

## **Financial Services Marketing Peculiarities in Lithuania**

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**Summary:** The article examines topical issues of financial services marketing, describes the peculiarities and problems of the financial market, with a special focus on revealing the characteristics of financial instruments and services. The article analyzes the peculiarities of financial services, peculiarities of financial services marketing, social network marketing in Lithuanian banks. Financial services marketing is the use of marketing tools used by marketers in the financial services sector to attract new customers or retain existing ones.

**Keywords:** financial service, financial service marketing, financial service marketing in Lithuania.

### **Introduction**

Significant changes have taken place in the banking sector in recent years. Commercial banks in Lithuania offer cash custody services, checking account services such as deposit and credit cards, and credit services such as loans and overdrafts, among others. These are, so to speak, the main business goods of commercial banks. In addition, this should be done using the marketing strategies of commercial banks. Marketing is a relatively new science in the service sector in Lithuania, which was not widely used before. However, this did not lead to the establishment of sufficient relationships with the bank and customers, and the quality of the services provided deteriorated. This is especially noticeable in the bank's marketing strategies, such as advertising prices, distribution, production differentiation. Thus, this document is intended to clarify the extent to which they used marketing strategies and their impact on customer behavior in the bank in Lithuania. To obtain the above data, data were collected from publicly available banking resources and statistical reports of statistical bodies.

Marketing is becoming more and more important these days. This is due to increased competition in the banking sector. Although the bank's client is increasingly modernizing, satisfying non-core commercial banking services. However, most of the Lithuanian population does not yet know and does not use these services. In addition, most of these commercial banks are located in cities. Therefore, they advertise their services to city merchants who already know about such services. However, this is the reason that customer groups in bank branches pay little attention to their customers.

The essence of this article will be helpful on these issues. In order to obtain resources for the development of the economy, when funds will be accumulated through savings and investments in the real sector of the economy, it is necessary to promote banking practice by applying effective marketing strategies. Since insufficient financial resources can best be managed by appropriate institutions, banks have an important role to play in the Lithuanian economy. There is also no doubt that competition with other credit institutions will increase the number of banks that provide these modern banking services as efficiently as possible.

### **1. Finance service features**

The term commercial bank refers to a financial institution that accepts deposits, offers checking account services, provides a variety of loans, and offers basic financial products such as certificates of deposit and savings accounts for individuals and small businesses. The commercial bank is where most people do their banking business. Commercial banks provide basic banking services to the general public, individual consumers and small and medium-sized enterprises. As mentioned above, these services include checks and savings accounts, loans and mortgages, basic investment services such as certificates of deposit, and other services such as safes. Banks make money on service fees and charges. These fees vary by product, ranging from billing fees (monthly service fee, minimum balance fee, overdraft fee, underfunding fee), safe fee, and late payment fee. Many loan products include a commission in addition to interest. Banks also make money from interest earned by making loans to other clients. Their borrowed funds come from customer deposits. However, the interest rate paid by the bank on borrowed money is lower than the interest rate on borrowed money. For example, a bank may offer annual interest rates of less than one percent for savings account customers and five percent for mortgage customers. Commercial banks have traditionally been located in buildings where customers use cash

registers and automatic cash registers to carry out routine banking transactions. With the advancement of technology, most banks now allow their customers to provide most of the same services online that they could do in person, including transfers, deposits and bill payments. However, many institutions are simply online banks. Since these banks do not have a physical location, they may offer their customers a wider range of products and services at a lower price or not at all.

Commercial banks are an important part of the economy. They not only provide essential services to consumers, but also help create capital and liquidity in the market. This means taking the money that customers contribute to their savings and lending it to others. Commercial banks play an important role in creating credit that increases production, employment and consumer spending, which stimulates the economy. Commercial banks are strictly regulated by central banks. For example, central banks set minimum reserve requirements for commercial banks. This means that banks are required to keep a certain percentage of their consumer deposits with the central bank as a safety cushion if the general public is in a hurry to withdraw funds. Clients find commercial bank investments such as savings accounts and certificates of deposit attractive because they are prohibited by central banks and money can be withdrawn easily. Clients have the ability to withdraw money on demand, and the balances on the balance sheet are fully insured for a certain amount, so banks do not have to pay much for this money. Many banks pay absolutely no interest on checking account balances, or at least pay very little and pay interest on savings accounts, which is significantly lower than bond interest. However, these investments have traditionally paid very low interest rates when compared to mutual funds and other investment products. In some cases, deposits in commercial banks, such as deposits in accounts, are completely interest-free. Consumer loans account for the largest share of commercial bank loans, of which the largest share falls on housing loans. Mortgages are used to buy real estate, and the houses themselves are often collateral. Mortgages are usually issued with a 30-year maturity period and interest rates can be fixed, adjusted, or variable. Although the 21st century. Many more exotic mortgage products were offered during the housing bubble, and many of the more risky products, including repayable mortgages and negative amortization loans, are now much less common.

Car loans are another important secured lending category for many banks. Compared to mortgage loans, car loans are usually issued for shorter periods and with higher interest rates. Banks face intense competition for car loans from other financial institutions, such as closed car lending operations by car manufacturers and dealers. Credit cards are another important type of lending. Credit cards are basically personal lines of credit that can be withdrawn at any time. Debit and credit cards operate their own networks through which money is transferred between the buyer's bank and the seller's bank after a transaction. However, not all banks offer credit card lending, and default rates have traditionally been much higher than mortgages or other secured lending. This means that credit card lending pays lucrative fees to banks, exchange and transaction fees, late fees, currency exchange, overdraft and other fees to the cardholder, as well as increased balance rates charged by credit card users. eat from month to month. However, one of the main marketing strategies is advertising. The main purpose of financial advertising can be money borrowing, general insurance contracts and credit card options, promotions and securities, or the publication of financial statements. The main types of financial advertising are as follows: banks advertise their services in excess of normal bank account limits and include several types of deposits, all types of loans, insurance and trust funds, and portfolio investment advice; private insurance companies offer treatment programs as well as health and accident insurance programs; banks offer housing programs, borrow money from savings banks, and lend money to buy and build housing. Competitive interest rates are important selling factors leading to intense competition from banks and other financial institutions offering this type of service; insurance companies offer insurance programs against all risks and for all occasions; many banking institutions offer their clients investment programs in which private investors participate in securities; there are also insurance agents and financial advisory firms providing insurance, retirement and investment programs, and other financial advisory services.

## **2. Financial service marketing**

In the 21st century, knowledge of management alone is no longer enough to successfully develop business in the financial services market, knowledge of marketing and consumer behavior is also required. Financial services marketing helps companies to adapt to the current environment, solve business problems, and pursue economic growth. In Lithuania, the importance of financial services marketing for companies is very high, because companies cannot allocate so much money to new technologies and innovations. It is therefore necessary to research and delve into the financial services market in order to meet consumer needs. With increasing competition in the financial market, it is difficult to find loyal customers, so the company's profitability and success depend mainly on the company's financial services marketing policy. For this reason, it is very important to choose the right financial services marketing strategy that would help to objectively assess

the current market situation, comprehensively analyze it and provide accurate results about markets, consumers, their needs, and consumer loyalty.

A thorough and accurate analysis of both traditional and online marketing will guide the company's activities in the right direction, they will be able to find loyal customers, meet their needs and make a profit from it. Properly implemented financial services marketing policies, financial companies can ensure the long-term efficiency and profitability of the company. This determines the importance of marketing analysis in the company's operations. In order to obtain accurate data of marketing analysis, it is necessary not only to choose a good financial services marketing policy, but also to find good marketing specialists who are creative, able to take a new look at the current situation, and know how to apply online marketing tools.

Financial services marketing is an attractive field. Therefore, in order to develop their activities more profitably, service financial services companies must apply service marketing. Financial services marketing is one of the most important tools to ensure the long-term success of a company in the market. The main goal of financial services marketing is to meet the needs of consumers, to retain consumers, to establish feedback with consumers. Customers are the most important value of the company. With the help of financial services marketing, the needs of consumers are clarified, various consumer loyalty tools and programs are used, and a lot of time is allocated to each consumer. The peculiarities of financial services marketing are determined by the exceptional characteristics of services (intangibility, heterogeneity, non-accumulation and inseparability), as well as the peculiarities of the services market.

Financial service marketing has different definitions (see Table 1). Cheng, C., S. (2006) stated that financial service marketing is devoted to consumer services. Bracíníková, V., Matušínská, K. (2017) stated that financial service marketing provides value to a customer with profitability that can be used using marketing management. Accenture (2019) defines financial service marketing presented as a unique, individualized experience that is dynamic changes when customer expectations change. Arsene, C. (2019) stated that financial service marketing is used by marketers in the financial services sector to attract new customers or retain existing ones. Mahtab, N., Abdullah, M. (2016) define marketing of bank products as a common function performed by providing customers monetary needs and desires.

**Table 1. Financial service marketing definition**

Author	Definition	Highlight
Cheng, C., S. (2006)	Much of the literature on service marketing has been devoted to consumer services. There has been little research evaluating service marketing from a commercial perspective, far less financial services for business. Nevertheless, service industry lessons could be useful in advertising complex financial products and services. Finally, very little research has been done covers the use of marketing events as a marketing tool and even fewer appeals the effectiveness of such events	devoted to consumer services
Bracíníková, V., Matušínská, K. (2017)	Financial services marketing is more important than anything else to customers. The goal of marketing is to provide value to a customer with profitability that can be used using marketing management. In other words, it means establishing and maintaining a useful core with target buyers to achieve company goals. So marketing management includes demand management, which in turn is the relationship with the customer management.	to provide value to a customer with profitability that can be used using marketing management
Accenture (2019)	Living FS Marketing is a new approach which CMOs ensure that brands, products and services are very important to the customer and presented as a unique, individualized experience that is dynamic changes when customer expectations change.	presented as a unique, an individualized experience that is dynamic changes when customer expectations change
Wilson, A. (2006)	Financial service marketing is different compared with product marketing. The differences between selling a financial service and more tangible products are: <ul style="list-style-type: none"> <li>• fiduciary liability</li> <li>• intangibility</li> <li>• inseparability</li> </ul>	<ul style="list-style-type: none"> <li>* fiduciary liability</li> <li>• intangibility</li> <li>• inseparability</li> <li>• lack of standardization</li> </ul>

	• Lack of standardization	
Arsene, C. (2019)	Financial services marketing is the use of marketing tactics used by marketers in the financial services sector to attract new customers or retain existing ones.	use of marketing tactics used by marketers in the financial services sector to attract new customers or retain existing ones.
Mahtab, N., Abdullah, M. (2016)	Marketing of bank products is a common function performed by providing customer needs, monetary needs and desires. Banking is an industry and should therefore provide services that meet customer needs.	providing customer needs monetary needs and desires, not just competition for organizational goals
Kindurys, V. (2002)	Service marketing is the actions that help services fall on customers. In practical terms, marketing is a process designed to help others to evaluate services, evaluate what you do, and how you do it. The purpose of service marketing is to help customers properly evaluate the organization and its services.	help your services falls on customers

Bagdonienė, L., Hopenienė. R. (2004) and Kindurys, V. (2002) stated that the peculiarities of service marketing are determined by:

1. differences between the service and the product (origin of the service, people as part of the service, relative importance of the time factor, different structure of delivery channels);
2. the characteristics of the service (intangible, heterogeneous, non-cumulative, indivisibility);
3. system of service provision (set of technical and physical elements and human factors);
4. variety of marketing types and functions (external, internal and communication);
5. communication difficulties (communication is very important at the moment of service provision, decisive role of internal communication, less role of independent intermediaries);
6. specific problems of marketing research (difficult to test new service concepts, markets segmentation and reliability of results);
7. the nature of the quality of the service;
8. low potential for service differentiation

### **3. Social network marketing in Lithuanian banks**

All successful Lithuanian financial companies of the 21st century pay great attention to the customer and the marketing of financial services. All of these financial companies strive to get the most out of the customer, to serve them and to meet their needs to the maximum in clearly defined target markets. Financial services companies strive to ensure that every employee of the organization provides customers with the highest quality and high value products or services and strives for customer satisfaction. Financial companies know that focusing on a customer will allow them to capture more market share, which in turn will bring in higher profits. Marketing of financial services contributes to the success of Lithuanian financial companies. Financial services marketing is the process by which individuals and their groups get what they want and need when they develop products and exchange goods and values. Thanks to financial marketing, financial companies compete for buyers' attention and money.

Lithuanian banks also operate on social networks, and have turned their websites into smart guides for financial experts. If we ask questions "Who is the bank's customer and who might care what their bank does and thinks?" We are all involved in banks and their services. From simple daily payments to declaring annual income. Today, we all use online banking and see it as normal.

DANSKE BANK. As stated Norkus, K. (2017) Danske bank is undoubted leader and one of the pioneers in Lithuania. It is a bank that has made clear what and how can be done, breaking many established norms about large-capital institutions. The Danish capital bank has shown that the bank may be different. Danske bank can be creative, categorical, straightforward (but fair). The bank can be socially active, can take care of modern technologies, can educate. Danske bank established an information technology division, DGTL. The new innovative service center takes care of such campaigns as Forever excited. Danske Bank's Facebook account with ~ 103,754 followers really works and communicates not only with its audience, but also with its employees. Danske's website is modern and up-to-date. The site is full of structured information about the

bank's activities: published annual profit reports, many analytical articles and reviews on financing and investments.

### **Citadele**

Latvian capital bank Citadele. As stated Norkus, K. (2017) Citadelē account on the social network Facebook has 17,229 followers, communication began here in May 2015. The recordings are tasty and eye-catching, but simple and provide good emotions. Citadele bank has been supporting our Paralympians, meetings with athletes and cash prizes for athletes since 2015, which really pays attention to the promotion of an active lifestyle for people with disabilities, solves long-standing integration problems. This is a really important step to take on a responsible societal role. Such initiatives contribute to the awareness of athletes with disabilities and reduce social exclusion. Citadele bank also donated an updated website to the Lithuanian Paralympic Committee.

### **Swedbank**

According to Norkus, K. (2017) Swedbank spends most of its profits on communication and advertising, and this is perfectly reflected in their work. The website of this bank is undoubtedly the most "serious" of all, as it contains a lot of high-quality analytical content. Swedbank has a separate page with useful items such as monthly investments, market analysis / reviews / reports in PDF format. The content on this site is really good. Educational content allows consumers to truly trust the competence of bank analysts - information is based on numbers and facts. Swedbank Facebook account is tasteful and touched by professional designers. The news in its account is very solid - high class. Lots of video content. Swedbank Lithuania Youtube account definitely picks all the laurels. Well-developed profile, lots of content.

At present, all commercial Lithuanian banks unequivocally agree that they can create an image themselves and try to do so by using all modern means. Social initiatives, organization of public events create added value. Through social networks, blogs, press releases, people are involved in the flow of banking information. It is important for banks to communicate not only when it comes to external communication with their customers, but also when internal organizational attitudes and values are important. How the employees of the companies evaluate the company, how they feel, what is the interest in the activities of the company.

### **Conclusions**

In the 21st century, financial banking service has become a major activity for people's daily lives. Financial services have become main activity forming part of the gross national product. The focus on service marketing and services as one of the most important sectors of the economy is very important. The importance of financial services in everyone's life is important undoubtedly. At present, society cannot imagine its life without services such as financial services banking services. Lithuanian banks have gained growth over the last decade acceleration, and the development of their services is also very active and has a significant impact on the country's economy. Banks are responding to the environment and the changes taking place in it by changing their organizational structures accordingly, penetrating markets that traditionally belong to other banks. One of the most important factors in overcoming such competition is the marketing of financial services. The growth of the banking sector is based on the creation, development and implementation of innovative services and their financial marketing. Often, the use of information technology makes it possible to determine what business operations can be carried out, acting as an intermediary between the customer and the bank. So in this Industry 4.0 century, banking services are associated with the electronic banking system.

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