

Role of Social Media in the Promotion of Financial Services: An Empirical Study

Mustafa Abdurraheem Saeed Al- Sabri¹, Amgad Saeed^{2*}, Ali T Yahya²

¹Research Scholar, Department of Mass Communication, Aligarh Muslim University, Aligarh, Uttar Pradesh 202001, India

²Research Scholar, Business Administration, Aligarh Muslim University, Aligarh, Uttar Pradesh 202001, India

*Corresponding author: Amgad Saeed

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Abstract

The main purpose of this study is to study the basics of Social media and financial services, analyse the role of social media in the promotion of financial services and to determine the perception of people using the social media and financial services about the role of social media in the promotion of financial services. The present research is conclusive, descriptive and based on single cross sectional design. Quantitative data was generated to test the research hypotheses. In order to collect data on various dimensions of the study, a research instrument was used the sample of study is limited to those people who are aware of social media and are familiar with financial services. Respondents were personally contacted and the questionnaire was administered to them. 113 filled questionnaires were received. It has been found that the most of the people prefer financial services which are advertised through social media irrespective of their Gender, Occupation and Monthly income. But their preferences vary according to their age groups. The test shows us that people in the age group of 36-40 highly prefer the financial services which are advertised through social media while the people in above 40 years age group do not prefer them much.

Keywords: social Media, Social networking, Financial Services, promotion and promotion of financial services.

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INTRODUCTION

Social media steps over traditional outlets to offer faster news delivery sprinkled with Opinions, commentary and perspectives on business activity. It has become the need of the hour for financial services organizations to set a policy concerning social media. Getting it wrong could mean significant reputational damage, ignoring it could mean being left behind.

Those financial services institutions embracing social media are better able to pick up on customer complaints circulating in the online world, and respond before reputational damage occurs. Clearly social media is about socializing in communities online. Social media is collective rather than monologue. Social media is a great way for customers to learn more about financial institutions and deepen relationships. Social media has emerged as the platform that will decide many of the winners of tomorrow's connected enterprise. In the area of financial services, initial initiatives saw banks seeking to understand customer opinions about bank products and service experiences. Later it evolved to a more proactive role of responding to customer feedback quickly. Financial Services are generally not limited to the field of deposit-taking, loan and investment services, but is also present in the fields

of insurance, estate, trust and agency services, securities, and all forms of financial or market intermediation including the distribution of financial products. Aligned with a background of sharp risk, market and regulatory pressures, Financial Services organizations are striving to grow and enhance their shareholder values.

Day by day the customer needs and expectations are growing. Intense competition has squeezed market margins and forced most companies to cut costs while enhancing the quality of customer choice and service. The role of social media in promoting financial services, the study carried over this topic throw light on the significance of the topic in present scenario.

Today is the world of virtual promotion of brand through social media namely Facebook, Twitter, LinkedIn, Wikis etc. Social media differentiates from traditional/industrial media in many aspects such as quality, reach, frequency, usability, immediacy and permanence. There are many effects that stem from internet usage. According to Nielsen, internet users continue to spend more time with social media sites than any other type of site. The concept of Social

Media and Financial Services are not new. The research objectives are clear as per the need of the research to study the basics of Social media and financial services, analyse the role of social media in the promotion of financial services and to determine the perception of people using the social media and financial services.

LITERATURE REVIEW

Social media and its role in promoting financial services has been instigated by many researchers, however most of the existing studies ignored a very vital part of the population which is educated people. This study is going to bridge this gap by evaluating the role of social media used by educated people in promoting financial services. Ravisankar TS [1] in a study on 'Marketing Strategies and Planning for Business Growth in Banks' says that the marketing plan for banking services should be supported by appropriate marketing strategies. He suggests that marketing strategy for banks must be oriented towards customers-current and potential. NIBM [2] conducted a large-scale survey to study the behaviour of households and to develop appropriate marketing strategies for deposit mobilization and found that banking is largely a habit of literate Indians. Majority of the non-bank savers is illiterates. The level of awareness of bank deposit schemes is quite low among rural non-bank savers. The study stresses the need for adopting appropriate marketing strategies to penetrate untapped market for deposits. Bill Stephenson and Julia Kiely [3] researched into the key issues facing banks in order to become better at selling in the personal banking market. The results indicate that the radical change in management style, training, motivation and recognition of branch sales personnel is called for. Developing a true sales culture requires major alterations to management structure and style, and is most likely to be successfully achieved by 'top-down' target setting based on corporate business objectives. Devlin, J. F. [4] studied the developments in the distribution of retail banking services in the UK, using the case study of First Direct, a subsidiary of Midland Bank that successfully introduced telephone-banking service. It was found that in an increasingly competitive and deregulated environment, superior distribution strategies concerned with how to communicate with, and deliver products to the consumer could provide institutions with significant competitive advantage in the marketplace. Robert Rugimbana and Philip Iversen's study [5] was to determine the association between consumer ATM usage patterns and their perceptions of ATM attributes by identifying those variables that distinguish users and non-users. The results based on a survey of 630 retail banking consumers from two separate Australian banking institutions suggest that successful marketing strategies must focus on the most important attributes of ATMs as well as identify different user groups and develop strategies to maximize their patronage.

Mathew Joseph, Cindy McClure and Beatriz Joseph [6] explored the use of technology in the delivery of banking services as it is being employed to reduce costs and eliminate uncertainties. Results indicated that consumers have perceptual problems with some aspects of electronic banking. Mark R Nelson [7] studied the trends and patterns surrounding the interface between the marketing and information services functions within the financial services industry. It was found that many banks lack alignment or integration between their marketing and information services functions. Improving this cross-functional interface may lead to more effective use of information technology to support the marketing function in many banks. The study by Ali Yakhlef [8] found that as more and more of the transaction processing load is taken over by technology, banks are concentrating on strengthening their marketing approach and re-inventing their business model. Traditional bank branches, with an infrastructure supporting transaction processing, were being transformed into an open-space interface within which bank experts engage intimately with their customers, delivering specialized, advisory services with more focus on retail banking. James F Devlin [9] studied as to how attempts can be made to add value when offering services exhibiting increased complexity, intangibility and impalpability in the eyes of most consumers. It was found that the features and quality of the core service provided are judged by managers to be more important in adding value to more complex services; as are organizational factors such as image and reputation. In addition, price is perceived to be significantly more important in adding value to more simple, rather than complex, offerings. Anne-M Smith [10] studied way the four distinguishing characteristics of services intangibility, inseparability; heterogeneity and perishability affect clients' perceptions of quality service from banks. The study revealed that intensifying competition and increasing customer expectations have created a climate where 'quality' is considered to be a major strategic variable for improving customer satisfaction and thus the profitability of financial service providers.

RESEARCH METHODOLOGY

Research Design

Studies aimed at quantifying relationships are of two types: descriptive and experimental. In a descriptive study, no attempt is made to change behaviour and conditioned things are measured as they are. While in an experimental study measurement are taken again to observe the effect of that manipulation [11]. The present research is conclusive, descriptive and based on single cross sectional design. Quantitative data was generated to test the research hypotheses. In order to collect data on various dimensions of the study, a research instrument was used.

Sample Design

Study data was obtained with the help of questionnaire. The sample of study consist of educated people particularly, those who are post graduates. Respondents were personally contacted and the questionnaire was administered to them. 113 filled questionnaires were received.

Data Collection

Primary data was collected through questionnaire which was distributed among educated

people while secondary data was collected from articles, journals and internet.

Data Analysis

Respondent’s Profile

Social Media Awareness

Interpretation: It was found that all the respondents were aware of the social media websites, as it is shown in the pio chart none of the respondents were not aware of social media usage, it because the sample was limited to post graduate studies.

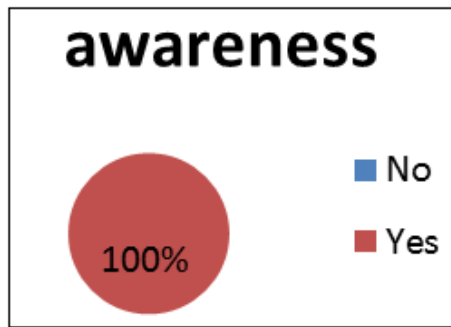


Fig-1:

Media Platform Use

It was analysed that all of the social media platforms were more or less equally used by the respondents. Most of the respondents use more than one

social media platforms. Twitter is the most used platform by educated people, 63% of the respondents are using Twitter as a platform.

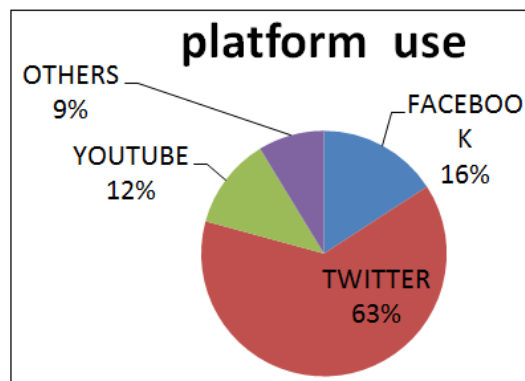


Fig-2:

Independent t-test

Table-1: T-test

| STATEMENTS | GENDER | MEAN | S.D. | t | SIG. |
|--|--------|--------|---------|--------|-------|
| I generally come across financial services ad through social media platform. | Male | 3.4828 | 1.24592 | -0.822 | 0.413 |
| | Female | 3.6545 | 0.94708 | | |
| I prefer the financial services which are advertised through social media. | Male | 3.0517 | 1.13048 | -0.702 | 0.484 |
| | Female | 3.2 | 1.11222 | | |
| Social media ads of financial service are more interactive than traditional ads. | Male | 3.4655 | 1.21706 | -0.461 | 0.646 |
| | Female | 3.5636 | 1.03214 | | |
| Financial service ads on social media are more informative than traditional ads. | Male | 3.569 | 1.07788 | 0.747 | 0.457 |
| | Female | 3.4182 | 1.06616 | | |
| Financial service providers who use social media are more innovative than others who are not using it. | Male | 3.6379 | 1.07112 | -0.494 | 0.622 |
| | Female | 3.7273 | 0.82674 | | |
| I refer to the opinion of experts on social media sites | Male | 3.3103 | 1.02951 | -0.54 | 0.589 |
| | Female | | | | |

The mean scores of all responses are in the range between 2.8138 to 3.7232. Almost all responses have meant in equal range. The mean of statement “I feel comfortable in sharing my information on social media sites” are lower which means people are not comfortable in sharing their information due to security issue in social media. From mean scores responses it can be analyzed that financial services are promoted through social media and people are availing those financial service. On considering

Significant value of all responses than all have values greater than .05 which means there is no significant difference among responses on the basis of gender. Hence the hypothesis stating there is no significant difference on mean scores of responses on the basis of Gender fails to reject.

One Way ANOVA

Table-2: ANOVA Test Occupation Group

| STATEMENTS | OCCUPATION | N | MEAN | S.D. | F | SIG. |
|--|--------------|--------|------|------|------|------|
| I generally come across financial services ad through social media platform. | Student | 58.00 | 3.33 | 1.21 | 2.11 | 0.10 |
| | Service | 26.00 | 3.73 | 1.12 | | |
| | Professional | 23.00 | 3.96 | 0.77 | | |
| | Business | 6.00 | 3.67 | 0.82 | | |
| | Total | 113.00 | 3.57 | 1.11 | | |
| I prefer the financial services which are advertised through social media. | Student | 58.00 | 2.98 | 0.95 | 2.32 | 0.08 |
| | Service | 26.00 | 3.35 | 1.41 | | |
| | Professional | 23.00 | 3.43 | 0.99 | | |
| | Business | 6.00 | 2.33 | 1.37 | | |
| | Total | 113.00 | 3.12 | 1.12 | | |
| Social media ads of financial service are more interactive than traditional ads. | Student | 58.00 | 3.38 | 1.17 | 1.83 | 0.15 |
| | Service | 26.00 | 3.96 | 1.15 | | |
| | Professional | 23.00 | 3.39 | 0.99 | | |
| | Business | 6.00 | 3.33 | 0.82 | | |
| | Total | 113.00 | 3.51 | 1.13 | | |
| Financial service ads on social media are more informative than traditional ads. | Student | 58.00 | 3.41 | 1.08 | 1.85 | 0.14 |
| | Service | 26.00 | 3.85 | 1.08 | | |
| | Professional | 23.00 | 3.48 | 1.04 | | |
| | Business | 6.00 | 2.83 | 0.75 | | |
| | Total | 113.00 | 3.50 | 1.07 | | |
| Financial service providers which use social media for marketing purpose are more innovative than others who are not using it. | Student | 58.00 | 3.64 | 0.95 | 2.10 | 0.10 |
| | Service | 26.00 | 3.85 | 1.05 | | |
| | Professional | 23.00 | 3.83 | 0.78 | | |
| | Business | 6.00 | 2.83 | 0.98 | | |
| | Total | 113.00 | 3.68 | 0.96 | | |
| I refer to the opinion of experts on social media sites while considering any kind of financial service. | Student | 58.00 | 3.21 | 0.95 | 1.75 | 0.16 |
| | Service | 26.00 | 3.46 | 1.30 | | |
| | Professional | 23.00 | 3.74 | 0.96 | | |
| | Business | 6.00 | 3.00 | 0.89 | | |
| | Total | 113.00 | 3.36 | 1.05 | | |
| I am subscribed to updates and alerts regarding any financial service through social media sites. | Student | 58.00 | 2.90 | 1.15 | 1.97 | 0.12 |
| | Service | 26.00 | 3.35 | 1.32 | | |
| | Professional | 23.00 | 3.52 | 1.24 | | |
| | Business | 6.00 | 2.83 | 0.75 | | |
| | Total | 113.00 | 3.12 | 1.21 | | |
| I feel comfortable in sharing my information on social media sites. | Student | 58.00 | 2.91 | 1.22 | 1.33 | 0.27 |
| | Service | 26.00 | 2.97 | 1.69 | | |
| | Professional | 23.00 | 3.22 | 1.09 | | |
| | Business | 6.00 | 2.00 | 1.55 | | |
| | Total | 113.00 | 2.94 | 1.34 | | |

The total mean score of all the responses is almost in the medium range. The mean scores of response of statement “I feel comfortable in sharing my information on social media sites” is found to be lower than the mean score of other responses which means respondents usually do not share their information on social media sites. Respondents with business as their

occupation are highly resistible in sharing their information on social media sites than others. On the basis of significant value, no significant difference was found in responses of the statements as no significant value is less than 0.05. Hence the hypothesis stating there is no significant difference on mean scores of responses on the basis of Occupation fails to reject.

Table-3: ANOVA Test Age Group

| STATEMENTS | AGE GROUPS | N | ME AN | S td | F | IG. S |
|--|--------------|--------|-------|------|------|-------|
| I generally come across financial services ad through social media platform. | Below 25 | 57.00 | 3.58 | 1.05 | 1.42 | 0.24 |
| | 25-35 | 37.00 | 3.43 | 1.21 | | |
| | 36-40 | 10.00 | 4.20 | 1.23 | | |
| | more than 40 | 9.00 | 3.33 | 0.71 | | |
| | Total | 113.00 | 3.57 | 1.11 | | |
| I prefer the financial services which are advertised through social media. | Below 25 | 57.00 | 3.07 | 0.96 | 6.38 | 0.00 |
| | 25-35 | 37.00 | 3.03 | 1.04 | | |
| | 36-40 | 10.00 | 4.40 | 1.26 | | |
| | more than 40 | 9.00 | 2.44 | 1.33 | | |
| | Total | 113.00 | 3.12 | 1.12 | | |
| Social media ads of financial service are more interactive than traditional ads. | Below 25 | 57.00 | 3.47 | 1.12 | 2.50 | 0.06 |
| | 25-35 | 37.00 | 3.41 | 1.14 | | |
| | 36-40 | 10.00 | 4.40 | 1.07 | | |
| | more than 40 | 9.00 | 3.22 | 0.83 | | |
| | Total | 113.00 | 3.51 | 1.13 | | |
| Financial service ads on social media are more informative than traditional | Below 25 | 57.00 | 3.53 | 1.04 | 4.22 | 0.01 |
| | 25-35 | 37.00 | 3.27 | 1.10 | | |
| | 36-40 | 10.00 | 4.50 | 0.71 | | |
| | more than 40 | 9.00 | 3.11 | 0.93 | | |
| | Total | 113.00 | 3.50 | 1.07 | | |
| Financial service providers which use social media for marketing purpose are more innovative than others who are not using it. | Below 25 | 57.00 | 3.81 | 0.88 | 5.78 | 0.00 |
| | 25-35 | 37.00 | 3.43 | 1.01 | | |
| | 36-40 | 10.00 | 4.50 | 0.71 | | |
| | more than 40 | 9.00 | 3.00 | 0.71 | | |
| | Total | 113.00 | 3.68 | 0.96 | | |

The mean scores of all the responses is in the range of 2.0000 to 4.6000. The lowest mean score depicts that the respondents of more than 40 yrs of age does not feel comfortable in sharing their information on social media sites. The high mean score in the table depicts that the respondents of age group 36-40 are more likely subscribed to updates and alerts regarding any financial services through social media sites. On the basis of Significant Value there is a significant difference found in the responses of the statement "I prefer the financial services which are advertised through social media" as the significant value is less than 0.05. Similarly, there was a significant difference found in the responses of the statement "Financial Services ads on social media sites are more informative than traditional ads" as significant value is less than 0.05. Responses of the statement "Financial services providers who uses social media for marketing purpose are more innovative than others who

are not using it" has significant difference as the significant value is less than 0.05. The statement "I refer to the opinion of experts on social media sites while considering any kind of financial services" has the responses with the significant difference as the significant value is less than 0.05.

Similarly, there is significant difference found in the response of the statement "I am subscribed to updates and alerts regarding any financial services through social media sites" with significant value 0.000 which is highly significant. On the basis of significant value there is significant difference in the responses of the statement "I feel comfortable in sharing my information on social media sites" with significant value 0.016. Hence the hypothesis stating that there is no significant difference among the mean scores of responses is rejected on several statements.

Table-4: ANOVA Test Income Groups

| STATEMENTS | INCOME GROUPS | N | MEAN | S.D | F | SIG. |
|--|-------------------------|--------|------|------|------|------|
| I generally come across financial services ad through social media platform. | less than Rs10,000 | 29.00 | 3.34 | 1.23 | 0.68 | 0.57 |
| | Rs 10,000- Rs20,000 Rs. | 18.00 | 3.72 | 0.89 | | |
| | 21,000-Rs40,000 | 31.00 | 3.71 | 1.07 | | |
| | More than 40,000 | 35.00 | 3.54 | 1.15 | | |
| | Total | 113.00 | 3.57 | 1.11 | | |
| I prefer the financial services which are advertised through social media. | less than Rs10,000 | 29.00 | 3.14 | 0.92 | 0.09 | 0.96 |
| | Rs 10,000- Rs20,000 Rs. | 18.00 | 3.00 | 1.03 | | |
| | 21,000-Rs40,000 | 31.00 | 3.13 | 1.15 | | |
| | More than 40,000 | 35.00 | 3.17 | 1.32 | | |
| | Total | 113.00 | 3.12 | 1.12 | | |
| Social media ads of financial service are more interactive than traditional ads. | less than Rs10,000 | 29.00 | 3.48 | 1.12 | 0.60 | 0.62 |
| | Rs 10,000- Rs20,000 Rs. | 18.00 | 3.44 | 1.20 | | |
| | 21,000-Rs40,000 | 31.00 | 3.35 | 1.23 | | |
| | More than 40,000 | 35.00 | 3.71 | 1.02 | | |
| | Total | 113.00 | 3.51 | 1.13 | | |
| Financial service ads on social media are more informative than traditional ads. | less than Rs10,000 | 29.00 | 3.45 | 1.15 | 0.14 | 0.94 |
| | Rs 10,000- Rs20,000 Rs. | 18.00 | 3.39 | 1.04 | | |
| | 21,000-Rs40,000 | 31.00 | 3.52 | 1.18 | | |
| | More than 40,000 | 35.00 | 3.57 | 0.95 | | |
| | Total | 113.00 | 3.50 | 1.07 | | |
| Financial service providers which use social media for marketing purpose are more innovative than others who are not using it. | less than Rs10,000 | 29.00 | 3.52 | 1.18 | 1.72 | 0.54 |
| | Rs 10,000- Rs20,000 | 18.00 | 3.61 | 1.14 | | |
| | Rs. 21,000- Rs40,000 | 31.00 | 3.87 | 0.76 | | |
| | More than 40,000 | 35.00 | 3.69 | 0.80 | | |
| | Total | 113.00 | 3.68 | 0.96 | | |
| I refer to the opinion of experts on social media sites while considering any kind of financial service. | less than Rs10,000 | 29.00 | 3.24 | 1.02 | 2.00 | 0.12 |
| | Rs 10,000- Rs20,000 Rs. | 18.00 | 3.11 | 1.23 | | |
| | 21,000-Rs40,000 | 31.00 | 3.23 | 0.99 | | |
| | More than 40,000 | 35.00 | 3.71 | 0.99 | | |
| | Total | 113.00 | 3.36 | 1.05 | | |
| I am subscribed to updates and alerts regarding any financial service through social media sites. | less than Rs10,000 | 29.00 | 2.90 | 1.32 | 1.72 | 0.17 |
| | Rs 10,000- Rs20,000 Rs. | 18.00 | 3.39 | 1.14 | | |
| | 21,000-Rs40,000 | 31.00 | 2.87 | 1.20 | | |
| | More than 40,000 | 35.00 | 3.40 | 1.12 | | |
| | Total | 113.00 | 3.12 | 1.21 | | |
| I feel comfortable in sharing my information | less than Rs10,000 | 29.00 | 2.90 | 1.32 | 0.08 | 0.97 |
| | Rs 10,000- Rs20,000 | 18.00 | 3.06 | 1.35 | | |
| | Rs. 21,000- Rs40,000 | 31.00 | 2.88 | 1.32 | | |
| | More than 40,000 | 35.00 | 2.97 | 1.42 | | |
| | Total | 113.00 | 2.94 | 1.34 | | |

The total mean score of all the responses is almost in the medium range. The highest mean score depicts that the respondents with income group of 10,000 20,000

experience the financial services ad through social media more in comparison with other respondents. The lowest score depicts that the respondents having income less than

10,000 are less likely subscribed to updates and alerts regarding any financial services through social media sites. On the basis of significant value, no significant difference was found in responses of the statements as no significant value is less than 0.05. Hence, the hypothesis stating there is no significant difference in mean score of responses on the basis of income groups fails to reject.

CONCLUSIONS

Social media usage had definitely increased over a period of time. Social media is the undisputed king of the Internet especially in India. The financial services industry has trailed behind other sectors in social media. Social media is a great way for customers to learn more about financial institutions and deepen relationships. Social media has emerged as the platform that will decide many of the winners of tomorrow's connected enterprise. In the area of financial services, initial initiatives saw banks seeking to understand customer opinions about bank products and service experiences. Later it evolved to a more proactive role of responding to customer feedback quickly.

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