Marketing of Financial Services

Assignment No 1 Social & Ethical Issues In Marketing of Financial Services in Pakistan

Presented To **Prof. Hassan Kamran**

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Acknowledgement

First of all, greetings to Allah the Almighty and the most Merciful, Who give us the skill to write, to read, to learn and to complete this Group Assignment. Our special praise to HOLY PROPHET MUHAMMAD (PBUH)who is forever a light of guidance.

We thank University of Central Punjab, which provides us the platform and opportunity to learn. We also thank our respectable teacher ***Prof. Hassan Kamran, who*** gave his support and dedicated assistance to strive for excellent learning and appreciate coordination of Group Members to make this Assignment more effective.

Brief Overview (About Assignment)

This assignment is about the importance and issues of marketing of financial services in Pakistan.

1. Marketing is basically the Planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and Product & services to create Profitable customer relationship to satisfy individual and organizational objectives.
2. And different issues are still in marketing arena ethical and social both.

So, lets discuss one by one.

Social Issues:

Gender Difference:

In our society, female gender is preferred over male, especially in case of financial marketing. It is a natural phenomenon that opposite gender attract towards each other. Therefore female are thought to be more probable to market and project financial products. It is a bit shiny side of this approach.

The criticism on this approach specify that it is a negative trend or approach which immorally try to get business from mainly male clients. This trend has adversely affected the social trend of marketing of financial products and imposed a gloomy affect on the carrier of male marketing personal.

Suggestions to Improve:

Marketing skills must be evaluated while selecting male or female candidate for marketing of financial products rather than just recruiting female.

Secondly, direct and indirect marketing must be enhanced to ensure that target customer get proper information.

Interest/Markup:

Earning interest on any idle deposits and paying interest on any sum of money is not allowed in Islam. Our society being mainly consisting of Muslim populations have strong views against paying or earning interest. Although our society is a hypocrite society but yet a part of society consists of those who strongly oppose to involve in any activity involve interest. It is a big barrier while marketing financial products as such chunk of society is not at all ready to buy or avail any financial product which involves interest.

Misleading Communication about Financial Products:

Usually the information communicated about the financial products of an entity, is exaggerated than the actual attributes of the product.

This led to false interpretation of the product on the end of customer which eventually leads to complications in future for both the financial institution and the customer.

Suggestions:

Illiteracy Factor:

A chunk of business community comprises of less educated and uneducated people and the marketing of financial products to them is a tough task. They usually do not understand the actual attributes of the product and sometimes they misinterpret the information.

Illiteracy among businessmen is a big hindrance

The **braille** system, devised in [1821](http://en.wikipedia.org/wiki/1821) by Frenchman [Louis Braille](http://en.wikipedia.org/wiki/Louis_Braille), is a method that is widely used by [blind](http://en.wikipedia.org/wiki/Blindness) people to read and write. Each braille character or *cell* is made up of six dot positions, arranged in a [rectangle](http://en.wikipedia.org/wiki/Rectangle) containing two columns of three dots each. A dot may be raised at any of the six positions to form sixty-four (26) permutations, including the arrangement in which no dots are raised. For reference purposes, a particular permutation may be described by naming the positions where dots are raised, the positions being universally numbered 1 to 3, from top to bottom, on the left, and 4 to 6, from top to bottom, on the right. For example, dots 1-3-4 would describe a cell with three dots raised, at the top and bottom in the left column and on top of the right column, i.e., the letter *m*. In braille, pages are separated by a line so that you can feel going across the page.

The Role of Marketing in Society

It Involves an exchange between two parties i.e. the buyer and the selling organization. Plays an important role in society by helping people satisfy their needs and wants and by helping organizations determine what to produce.

* Need
  + Represents a difference between your actual state and your ideal state. Creates the motivation to buy products
* Wants
  + Are based on your needs, but they are more specific. A fundamental goal of marketing is to direct the customer’s basic need for various products into the desire to purchase specific brands.
* Exchange process
  + Trade something of value for something else of value.
* Utility
  + Power of good or service to satisfy a human need
* Competitive advantage
  + Something that sets products apart from their rivals and makes their product more appealing to customers. May be established in two ways:
  + (1) by offering a lower price for a similar product
  + (2) by offering a product that does a better job of meeting customer needs. Second approach is known as product differentiation, in which you find ways, other than price, to make your products stand out from the competition.
* Customer service
  + Encompasses everything a company does to satisfy its customers and to help them realize the greatest possible value from the goods and services they are purchasing.
* Advantages companies gain when they satisfy their customers:
* Building customer products. Efforts to establish long-term customer loyalty are called relationship marketing.

1. Social & Ethical issues in Marketing of Financial services

Question ??????

Q: Who should pay for costs of ‘Ethics & Social Responsibility’ and who should be responsible?

Social Responsibility

It is a concept that a business needs to look beyond its own goals & recognize other obligation to society.

Ethics

It is study of individual choices made on framework of certain rules laid down by religion and society.

Ans: The Stakeholders of the whole society and they are responsible

1. Investors (Owners)
2. Employees (Management staff)
3. Consumers
4. Society

Lets discuss in detail…

There is always conflict of relationship between management and investors (owners).

1. Investors

* Size
* Growth
* Profitability

1. Employees (Management staff)

Key Indicators for success and managerial compensation

* 1. Marketing
  2. Sales
  3. Customer Services
  4. Finance

1. Marketing

* Marketing management models
* Production model
* Product model
* Selling model
* Marketing model
* Societal marketing models
* Marketing mix
* Product.
* Price.
* Distribution (Also known as Place).
* Promotion.

1. Sales
2. Customer service
3. finance

Issue arised by conflict of interests

* high production cost
* high advertising cost
* Disproportionate markups
* Unsafe products
* Poor customer service

1. Consumers

Basic Rights of Consumers

Consumers as stakeholders have four basic rights

1. Right to Safety
2. Right to be Informed
3. Right to Choose
4. Right to be Heard
5. Society

Society includes relationship of Business & Environment

We our responsible to our environment and pollution is an enemy the world over.

Pollution is threat to physical environment caused by human activities.

Pollution is mainly of three kinds

1. Air Pollution
2. Water Pollution
3. Land Pollution

We need to take care of our ecological system.