was 760 cr, -247 cr, 4,13cr, 1121.27cr and 2028.75cr for the year 2021. ROE Of Canara Bank for the year 2017 was 187.82cr, followed by 59.1cr, 179.9cr, 171.64cr, and 727.91cr for the year 2021. ROE of

KMB was 681.72cr, 675.28cr, 826.29c, 1052.64c and 1099.89c for the period of 2-17-2021. OE of ICICI bank was 1032.55cr, 1526.62cr, 115.89cr, 554.37cr and 1815.23cr for the period of 2017-2021. ROE of AXIS bank was 1.46cr, 378.36cr, 38.07, 497.46 and 168.15c for the period of 2017-21.

Table 2: Rate of Equity of SBI, CB, KMB, ICICI and Axis Bank

Financial Year	ROE of State Bank of India	ROE of Canara Bank	ROE of Kotak Mahindra Bank	ROE of ICICI	ROE of Axis Bank
2017	760	187.82	681.72	1032.55	1.46
2018	-247	59.1	675.28	1526.62	378.36
2019	4.13	179.9	826.29	115.89	38.07
2020	1121.37	171.64	1052.64	554.37	497.46
2021	2028.75	727.91	1099.89	1815.23`	168.15

Source: Annual Reports of selected banks for the period of 2-17-2021

Table 3: Net Interest Rate of SBI, CB, KMB, ICICI and Axis Bank

Financial Year	NII of State Bank of India	NII of Canara Bank	NII of Kotak Mahindra Bank	NII of ICICI	NII of Axis Bank
2017	61860	12163	8126	21737	18618
2018	74854	14475	12555	23026	21708
2019	88349	14478	14645	27015	25206
2020	98085	13124	17574	33267	29239
2021	110710	24103	19853	38989	33132

Source: Annual Reports of selected banks for the period of 2-17-2021

The net interest rate spread is the difference between the interest rate a bank pays to depositors and the interest rate it receives from loans to consumers. The net interest rate spread is instrumental to a bank's profitability. It can be useful to think of the net interest rate as a profit

margin. From the Table 3, it is evident that NII of SBI is 61860, 74854, 88349, 98085 and 110710cr for the period of 2017-2021. NII of CB was 12163, 14475, 14478, 13124 & 24103cr for the time period of 2017-21. NII of KMB was 8126, 12555, 14645, 17574 and 19853cr for the year 2017 -21. NII of



ICICI bank was 21737, 23026, 27015, 33267 & 38989cr for 2017-21. Similarly, NII for AXIS bank

was 18618, 21708, 25206, 29239 & 33132.

Table 4: Net Profit of SBI, CB, KMB, ICICI and Axis Ban

Financial Year	Net Profit of State Bank of India	Net Profit of Canara Bank	Net Profit of Kotak Mahindra Bank	Net Profit of ICICI	Net Profit of Axis Bank
2017	10484	1122	4940	9986	276
2018	-6547	4222	6201	6777	4677
2019	862	2236	7204	3633	1627
2020	14488	2558	8593	7931	6589
2021	20410	5678	9990	16193	13025

Source: Annual Reports of selected banks for the period of 2-17-2021

Table 4 represents the Net Profits of selected banks which include SBI, CB, KMB, ICICI and AXIS Bank. The net profit of SBI was 10484, -6547, 862, 14488 and 20410 for the period 2017-21. The net profit of CB was 1122,

4222, 2236, 2558 and 5678. Net profit of KMB was 4940, 6201, 7204, 8593 & 9990. The net profit of ICICI was 9986, 6777, 3633, 7931 and 16193. Similarly, net profit of Axis bank was 276, 4677, 1627, 6589 and 13025cr for the period of 2-17-21

Table 5: E-Marketing Expenses of SBI, CB, KMB, ICICI and Axis Ban

Financial Year	EME of State Bank of India	EME of Canara Bank	EME of Kotak Mahindra Bank	EME of ICICI	EME of Axis Bank
2017	281.13	41.5	362.61	288.05	141.13
2018	358.32	41.5	383.43	745.47	153.64
2019	354.04	33.7	345.79	417.79	101.81
2020	246.16	34.07	383.49	888.63	112.55
2021	87.08	42.13	339.59	617.27	81.31

Source: Annual Reports of selected banks for the period of 2-17-2021

Table 5 brings out the e-marketing expenses of SBI, CB, KMB, ICICI and AXIS bank for the period of 2017-2021. E-marketing expenses of SBI was 281.13, 358.32, 354.04, 246.16 and 8708 cr. E-marketing expenses of CB was 41.5, 36.43, 33.7, 34.07 and 42.13cr. E-marketing expenses of KMB were 362.61, 383.43, 345.79, 383.49 & 339.59cr. E-marketing expenses of ICICI were 288.05, 745.47, 417.79, 888.63 and 617.27. Similarly, e-marketing expenses of Axis bank were 141.13, 153.64, 101.81, 112.55 and 81.31cr.

VI. Results and Discussion

Average ROA of SBI is 36.836, followed by 10.234, 125.708, 93.712 and 47.308 of CB, KMB, ICICI and Axis Bank respectively. The average growth rate of SBI is 1.27%, followed by 2.23, 0.83, 1.431.7 And 0.57of CB, KMB, ICICI and Axis Bank respectively. Average growth rate of NII of SBI is 6.0%, followed by CB with 122%, KMB with 7.8%, ICICI with 7.1% and Axis bank with 18.3%. Average growth of NP of SBI is 10.48%, CB is 6.15%, KMD is 47.37%, ICICI is

98.23% and Axis bank is 44.44%. The marketing expenses on e-marketing average growth of SBI is 250.15, -97, 268.9, 288.02 and 0.143% for the financial years from 2017-2021.

VII. Suggestion

Irrespective of being public or private sector banking, all the banks have adopted e-marketing strategies as the world has become a digital global village where accessibility to information on process, innovations and connectivity people have become easier due to the revolution with regard to www and internet services. Digitalization has brought its own set of challenges along and banking industry has successfully bridged that gap between the industry, virtual-reality and customers by adopting digital marketing strategies. The selected banks have made huge investments on e-marketing efforts to create awareness, ease customer hassles in banking, anywhere and everywhere banking facility, innovative banking services/products since a decade. The results reveal that such an investment



has helped banks to increase their profitability and customer relationships. As the platform for the digital marketing is already set and customers have acquainted themselves with the changes, it is suggested to divert the investments in innovation, marketing research and avenues to create profits for customers by helping them to invest in markets.

VII. Conclusion

Internet has revolutionized the whole world not just in terms of usage, has changed the face of industries by revolutionizing the business models, by making innovation easier, new ways of execution of processes, newer and easier ways of serving customers etc. Banking industry has adapted well to such revolution and has created value for the customers by making banking easy. E-marketing investments have created the profits for the banks and easier banking for customer. The investments on e-marketing strategies which include advertising, marketing expenses the ROI, ROE and NET Profit of the banks have definitely shown a positive growth trend. The comparisons of investment on e-marketing strategies and profitability, there have been a significant impact.

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