

## **MARKETING GUIDELINES FOR LOAN SERVICE OF GOVERNMENT SAVINGS BANK, SATUEK BRANCH, BURIRAM PROVINCE**

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### **Abstract**

This research is aimed to study the following points: general information of customers using loan service, loan service using behavior, level of customer's satisfaction towards loan service marketing components, difference of customer's satisfaction towards loan service marketing components, customer's suggestions for loan service marketing components, and marketing guidelines of loan service of Government Saving Bank, Satuek, Buriram. The tools used in this research included a questionnaire and analysis of general environment, competitiveness, strengths, weaknesses, opportunities, and threats. According to the research, most customers used people bank project loan service and quality of life loan service. The purpose of request was for consumption goods and business working capital. The reasons of using Government Saving Bank loan service included appropriate loan limits, low interest for loan, and the government's financial stability. The level of customer's satisfaction towards loan service marketing components was in a high level both overall and in each of the 8 aspects including employees, products, prices, service quality, physical evidence, process, distribution channels, and marketing promotion. Customers in different ages and occupations had different opinion whereas those with different genders, educational levels, and monthly income shared no difference in their opinion. Customer's suggestions are to approve loan more quickly with high limits and more loan promotion for the unit. Then, TOWS matrix and brainstorming were analyzed to set up marketing guidelines by loan teamwork. Marketing guidelines of Government Saving Bank, Satuek, Buriram, consist of 4 projects: 1) market tour promotion, 2) GSB checklist, 3) GSB fill up, and 4) inspiration. The budget of the operation is 79,000 Baht in total.

**Keywords:** Marketing Guidelines, Loan Service, Government Saving Bank



## Introduction

According to the financial policy of the Government to enhance the capacity and competitive capability for SMEs and people to have the access to retail investment fund (Nano-Finance)[1], all the banks have adjusted their business goals by focusing at retail banking market which became more potential. Each bank has offered business and financial services using the strategies of price, place and promotion, as well as financial innovations with modern technology to attract more customers. Besides the competitors in financial institutions, there have also been new competitors who are non-financial institutions entering into the competition of retail credit market, especially on the consumer credit [2]. The competitions on retail credit among the banks have been more intensified as their main income come from the differences between deposit interest and loan interest. The more loans the bank could grant, the more incomes they could earn. This competition led to the financial service strategy of each bank.

Government Savings Bank is a state enterprise which operates as a financial institute guaranteed by the Government under the supervision of the Ministry of Finance. As a financial institute under the Government with the key missions to promote savings, provide financial services to grassroots economy, and focus on development of economics system of the Country as one of the Government's mechanisms, Government Savings Bank had proposed the year plan 2015 for the consideration of the Ministry of Finance with the target of granting new loans of 100,000 million baht[3], which included new products (loans, deposits) and re-branding the products to respond the needs of all groups of people better. Government Savings Bank has offered a wide variety of loan products that suited the customers of each occupation, both personal loans and business loans. According to the policy on loan service of 2015 to grant 100,000 million baht loan, the head office of Government Savings Bank has encouraged their branches to increase the number of customers and loans by setting the loan target to be granted for each of them.

Government Savings Bank, Satuek branch is the 498th branch of GSB which is located at 49 Moo 16, Tha Chang road, Nikom Sub-district, Satuek District, Buriram province, with 12 employees[4]. The operations of Satuek branch has been under GSB's strategies, missions and visions. The loan target to be granted set for this branch, according to the policy to increase the loan granted, is 300 million baht which is 150 million baht higher than in 2014. Loan department of Government Savings Bank, Satuek branch, therefore, has to prepare the marketing guidelines for loan service in order to achieve the target set by their headquarters.

General information of customers using loan service, customers' behaviors on using loan service, levels of customers' opinion towards marketing mix factors on loan service, differences of customers' opinion towards marketing mix factors on loan service, and customers' suggestions about marketing mix factors on loan service were, therefore, studied for the preparation of marketing guidelines for loan service of Government Savings Bank, Satuek branch, Buriram province.

## Objectives

1. To study customers' behaviors on using loan service from Government Savings Bank, Satuek branch, Buriram province
2. To study customers' levels of opinion towards marketing mix factors on using loan service from Government Savings Bank, Satuek branch, Buriram province
3. To determine the marketing guidelines for loan service of Government Savings Bank, Satuek branch, Buriram province

## Methodology

1. Study of customers' behaviors on using loan service from Government Savings Bank, Satuek branch, Buriram province.

Population and sampling group were the customers who used the loan service of Government Savings Bank, Satuek branch, Buriram province. According to customer database, as of 31st December 2014, there were 4,491 customers in the existing system [4]. The sampling group of 387 was calculated by using Yamane [5] formula. Data were collected from 400 sets of questionnaire which covered the number of calculated sampling group.

Questionnaire which was used as research study included: Part 1 General information of the participants with 5 questions, such as, gender, range of ages, level of education, occupation and monthly income; Part 2 13 questions on Customers' behavior on using loan service of Government Savings Bank, Satuek branch, Buriram province, which applied the theory of consumer behavior, (using Who? What? Why? Whom? When? Where? How?) to find 7 Occupants Objectives Organization Occasions Outlets Operations.[6]

Monitoring of the tool quality was done by using IOC (Index of Consistency), reviewed and edited by 3 experts. Index of Consistency was between 0.5-1 which could be used as study tool.[7]

Statistics used for data analysis were frequency and percentage.

2. Study of customers' levels of opinion towards marketing mix factors on using loan service from Government Savings Bank, Satuek branch, Buriram province.

Sampling group was 400 customers who used the loan service of Government Savings Bank, Satuek branch, Buriram province.

Study tool used was Part 3 of questionnaire about the levels of opinion of customers towards the marketing mix factor on loan service of Government Savings Bank, Satuek branch, Buriram province, which applied marketing mix theory for services, such as, product, price, place, promotion, people, process, physical environment and productivity & quality[8], and questions for attitude measurement with 5 levels of importance scale, such as, extremely important, very important, important, not very important, not important at all.

Monitoring of the quality of the tool was done by using IOC (Index of Consistency), reviewed and edited by 3 experts. Index of Consistency was between 0.5-1 which could be used as study tool.[7]



Statistics used for data analysis were frequency, percentage, average, standard deviation. T-test was used for statistical comparison of the levels of customers' opinion towards marketing mix on loan services based on gender. F-test was used to compare the different levels of customers' opinion towards marketing mix on loan services based on age, level of education, occupation, and monthly income.

3. Determine marketing guidelines for loan service of Government Savings Bank, Satuek branch, Buriram province included the following process:

3.1 Analysis of external environment on loan working procedure of Government Savings Bank, Satuek branch, Buriram province, by analyzing general environment which included politics and laws, economics, society and culture, technology and physical environment. Analysis of competition using Five Forces Model which included threat from new competitors, bargaining power of suppliers, bargaining power of buyers, threat of substitute products and increasing of business competitions.[9]

3.2 SWOT (strengths, weaknesses, opportunities and threats) analysis by brainstorming among the deputy branch manager and loan officers.

3.3 Strategic analysis (TOWS Matrix) [10] by determining target market and brainstorming among the deputy branch manager and loan officers to prepare marketing guidelines for loan service of Government Savings Bank, Satuek branch, Buriram province

## Results

### 1. Study result of customers' behavior on using loan services of Government Savings Bank, Satuek branch, Buriram province

General information about the customers who used the loan service of Government Savings Bank, Satuek branch, Buriram province, showed that most of them were female, age between 26-35 and 36-45, with bachelor and master degree, government officers/state enterprise employee, monthly income between 9,001- 15,000 baht and 15,001-30,000 baht.

Customers' behavior on using loan service of Government Savings Bank, Satuek branch, Buriram province, showed that: most of them used the loan services of people's bank and development of quality of life, using a surety. The reasons for choosing the loan services of GSB included: suitable credit line, low interest loan rate, financial stability of the bank, with self-decision making and self-influence on using the services. Service time used was in the morning (08.30-10.30 hours) and in the afternoon (13.01-15.30 hours). The purposes for loan application were for consumption and working capital. Service channel used was at service counter. Period of using GSB loan services is 5 years and between 2-4 years. Source of information about GSB loan included: GSB employees, relatives or friends. Most of the customers used the services of other banks as well, such as, Krung Thai Bank with surety because of the suitable credit line, image/reputation of the bank; and personal loan of Bank for Agriculture and Agricultural Cooperatives with surety because of low interest loan rate and the financial stability of BAAC.

## **2. Study result of levels of opinion of customers towards market mix factors on loan service of Government Savings Bank, Satuek branch, Buriram province.**

Levels of customers' opinion towards marketing mix factors on loan service of Government Savings bank, Satuek branch, Buriram province, in general and in all aspects were at high level with the descending order of the average as follows: people, product, price, productivity & quality, physical environment, process, place and promotion.

Comparison of the differences on levels of customers' opinion towards market mix factors on loan service of Government Savings Bank, Satuek branch, Buriram province, based on demography, showed that: customers with different ages and occupations had different levels of opinion towards market mix factors on loan services with statistical significance at 0.05; customers with different gender, level of education and monthly income had no difference on levels of opinion towards market mix factors on loan services with statistical significance at 0.05

Customers' suggestions about marketing mix factors on loan service of Government Savings bank, Satuek branch, Buriram province were the prompt approval of loan, high credit line and public relations about the loans to their organizations.

## **3. Results on determining marketing guidelines for loan service of Government Savings bank, Satuek branch, Buriram province.**

Base on the study of external environment: political and legal aspect showed positive result because of the policy that supported SMEs and people to have the access to the fund; economical aspect showed positive result because of the growth of economics; social and cultural aspect showed both positive and negative results because people nowadays live in consumer society, which caused debts with financial institutions and illegal debts on spending; technology aspect showed positive results as the banks could use the computer system and automatic machines to provide the services; physical environment showed positive result as the bank is located in Satuek district.

The results of competitive analysis showed that: competition in the same industry is high as there are 5 banks (competitors) in the same area; threat of the new competitor is low as there are many existing competitors and it requires high budget and personnel to open new branch; Threat of substitute products is at average as there are other non-bank financial institutions that gave loan with higher rate of loan interest; bargaining power of buyer/customers is high as there are many competitive financial institutions, both bank and non-bank in the area; and bargaining power of suppliers is low as the headquarters urged each branch to increase more number of loan customers.

The results of SWOT analysis and TOWS Matrix (Table 1) were used to set the strategy for marketing guidelines for loan services of Government Savings Bank, Satuek branch, Buriram province, which included 4 strategies/4 projects: 1) market tour promotion, 2) GSB checklist, 3) GSB fill up, and 4) inspiration. The budget of the operation is 79,000 Baht in total. (Table 2)



## Conclusion

This study aimed to study the following: general information of customers who used loan service; customers' behaviors on using loan service; customers' levels of opinion towards marketing mix factors on loan service; customers' suggestions about marketing mix factors on loan service; and marketing guidelines for loan service of Government Savings Bank, Satuek branch, Buriram province. 400 sets of questionnaire were used as research tool to collect data from the customers having loan accounts with Government Savings Bank, Satuek branch. Statistics used in this research included frequency, percentage, average, standard deviation, T-Test and F-Test, which were performed together with external environment analysis, competitive analysis and SWOT analysis.

The results showed that most customers used the loan services of people's bank and development of quality of life. Their purposes for loan applications were for consumption and working capital. The reasons for choosing loan service of GSB included: suitable credit line, low interest loan rate and bank's financial stability. Customers' opinion towards marketing mix factors on loan, both in general and on each of all 8 aspects (people, product, price, productivity & quality, physical environment, process, place and promotion), were at high level. Customers with different ages and occupations had different levels of opinion. Customers with different genders, level of education and monthly salary had no different levels of opinion. Customers' suggestions included short processing time for loan approval, high credit line and public relations about the loan to their offices. Marketing guidelines for loan services of Government Savings Bank, Satuek branch, Buriram province, included 4 projects: 1) market tour promotion 2) GSB checklist 3) GSB fill up and 4) inspiration. The budget of the operation is 79,000 Baht in total.

## Discussion

This study is consistent with the objectives and in accordance with the following relevant studies:

1. Product aspect is consistent with ChaityahanPattanakit[11]and SumaleeSuwankhot[12], which found that factor on using housing loan of Government Savings bankwas at high level.
2. Price aspect is consistent with ChaityahanPattanakit[11]and SumaleeSuwankhot[12], which found that factor on using housing loan of Government Savings bank was at high level.
3. Place aspect is consistent with ChaityahanPattanakit[11]andSumaleeSuwankhot[12], which found that factor on using housing loan of Government Savings bank was at high level.
4. Promotion aspect is consistent withSumaleeSuwankhot[12]which found that factor on using housing loan of Government Savings bank was at high level.
5. People aspect is consistent with ChaityahanPattanakit[11]and SumaleeSuwankhot[12], which found that factor on using housing loan of Government Savings bank was at high level.
6. Process aspect is consistent with ChaityahanPattanakit[11]and SumaleeSuwankhot[12], which found that factor on using housing loan of Government Savings bank was at high level.

7. Physical environment aspect is consistent with ChaikahanPattanakit[11]and SumaleeSuwankhot[12], which found that factor on using housing loan of Government Savings bank was at high level.

8. Productivity&Quality aspect is consistent with ChaikahanPattanakit[11]and Sumalee Suwankhot[12], which found that factor on using housing loan of Government Savings bank was at high level.

### **Suggestions**

1. After implementing the marketing guidelines for loan services, the Government Savings Bank, Satuek branch, should carry on with the assessment and improvement of the projects for the best of customers' satisfaction.

2. The following research should be on the factors influencing the repurchase of the customers with the trust and loyalty on loan service of Government Savings Bank, Satuek branch, by comparing the sampling group of current customers and target customers to show the differences of the factors

### **Acknowledgement**

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**Table 1** Results of Strategic factor analysis, using TOWS Matrix

<p>Internal factors</p> <p>External factors</p>	<p><b>Strengths: S</b></p> <ol style="list-style-type: none"> <li>1. Government Saving Bank is well know and financially stable</li> <li>2. The bank offers a wide range of loans</li> <li>3. Interest loan rate of MOR and MRR are lower than other banks</li> <li>4. Bank's staff visit the vendors at the market daily to collect the deposits and loan/interest payments.</li> <li>5. Bank's staff visit customers at their offices regularly</li> <li>6. Bank's staff are friendly and gain trust from customers</li> <li>7. Loan officers are trained with loan training &amp; credit course.</li> </ol>	<p><b>Weaknesses: W</b></p> <ol style="list-style-type: none"> <li>1. Insufficient number of loan officers to provide loan services</li> <li>2. Terms on bank balance are higher than other banks</li> <li>3. Insufficient parking lots for customers</li> <li>4. Long processing time for loan approval</li> <li>5. Insufficient public relations of loan products via media</li> </ol>
<p><b>Opportunities: O</b></p> <ol style="list-style-type: none"> <li>1. Government's financial policy to enhance the capacity and competitive capability of SMEs and access to the source of retail investment fund</li> <li>2. Economic growth has been improved</li> <li>3. Progress of technology</li> <li>4. High interest for illegal loan</li> </ol>	<p><b>SO Strategy</b></p> <p><b>Offensive marketing strategy</b></p> <p>Project 1 Market tour promotion</p>	<p><b>WO Strategy</b></p> <p><b>Reducing processing time strategy</b></p> <p>Project 2 GSB checklist</p>
<p><b>Threats: T</b></p> <ol style="list-style-type: none"> <li>1. A lot of competitors</li> <li>2. Competitive banks' terms of loans are more flexible than Government Savings Bank</li> <li>3. Rising of people's debt</li> </ol>	<p><b>ST Strategy</b></p> <p><b>Customer service strategy</b></p> <p>Project 3 GSB fill up</p>	<p><b>WT Strategy</b></p> <p><b>Enhance the capacity for debt collection</b></p> <p>Project 4 inspiration</p>



**Table2** Summary of Guidelines for loan service marketing of Government Savings Bank, Satuek branch, Buriram province.

Project Name	Project Period	Budget (THB)
<b>Offensive marketing strategy (SO Strategy)</b> Project 1 Market tour promotion	January onwards	24,000
<b>Reducing working process strategy(WO Strategy)</b> Project 2GSB checklist	January onwards	2,000
<b>Customer relationship strategy (ST Strategy)</b> Project 3 GSB fill up	February and December	55,000
<b>Enhance the capacity for credit control/debt collection (WT Strategy)</b> Project 4 Inspiration	January onwards	1% of the amount submitted
<b>Total operational budget (THB)</b>		<b>79,000</b>