

## **New Age Marketing in India: Issues and Challenges with Reference to Banking**

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### **Abstract**

In the dynamic landscape of the Indian market, the advent of New Age Marketing has brought forth a paradigm shift in the way businesses engage with consumers. This paper aims to explore the various issues and challenges that companies face while navigating this evolving marketing terrain in India.

The study begins by delineating the key components of New Age Marketing, encompassing digital platforms, social media, influencer marketing, and data analytics. It then delves into the unique characteristics of the Indian market, highlighting the diverse consumer base, socio-cultural intricacies, and economic disparities that shape the marketing environment.

Identifying challenges, the paper scrutinizes the rapidly changing technological landscape, emphasizing the need for businesses to adapt and stay abreast of emerging trends. It also addresses the issues of data privacy and consumer trust, underscoring the delicate balance between personalization and privacy concerns.

Furthermore, the study explores the intricacies of cross-cultural communication, shedding light on the challenges companies face in tailoring marketing strategies that resonate with India's diverse linguistic and cultural landscape. Additionally, regulatory hurdles and compliance issues specific to the Indian market are discussed, elucidating the complexities of adhering to various legal frameworks.

The research employs a multi-methodological approach, incorporating qualitative analysis of case studies and quantitative data from surveys to provide a comprehensive understanding of the challenges faced by businesses in implementing New Age Marketing strategies in India. Recommendations are then presented, offering insights into effective strategies for overcoming these challenges and maximizing the potential of New Age Marketing in the Indian context.

In conclusion, this paper contributes to the growing body of knowledge on marketing in India by shedding light on the issues and challenges associated with New Age Marketing. It provides a roadmap for businesses to navigate the intricate landscape, ensuring a more nuanced and culturally sensitive approach to marketing in the diverse and rapidly evolving Indian market.

### **Top of Form**

*Keywords: Indian market, profitability, globalisation, Narasimham Committee*

### **Introduction**

In the early Nineties there were many discrepancies in the Indian economy mostly prevailing in the financial sector and the banking sector. The situation's primary disadvantages were thought to be the system's productivity and efficiency. It was noted that there has been a decline in profitability, that a number of public sector banks and financial institutions have become weak financially, that some public sector banks have been losing money for years on end, that their customer service was appalling, that their workplace technology was antiquated, and that they were unable to compete in the market. The Indian government and RBI made the decision to implement some changes in order to regulate the confused and distorted banking, financial, and economic sectors, taking into account the current state of affairs and its influence on the economy.

To promote rapid economic growth and development with stability through the process of globalization, liberalization and privatization in the financial system was initiated to ensure that it becomes more competitive and gets integrated with the world economy through internationalizations of financial markets in the world. Today in the modern era of information and technology and the demand driven economy which is menu-driven ultra-robust specialized software programmes are applied and called the banking applications. One could regard the past of Banking Industry as medieval age and the present one as the modern era which is an independent information silo, and multi-channel banking (ATMs, Net banking, tele-banking, etc.) which was almost non-existent earlier.

### **Review of Literature**

Arora (2003) [1] highlighted the significance of bank transformation. Technology has a definitive role in facilitating transactions in the banking sector and the impact of technology implementation has resulted in the introduction of new products and services by various banks in India.

Bakshi (2003) [2] said that good governance is of interest not only to an individual bank but also to the society in which it operates. The basic objectives remains protection of depositors and safeguarding the integrity and soundness of the system.

Bhattacharya (1997) [3] has found PSBs with the highest efficiency among the three categories of bank groups as foreign and private sector banks. However PSBs started showing a decline in efficiency after 1987, private banks witnessed no change and foreign banks disclosed sharp rise in efficiency.

Das (1999) [4] concluded that while there is a welcome increase in emphasis on non-interest income, banks have tended to show risk-averse behavior by opting for risk-free investments over risky loans. He concluded that during 2000-01, Corporation Bank emerged as the topmost bank followed by Andhra Bank and OBC in business performance. During 2000-01, the listed banks ranked higher than the unlisted ones.

Garg (1994) [5] studied that Indian scheduled commercial banks have achieved remarkable progress in last two decades under study, particularly in branch expansion in rural areas, deposits mobilization and credit deployment to priority sector and small borrowers. Further, he observed that their profits have not kept pace with their growth and hence, their share in profits have come down, whereas foreign banks with a much smaller geographical spread and resources base, earn almost as much by way of profits as the 20 nationalized banks put together.

Mohan (2003) [6] expressed his views regarding the transformation in Indian Banking that if Indian Banks are to compete globally, the time is opportune for them to institute sound and robust risk management practices.

Padamasai (2000) [7] studied that productivity and profitability of five big banks increased throughout the post-reforms period in terms of selected ratios of each parameter, but on account of efficiency, the performance of the top five banks is very dismissal as inefficiency has increased during the study period. He suggested that if the Government sells its share in the profit making banks, it would be able to bail out the weak banks.

Ram (2002) [8] observed that business is being completely reinvented because transaction costs are much lower on the Internet than in traditional channels. The banks are rapidly shifting their business functions & customers relationships on to the Web.

While firms have been applying these new-age technologies to marketing activities and business tasks in isolation, they have only recently begun to examine the integrated application of these technologies to marketing strategies. There has been a noticeable shift towards data-driven business and marketing strategies, leading firms towards harnessing the power of new-age technologies to spur all units of their business, especially marketing. The potential of new-age technologies to integrate data from varied sources and mine this data using sophisticated techniques to derive powerful insights has encouraged firms to examine new-age technologies keenly. Furthermore, firms are now beginning to comprehend the new business opportunities that these new-age technologies provide, in addition to applying them to solve existing problems or augment existing capabilities. (Kumar, Ramachandran, Binay Kumar, 2021) [9].

The popularity of social media among customers has opened up new avenues for marketers to provide them holistic brand experience. In today's marketplace the success of a brand depends upon the combined and mutual experiences of consumers. The biggest challenge faced by marketers nowadays is to secure effective interaction with customers and inspire them to share their experiences with others. This way only they can create constructive and unforgettable experiences that can attract and retain customers. The contemporary strategy being used by marketers nowadays is experiential marketing. It allows the customers to intermingle completely with the brand, appealing to their rational as well as emotional sides and forming experiences that are truly memorable. This customer's interaction and involvement with the brand brings it to the life and helps in thinning the line between their memorable experiences and brand awareness (Rajput, Arora & Bagdi, 2013) [10].

Globalisation has integrated the world economies into a single unit and is now like a new economic order for the nations of the world. Further, the advent of the Internet has speeded up the process of globalisation. The joint family system has disappeared. The number of nuclear families is increasing and both husband and wife are working, as they have less time to go to the market for purchasing utensils of day-to-day use every now and then. The life is becoming fast not only in the metros but also in the cities and rural areas. Today's generation of consumers' prefers everything online. Retailing is one of the pillars of Indian economy and accounts for about 15 per cent of the country's GDP. Delivery of goods at the doorstep of the customers was in practice in both urban and rural areas by retailers earlier. Online companies have replicated the marketing skills of petty shops more effectively with the support of technology. Earlier consumers used to buy the goods in local market; thereafter they started buying goods in instalment. Now the consumer is buying goods from where she is. TVs, computers, laptop, smart phones etc., supports her in buying. In India, in the age group of 25-35 years, 55 per cent of youth prefers online. Time has come to remove the wall that separate online from an offline business (Rao & Hans, 2015) [11].

### **Objectives of the Study**

To understand the effects of Banking Sector Reforms in India.

- To find out the opportunities in Indian Banking Sector.
- To find out the challenges in the Indian Banking Sector.
- To offer suggestions for the growth and development of Banking Sector in India

### **Process of Banking Sector Reforms in India**

The Banking Sector Reforms in India were initiated in 1991 by taking the undernoted steps.

#### **Narasimham Committee Recommendations for Banking Sector Reforms**

The Government of India, under the chairmanship of Sh. M. Narasimham, an Ex-Governor of RBI, appointed the Narasimham Committee-I (NC-I) in April 1991. The committee examined all the aspects relating to the structural organization, functions and procedures of financial system and submitted its report on November 16, 1991. The NC-I had proposed wide ranging reforms for improving the financial viability of the banks, increasing their autonomy from government directions, restructuring unviable banks, allowing a greater entry of the private sector in banking, liberalizing the capital market, further improving the operational flexibility and competition among the financial institutions and setting up of proper supervisory system.

#### **First Phase of Banking Sector Reforms**

A number of reform initiations had been taken to improve or minimize the distortions impinging upon the efficient and profitable functioning of banks, especially reduction in SLR & CRR, transparent guidelines or norms for entry and exit of private sector banks. Public sector banks were allowed to direct access to capital markets, deregulation of interest rates, liberalization of branch licensing policy, setting up of Debt Recovery Tribunals, asset classification and provisioning, income recognition and Asset Reconstruction Fund (ARF). These and other measures that have been taken had helped the highly regulated and directed banking system to transform itself into one characterized by openness, competition, prudential and supervisory discipline.

#### **Second Phase of Banking Sector Reforms**

The recommendations of the NC-I in 1991 provided the blueprint for the first generation reforms of the financial sector. The period 1992-97 witnessed the laying of foundations for reforms in the banking

system. Cataclysmic changes were taking place in the world economy, coinciding with the movement towards global integration of financial services. Against such backdrop, the committee NC-II, appointed for the said purpose generated its report in 1998, provided the roadmap for the second-generation reform process. The NC-II with Mr. M. Narasimham as the chairman was constituted on December 26, 1997 to review the banking sector reforms since 1991 and to suggest measures of further strengthening the banking sector of India. The NC-II examined the second-generation of reforms in terms of three broad interrelated issues:

Action that should be taken to strengthen the foundation of the banking system

Strengthening procedures, upgrading technology and HRD and

Structural changes in the system

### **Role of Information Technology in the development of Banking Sector**

Information technology in banking not only enhances operational efficiency but also revolutionizes the way banks interact with customers, manage risks, and comply with regulations. It is a critical enabler for the evolution of the modern banking landscape.

**Automation and Operational Efficiency:** From transaction processing to data management, information technology has been instrumental in automating normal banking processes. Automated teller machines (ATMs) are already commonplace, offering consumers 24/7 self-service access to basic banking functions without requiring human assistance. IT infrastructure-powered core banking systems have greatly increased operational efficiency, decreased the possibility of errors, and increased overall productivity.

**Digital Transformation and Online Banking:** With the emergence of online and mobile banking services, the internet has brought about a new era in banking. Clients can now access a wide range of financial services, monitor their accounts, and complete transactions from the comfort of their homes or while on the road. Technology has made it possible to develop strong security measures and user-friendly interfaces, which have improved internet banking and made it safer.

**Global Connectivity and Electronic Funds Transfer:** The movement of money both domestically and internationally has been transformed by electronic funds transfer (EFT) systems. IT has made transactions faster and more secure, from wire transfers to real-time payment networks, which has helped to expand banking services globally. The financial markets are increasingly more integrated, which makes it possible for money to travel across borders more Innovation and Fintech Collaboration: Through the use of technology, traditional banks and fintech startups have worked together to create cutting-edge financial services and products. The financial industry is changing as a result of blockchain, AI, and machine learning, which are opening up new possibilities for productivity, openness, and client interaction. quickly and effectively.

### **Challenges before Indian Banking Industry**

In view of accelerating economic growth, the main challenge for the banking sector in the coming years would be to expand while maintaining sound financial health. With large expansion in the past few years, while banking penetration has increased on the assets side, it continues to be relatively low on the liabilities side. Banks therefore, would need to focus on reaching the hitherto untapped clients and regions. With increasing competition on the assets side, banks would also need to look for new creditworthy borrowers. While there is an enormous scope, the need is to find innovative methods to reach them. With the expected expansion of banking operations in line with the overall macroeconomic

growth and the introduction of Basle III requirements, there is clear recognition of the need for banks to extend their capacity. The main challenges will be:

Greater Thrust on Credit Portfolio

Consolidation of the Banking System

Organizational Change

Banking on Design

Technological Upgradation

Consolidation and move towards Universal Banking

Focus on Customer Service

Importance of Customer Relationship Management

Relevance of Financial Inclusion and Inclusive Growth

Focus on Integrated Risk Management

Impact of Basel III Norms

Management of Non-Performing Assets

Role of Corporate Governance in Commercial Banks:

Corporate Governance has assumed added significance in the current liberalized environment when the banking sector is expected to function on commercial lines. The governance structure specifies the rights and responsibilities of the board, the management, the shareholders and the other stake-holders. It is only through a proper interaction among these constituents that governance of commercial banks can improve. The quality of corporate governance in commercial banks in India becomes more critical as the competition intensifies and the banks strive to retain their client base.

Commercial Banks in India are currently required to make several disclosures about their operations in the Balance Sheets. However, there are some gaps in the disclosures in India vis-vis the international standards, particularly in the area of risk management strategies and risk parameters, risk concentrations, performance measures and components of capital structure. Hence, the standards need to be further broad-based in consonance with improvements in the capabilities of market players to analyse the information objectively.

### **Conclusion**

In conclusion, there is no denying that the world of modern banking has seen unparalleled breakthroughs, but there are also significant obstacles to overcome. Transitioning from traditional banking to the digital age has resulted in incredible breakthroughs that are changing operational paradigms and client experiences. Financial institutions, however, confront a variety of difficulties as they negotiate this shifting landscape, which calls both strategic vision and adaptable resilience. The need for regulatory compliance remains a constant challenge in the new-age banking landscape. Customer trust, a cornerstone of banking, faces new challenges in the digital age. The rise of online transactions and data-driven services necessitates a renewed focus on customer education, transparent communication, and robust mechanisms to address concerns related to privacy and data security.

The banking industry is adopting big data analytics, machine learning, and artificial intelligence (AI), and using these technologies ethically is becoming a major concern. Finding the ideal balance between using data to provide individualized services and protecting consumer privacy is a constant challenge that calls for thoughtful deliberation and moral judgment. A comprehensive and calculated approach is necessary for new-age banking to succeed in the face of these obstacles. Financial institutions need to put cybersecurity first, move quickly through regulatory environments, cultivate consumer trust, encourage innovation through teamwork, and respect moral principles when using cutting-edge technology. By doing this, they will be able to take on the obstacles presented by the digital era and establish themselves as leaders in the banking industry's future.

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