

# **CHAPTER-I**

## **INTRODUCTION**

### **1.1 General Background of the Study**

Rastriya Banijya Bank (RBB) is fully government owned bank, and is the largest commercial bank in Nepal. RBB was established on January 23, 1966 (2022 Magh 10 BS) under the RBB Act 2021. RBB provides various banking services to a wide range of customers including banks, insurance companies, industrial trading houses, airlines, hotels, and many other sectors. RBB has Nepal's most extensive banking network with over 124 branches. Through its branch network, RBB has been contributing to Nepal's economic development by providing banking services throughout the country.

Rastriya Banijya Bank (RBB) is the largest commercial bank in Nepal, fully owned by the government and currently under a restructuring process. Its financial performance was poor and loss since long time, since 2059 bank was managed by the foreign management in care of CEO Bruf F. Henderson.

With the launching of Pumori plus and RBBSYS program, 126 RBB branches have been computerized so far in RBB; following this effort almost share of Bank's transaction has come under the net of computerization. Thanks to the integrated banking information which has established a success story of computerization in the bank with the extensive network spreading across the country covering Hill, Mountain and Terai (RBB Newsletter, vol-2, 2007).

RBB has many correspondent arrangements with major international banks all over the world that facilitate trade finance, bank-originated personal funds transfers and inter bank funds transfer via SWIFT. In a bid to promote remittance business, RBB works with Western Union, Ez Remit, Instant Cash, RBB Remit (Employee are working in Qatar and Dubai for RBB Remit) and International Money Express, leading person-to-person funds transfer networks.

In addition RBB runs various programs' i.e. banking with the Poor, Micro Credit project for Women etc. to enhance the living standard of people as per the govt. directives. As well, RBB actively delivers various government programs to people living in remote parts of the country; these programs are intended to raise living standards.

Rastriya Banijya Bank (RBB) is the largest commercial bank in Nepal, fully owned by the government and currently under a restructuring process. The bank was established in 1966 to support economic growth and development in Nepal. Since then, the bank has developed and diversified its role to provide various banking services to the community. It has been closely associated with government programs targeting the priority and deprived sectors, while undertaking innovative methodologies to finance self-help groups.

Rastriya Banijya Bank provides various products and services in the form of deposits, remittances, loans, merchant banking and bank guarantees. It has also been lending and investing in rural areas, targeting low-income people under the deprived sector lending requirements. In doing so, it has participated in several government rural credit initiatives including the Intensive Banking Program. RBB has adopted a methodology of providing financial services through self-help groups with the Banking with the Poor program, which focuses on combining its

lending practices with the social mobilization of Self-Help Groups (SHGs) undertaken by NGOs. Intermediation, in comparison to usual practices, and the good overall participation of the population in the program. In total, RBB has 126 branches that span across 63 districts. Regionally, RBB centers its operations on Katmandu, Biratnagar, Birgunj, Pokhara, and Nepalgunj region.

RBB provides banking services to a large number of clients including banks, insurance companies, industry trading houses, airlines, hotels and many other sectors in the economy. The bank also provides financial services to the low-income population in rural areas, within the framework of government programs, and seeks to promote economic development and the improvement of living standards.

RBB serves both urban and rural populations. In order to address poverty, RBB offers finance to self-help groups (SHGs), which gather clients of its microfinance program. A series of specific operating principles have been set as parameters for the operations of the groups. They are encouraged to use peer pressure as collateral, to provide initial small size loans and to set their own interest rates on loans. SHGs members are encouraged to save first before accessing credit.

The bank reaches out to both rural and urban households, institutions and corporations through its vast network of branches. The bank aims to contribute to economic growth and development of Nepal through a modern network of banking facilities. Two thirds of the branches are located in rural areas. RBB has the largest deposit base in Nepal with 1.2 million depositors. Approximately 300,000 clients use the banking services for their business and development activities.

RBB faced major difficulties in operating its ‘social’ financial intermediation in a profitable manner. With pilots such as the Banking with the Poor program, the bank failed to ‘test, standardise and replicate a program in an appropriate pace’ (see Sharma paper) and lacked a planning process including: vision, outcomes, goals, and clear measurable outcomes. Along with this, no clear review and knowledge management was carried out with regards to its financing of the priority sector.

The bank has recently transformed its priority sector credit department into a ‘micro and small enterprise division’ and produced a comprehensive manual on small enterprise lending by the bank. The bank plans to undertake appropriate and thorough planning, testing and reviews to implement microfinance program successfully in rural areas.

Rastriya Banijya Bank plays multiple roles as a: commercial bank, microfinance provider, and investor in the microfinance sector. RBB holds shares in the five public-owned Gramin Bikas banks, along with RMDC. However, as a government-owned body, its key priority is to act as a commercial bank.

## **1.2. Statement of the Problem**

Rastriya Banijya Bank (RBB) is the largest commercial bank in Nepal, fully owned by the government and currently under a restructuring process. Its financial performance was poor and loss since long time, the bank served the country through large network with 216 branch offices in almost all part of the country from remote mountainous region to the Terai. Due to the poor financial situation and huge accumulated net worth, since 16<sup>th</sup> January 2003 bank was managed by the foreign management in care of CEO Bruf F. Henderson. Till the date bank is in

under the financial sector reform program of HMG in different extended time period. For the developing and increasing economic condition of the country, there is greater role of the commercial banks. So far financial institutions are increasing day by day rather earning profits or public service. In this regard they have to formulate many kinds of promotional strategies and new product planning and development to sustain in the market and provide attractions to the consumer so that more customers come in to the bank. In this context research is being conduct with entitle, "*Product Planning and Development Under Re-structuring Strategy in Rastriya Banijya Bank*" with some research problem;

- J What is the existing organization design for product planning and development?
- J What is the product planning and development process used?
- J What are the new products those have been launched with in restructuring course?
- J What is existing product promotion practice?
- J What is the competitive situation of bank requiring the new product strategy implementation?
- J What are the existing problems in product planning and development process?

### **1.3. Objectives of the Study**

The product planning process is one of the most controversial within any company or an organization. Everyone wants a hand in new product definition and almost everyone will have contributions that will make a new product successful. Now a day's financial institutions are established day by day by mushroom growth. In this regard how they are attracting customer and sustain in the competitive market. In

such a case Rastriya Banijya Bank is one of the old and largest government own bank with the largest network. Since 2059 the bank is in the restructuring process and managed by the foreign management team with Nepali experts. Before the restructuring program bank has the poor financial condition and high negative net worth. Currently the bank has been improving its financial in many sectors. Currently the bank has been improving and computerized most of the branch and has launched the new products such as ABBS, SMS banking, E-banking, Pay Bill, ATM service, Instant Cash, RBB Remit, deposit, loan and remittance related facilities under restructuring program. The study has a purpose of analyzing and finding the new product planning and development process as well as suggests the appropriate method to achieving the competitive advantage in the restructuring process. How the bank is improving and solving the existing problem that is arising due to competitive situation. So far this is interesting for study because in case of RBB's new products and its customer behavior with utilization of the products. In this regard main objectives of this study are as follows;

- ) To present the existing organization design for product planning and development.
- ) To analyze the existing product planning and development process used.
- ) To identify existing new products those have been launched with in restructuring course.
- ) To analyze existing product promotion practice.
- ) To access the competitive situation of bank requiring the new product strategy implementation.
- ) To explore existing problems in product planning and development process.
- ) To suggest effective new product planning and development process.

#### **1.4. Rationale of the Study**

Currently there are various financial institutions in the market, they are servicing in different field like deposit collection with high interest rate loan disbursing in cheap interest rate, and similarly they have different works to serve the people related to the transformation of money. In this regard there are many challenges and opportunities towards the commercial banks for sustain and obtain competitive advantages. Since 2059 the bank is in the restructuring process and managed by the foreign management team with Nepali experts. Before the restructuring program bank has the poor financial condition and high negative net worth. Currently the bank has been improving its financial in many sector and computerized most of the branch and has lunched the new products such as ABBS, SMS banking, E-banking, Pay Bill, ATM service, Instant Cash, RBB Remit, deposit, loan and remittance related facilities under restructuring program. so the study will provide short information on RBB's strategies, new product planning and development practice to its concerns authority and other financial institutions while they are compete with each other and provide a guideline for go a head.

### **1.5. Delimitation of the Study**

This study is related with the product planning and development under restructuring strategy where those products are planning and development by RBB. RBB currently has been launched some new products in some major commercial area of the Nepal. In this regard all the branch of RBB are being regulated by the central office, so the study will based on the information provided by central office, branch operation department, loan department and marketing department which are exist in Singhadurbar Kathmandu. To view the customer response, 40 customers were selected for sample, 8 customers were selected from each region, out of 5 regions of the bank.

## **1.6. Organization of the Study**

The chapters of the study are organizing as follows;

Chapter -I Introduction

Chapter -II Literature Review

Chapter -III Research Methodology

Chapter -IV Data Interpretation and Analysis

Chapter -V Summary Conclusion and Recommendation



## **CHAPTER-II**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

There are many related literature in the field of promotion in marketing, but in case of strategy and product planning and development we may found not more than other. Thought I have reviewed some important literature which helps my study to make better finding. Here are some literatures that are related to the present study.

#### **2.2 Conceptual Review**

Some important marketing related concepts are reviewed

##### **2.2.1 Modern Marketing Concept**

Marketing is a total system of business, an ongoing process of: (1) discovering and translating consumer needs and desires into products and services (Through planning and producing the planned products), (2) creating demand for these products and services (Through promotion and pricing), (3) Serving the consumer demand (Through planned physical distribution) with the help of marketing channels, and then in turn, (4) expanding the market even in the face of keen competition. "The modern marketer is called upon to set the marketing objectives, develop the marketing plan, organize the marketing function, important the marketing plan or programme (marketing mix) and control the marketing programme to assure the accomplishment of the set marketing objectives. The marketing programme covers product planning or merchandising, price, promotion and physical distribution" (Sherlekar, 2008, p.5).

In short, modern marketing begins with the customer, not with production cost, sales, technological land marks and it ends with the customer satisfaction and social well being. Under the market- driven economy buyer or customer is the boss (Sherlekar, 2008, p.5).

According to American Marketing Association : "*Marketing is the process of the planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives*(American Marketing Association, 1995)."

### **2.2.2 The Meaning of Product**

In a *narrow* sense, a product is a set of basic attributes assembled in an identifiable form. Each product is identified by a commonly understood descriptive (or generic) name, such as steel, insurance, tennis rackets, or entertainment. Features such as brand name and post sale services that appeal to consumer emotion or add value play no part in this narrow interpretation. According to this interpretation, an Apple and a Compaq would be equivalent-both are amusement parks (Etzel, et.al; 2001, p.214).

In marketing we need a broader definition of product to indicate that customers are not really buying a set of attributes, but rather benefits that satisfy their needs. Thus users don't want sandpaper; they really want a smooth surface. To develop a sufficiently broad definition, let's start with *product* as an umbrella term covering goods, services, places, persons, and ideas. Throughout this book, when we speak of products, we are using this broad connotation (Etzel, et.al; 2001, p.214).

Thus, product means the need satisfying offering of a firm. In the broadest sense, a product is anything offered to satisfy customer needs. It includes a mix of design quality, variety, features, branding, packaging, services and warranties. Products can be goods, services, ideas, experiences, events, persons, properties, Organization & information. All products have features, advantages & benefits. Every product has five levels as potential products, core product, expected product and augmented product (Agrawal, 2001, p.246).

Thus the product that provides benefits can be something other than a tangible *good*. Red Roof Inn's product is a service that provides the benefit of a comfortable night's rest at a reasonable price. The Hawaii Visitors Bureau's product is a *place* that provides sun and sand, relaxation, romance, cross-cultural experiences, and other benefits. In a political campaign, the Democratic or Republican Party's product is a *person* (candidate) whom the party wants you to buy (vote for) (Etzel, et.al; 2001, p.214).

The product concept believes that consumers respond to good quality products that are reasonably priced. In product concept the emphasis is on product quality, performance, and features. Products are anything that can be offered to satisfy a need or want. People satisfy their needs and want with products. Thus products are offering to the market, such as goods, services, experiences, events, persons, place, properties, organizations, information, and ideas (Koirala K.D 2005, p. 19).

When an organization adopts the marketing concept it starts by installing a separate marketing department with added responsibility in the areas of new product development, advertising, and customer services. Despite the establishment of the marketing department the organization also maintains the

sales department in order to handle the sales forces management and promotion functions (Koirala K.D 2005, p. 19).

### **2.2.3 Nature and Role of Product**

In general usage, a product is any object which has an identifiable physical existence. But in marketing, the meaning of 'product' is very wide. The product may be a good, service or just an idea. A product is all things offered to a market. In short a product is the sum total of physical (goods), social (performance like music, dance etc,) benefits, the products, for easy identify, will have a descriptive name also. Philip Kotler recognizes three distinct concepts in a product. They are as follows;

1. The tangible product : It represents the physical entity of the product.
2. The generic product : It represents the essential or basis benefit a buyer expects to get from the product.
3. The extended Product : It represents the physical entity together with the services it could render to the users (Sherlekar, et.al; 2000, p.93-94).

#### ***Important features of a product***

1. *Tangibility*: It should be perceptible by the touch. An item to be called a product should have a tangible character- touch see or feel. For instance, suit case, refrigerator, furniture etc,

2. *Intangible attributes*: The product may be intangible, in the form of services, for instance, banking and insurance services, repairing etc. It is an associated feature. For instance sector is a tangible product and when free serving is offered by the seller, and then the product is not only a tangible item but also an intangible one.

3. *Associated Attributes*: Such attributes may be brand package warranty etc. For instance, Hindustan Liver's Vanaspati ghee has a brand name Dalda and with its package it can be identified by the consumers. It has developed such an image that all kinds of Vanaspati ghee sold are referred to as Dalda ghee.

4. *Exchange Value*: Whether the product is tangible or intangible, it should have exchange value and must be capable of being exchanged between seller and buyer for a mutually agreed price.

5. *Consumer Satisfaction*: Products should have the ability to offer satisfaction to the consumer. The satisfaction may be with real or and psychological. For instance, when we buy 'Snow' we also buy beauty a product with a bundle of utilities (Sherlekar, et.al; 2000, p.94).

### ***Role of the product***

A firm is not selling a product. It sells only the "Product benefit". Product is the most important variable in the marketing mix of a firm. Any firm is floated to manufacture and sell a product. If the product is sound and easily acceptable to the market, if it satisfies reseller's needs and consumer preferences and is carefully fitted to the needs and desires of the customers, sales success is assured. In essence, the right product is a great stimulus to sales. A right product is bound to reduce considerably the problems of pricing, promotion and distribution. It need not have aggressive advertising and high pressure salesmanship. It may not demand extraordinary sales promotion gimmicks. Hence, 'product' is the centre of all marketing policies and decisions. The marketing planning begins with the product and also ends with the product. So product decisions are the most important decisions (Sherlekar, et.al; 2000, p.95).

## 2.2.4 Product Planning and Development Concept

*Product Planning:* It may be defined as "the act making out and supervising the search, screening, development and commercialization of new products; the modification of existing lines; and the discontinuance of marginal or unprofitable items."

The following are the usual function by product planning (Sherlekar, et.al; 2000, p.96-97).

1. Evaluation of new idea, the product and market.
2. Evaluation of company resources.
3. Finding out customer specifications.
4. Developing the product.
5. Testing the product.
6. Marketing the product.
7. Evaluation the result.

*Product Development:* Product development is a more limited term but includes the technical activities of product research, engineering and design.

Product planning and development is the result of coordinated efforts of a large number of specialists- Engineers, Scientists, Accountants, Marketing men etc. Product planning and development can assure normal rate of return on investment and continuous growth of the enterprises (Sherlekar, et.al; 2000, p.97).

Product planning system are more common in larger companies to serve management still the usefulness of product planning to very small business could have been circumvented by an early attempt to quality the dreams of head string

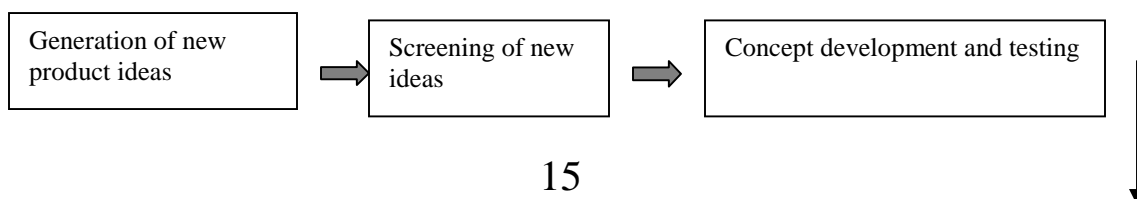
but sloppy thinking entrepreneurs who never directly faced the uncertainties of their venture (Subedi, 2008, p.30).

But, there are so many assumptions of using product planning programs. Firstly the basic plans of a business must be measurable in terms of money, if there is to be any assurance that money will be available for the needs for the business. Secondly it is possible to plan for the every aspect of the business with every other aspect to establish optimum product goals. Thirdly product planning is preplanning not merely what to do it things work out as forecasted, but also who to do if things work out differently from the forecast (Subedi, 2008, p.30).

*Importance of Product Innovation:* A business exists to satisfy customers while making a profit. Fundamentally, a company fulfills this dual purpose through its products. New product planning and development are vital to an organization's success. This is particularly true now, given (1) rapid technological changes, which can make existing products obsolete, and (2) the practice of many competitors to copy a successful product, which can neutralize an innovative product's advantage. Thus as emphasized by a top executive at Pillsbury, "In the end, the company with the most products wins". Of course, these new products must be satisfying to customers and profitable for the firm (Etzel, et.al; 2001, p.222-223).

### **2.2.5 Product Planning and Development Process**

There are seven steps in the planning and development of a new product (Sherlekar, et.al; 2000, p.97).



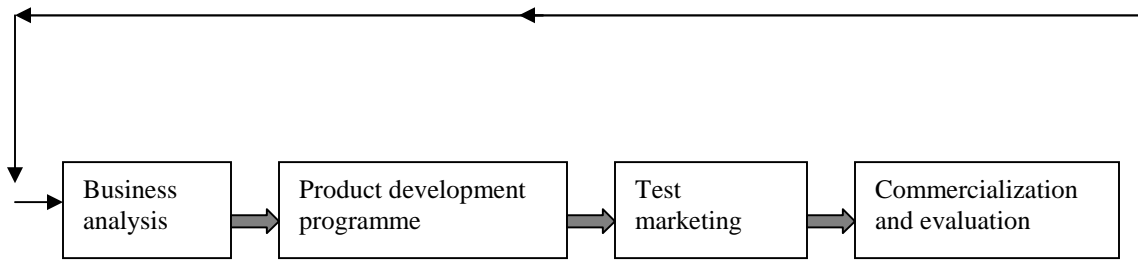


Fig.2.1 Product Development Process

- Notes:*
1. *Product life cycle requires the product development programme for new products and new profit opportunities.*
  2. *New product development must be carefully planned and managed.*
  3. *Special organizational wing is necessary to stimulate, collect, screen, evaluate, develop, test and commercialize new product ideas.*
  4. *Business analysis is the crucial stage. It concentrates on demand analysis cost analysis and profitability analysis. It also considers social responsibilities of marketing the new product.*

1. *New Product Ideas:* We visualize the detailed features of a model product. Ideas may be contributed by scientists, professional, designers, rivals, customers, sales force, top management, dealers etc. We may need sixty new ideas too get one commercially viable product.

2. *Ideas Screening:* We have to evaluate all ideas and inventions. Poor or bad ideas are dropped and through the process of elimination, only most promising ideas are picked up for further detailed investigation and research.

3. *Concept Developing and Testing:* All ideas that survive the process of screening (preliminary investigation) will be studied in detail. They will be developed into mature product concepts. We will have precise description for the ideas and features of the proposed product. At this stage, we can incorporate consumer meaning into our product ideas. Concept testing helps the company to choose the



best among the alternative product concepts. Consumers are called upon to offer their comments on the precise written description of the product concept viz, the attributes and expected benefits.

*4. Business Analysis:* Once the best product concept is picked up, it will be subjected to rigorous scrutiny to evaluate its market potential, capital investment rate of return on capital etc. Business analysis is a combination of marketing search, cost benefit analysis and assessment of competition. We have demand analysis cost analysis and profitability analysis. Business analysis will prove the economic prospects of the new product concept. I will also prove soundness and viability of the selected product concept from business viewpoint. Now we can proceed to concentrate on product development programme. The proposed product must offer a realistic profit objective.

*5. Product Development Programme:* There are three step in this stage, when a paper idea is duly converted into a physical product: (a) prototype development giving visual image of the product, (b) consumer testing of the model or prototype, and (c) branding, packaging and labeling. Consumer testing of the model

## **2.2.6 Developing the Marketing Strategy for product**

*Function of Marketing:* There are essentially two ways of looking at the functions of marketing. One way as to set down the tasks which are involved in the marketing process, identify them individually. Another way to examine why marketing is needed and what is its aims are. The second method underpins a marketing orientation more fully. The aims of marketing should focus to understand and anticipate customer needs. It should provide benefits and satisfaction to meet those needs. It should ensure consistent quality and customer

satisfaction. It has to retain existing customers and attract new ones. It should target to achieve organizational objectives. The marketing department's task is to develop the theory, idea and plans (Woodruffe, 1999, p, 40).

*Strategic Planning:* "If you don't know where you are going, then any road will take you there."The moral of this management axiom is that all business and non-profit organizations need a well - conceived plan. Most fundamentally, planning is studying the past to decide in the present what to do in the future. In a management context, strategic planning may be defined as the managerial process of matching a firm's resources with it's market opportunities over the long run. Developing plan for the entire company provides the frame work with in which strategic planning is done in the firm's various divisions, including marketing (Etzel, et.al; 2001, p.12)

*Marketing strategy:* The environmental analysis can be used as a basis for SWOT analysis. The audit can now focus on the corporate, mission and objectives on consider the organization's marketing objectives in the light of existing opportunities and strength, and possible problem areas. The current marketing strategy should be examined to ensure that it represents the most appropriate course of action for the successful achievement of organizational goals. The strategy should fulfill the organizations marketing objectives in a way which makes optimum use of resources while taking account of strength and weakness. It should also be assessed for it's suitability with regard to opportunities and threats facing the company (Woodruffe, 1999, p.73)

Strategic marketing planning essentially assists of (1) selecting target markets and (2) designing a marketing mix. Strategic planning in marketing is applicable o non-profit organization as well as business firm (Etzel, et.al; 2001, p.12)

Promotion strategy square is designed by (Sherlekar, 2008, p.282)

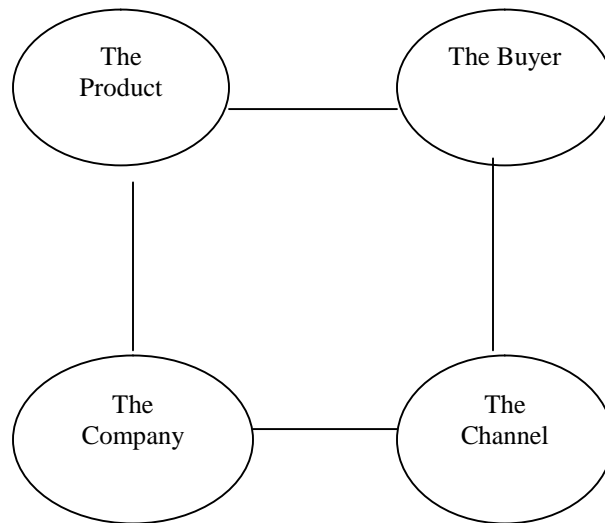
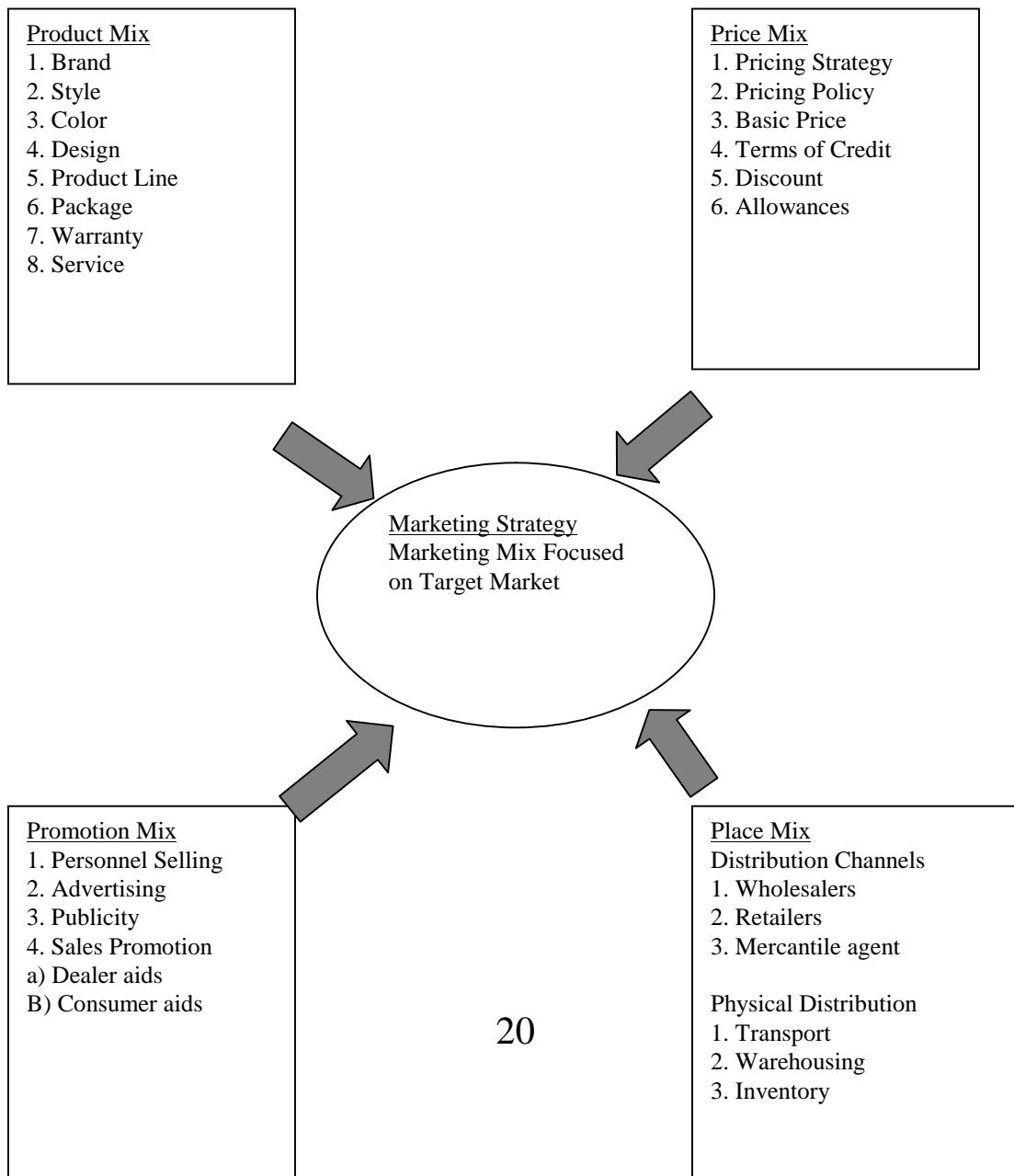


Fig. 2.2. Promotion Square.

*Marketing Mix (Marketing Strategy)*: A successful marketing strategy must have a marketing mix as well as target market for which the marketing mix is prepared. Elements or variables that make a marketing mix are only four; (1) Decisions' on product or services, (2) Decisions on price, (3) Decisions on promotion and (4) Decisions on distribution. These four ingredients are closely interrelated. Under

the systems approach the decision in one area affects action in the others. Marketing mix decisions constitute a large part of marketing management (Sherlekar, 2008, p.28).



### Fig.2.3 Element of Marketing Mix

Sources: (Sherlekar, 2008, p.28)

#### **2.2.7 Product Life Cycle**

Product life cycle is very similar to the human life cycle. Man has seven stages from his birth to death. Similarly from its birth, a product passes through various stages, until it is finally abandoned, i.e. discontinued from the market. The length of the life cycle, the duration of each phase and the shape of the curve may differ from product to product, but the whole life cycle passes through certain definite stages. These stages are together referred to as 'product life cycle'. The period during which a product lives in the market is termed as 'product life cycle.' The product life cycle concept indicates that the product is born or introduced, grows, attains maturity and the point of saturation in that market and then sooner or later, it is bound to enter its declining stage, i.e., decay in its sales (Sherlekar, et.al; 2000, p.98). According to the Sherlekar, a product life cycle has the following stages:

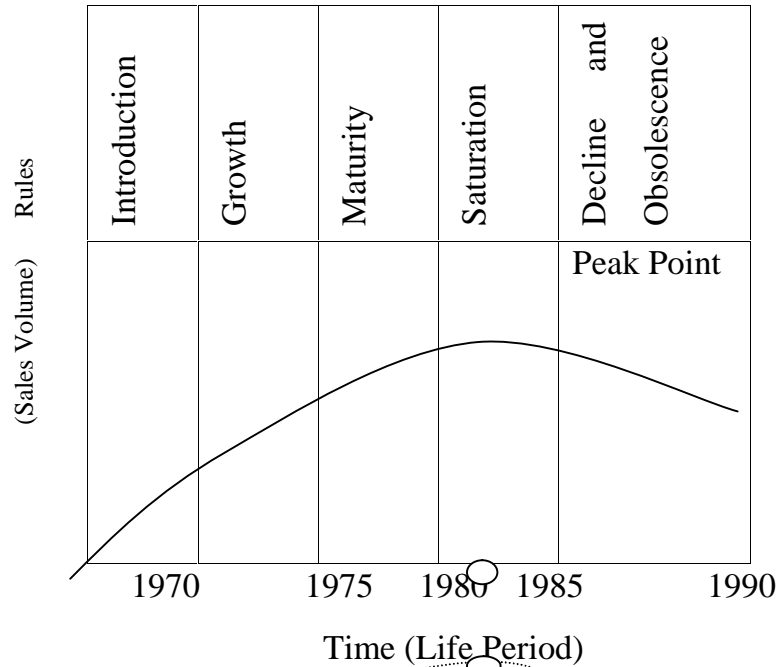


Fig 4 The product life cycle concept

Sources: (Sherlekar, et.al; 2000, p.98).

- Note:
1. Introduction : Sales are starting infant stage.
  2. Growth : Rising sales at increasing rate.
  3. Maturity : Rising sales at decreasing rates.
  4. Saturation : Stable sales.
  5. Decline : Falling sales- decay and exit.

Every product moves through a life cycle having five stages introduction, growth, maturity, saturation and decline. The life cycle gives the sales revenue and profit margin history of a product over a period of time.

**1. Introduction:** In the early stage, when the product is introduced in a market, sales revenue begins to grow but the rate of growth is very slow. Profit may not be there as there is low sales volume, large production and distribution costs. It may require heavy advertising and sales promotion. Products are brought cautiously on a trial basis. Weaknesses may be revealed and they must be promptly removed.

Cost of market developed may be considerable. In this stage product development design are considered critical (Sherlekar, et.al; 2000, p.98).

At the introduction stage the product or service is very new. Promotion will be intense & costly and may need to be boosted if the service fails to meet initial targets. It will be aimed at getting users to try the service & create interest. At this stage a sale growth is slower, low profit, high price & low competition occurs. (Jain, 2001, p. 243)

**2. Growth:** It is the period during which the product is accepted by consumers and the traders. During the growth stage, the rate of increase of sales turnover is very rapid. Profits also increase at an accelerated rate in spite of competition; it may have rising sales and profits. The firm gives top priority to sales volume and quality maintenance may have secondary preference. For marketing success, manufacturing and distribution efficiency are vital factors. In mathematical terms, the end of the growth period is at the inflection point on the sales curve. In this stage, effective distribution and advertising are considered as key factors. Word of mouth advertising leads to more new users. Repeat orders are also secured (Sherlekar, et.al; 2000, p.98-99).

At the growth stage, uptake of service starts to grow, revenue will increase & profitability may be even achieved. The longer term success of the service can be more easily assessed at this stage as market penetration increases. However if the product/service appears to be doing well, it is likely at this stage that competitors will bring out rival offerings. (Woodruffe, 2002, p.129). At this stage quality is improved, prices is slightly lowered & promotion expenses are increased with intensive distribution. At the growth stage, companies try to sustain rising sales & strength competitive position (Agrawal, 1991, p.73)

**3. *Maturity:*** During this stage, keen competition brings pressure on price. Increasing marketing expenditure and falling prices (in the battle for market share) will reduce profits. Additional expenditure is involved in product modification and improvement or broadening the product line. Marketers have to adopt measures to stimulate demand and face competition through additional advertising and sales promotion. Overall marketing effectiveness becomes the key factor in the stage of maturity (Sherlekar, et.al; 2000, p.99). At maturity stage, the rate of sales growth slows down profit stabilize & gradually decline (Agrawal, 1991, p. 274). The overall volume of sales may reach a fairly steady plateau, which continues over time. Competition will probably be well established, and promotion efforts reflect the battles between leading brands. Emergence of dominant design takes place under product variety (Joshi, 2002, p. 78).

**4. *Saturation:*** The saturation point occurs in the market when all potential buyers are using the product and we have only replacement sales. Consumption achieves a constant rate and the marketers have to concentrate exclusively on a fight for market share (with higher marketing expenses). Price may fall rapidly and profit margins may become small unless the firm makes substantial improvement and realizes cost economies.

**5. *Decline Stage:*** Once the peak or saturation point is reached product inevitably enters the decline stage and becomes obsolete. It may be gradually displaced by some new innovation. Sales drop severely, competition dwindles, and even then the product cannot stand in the market. It may be driven out of the market by other new innovations. At this stage, price becomes the primary weapon of competition and it is necessary to reduce considerable expenditure on advertising and sales promotion. Cost control becomes the key to generate profits. At decline stage,



sales, profits decline or disappear. Competitors withdraw from the market, loyal customers are willing to pay higher price. The popularity of a product or service will begin to die. This may be due to a number of reasons, as when services have been superseded by new technologies or when consumer tastes have changed (Woodruff, 2002, p. 137). Old product may need to be phased (Shrestha, et. al; p.60).

Managing the life cycle of a service is another strategy. Product and services are often said to have “Life Cycles”. This idea is based on an analogy with natural life cycles birth, growth, maturity & so on. (Woodruffe, 2002, p. 128).

The product life cycle is frequently illustrated as being comprised of four stages.

- ) Launch or introduction
- ) Growth
- ) Maturity
- ) Decline (K.C,2058 B.S,p-221)

The product life cycle is typically represented graphically in terms of sales over time. Plotting the level of sales over a period will result in a life cycle curve which may look like below (Woodruffe, 2002, p.128).

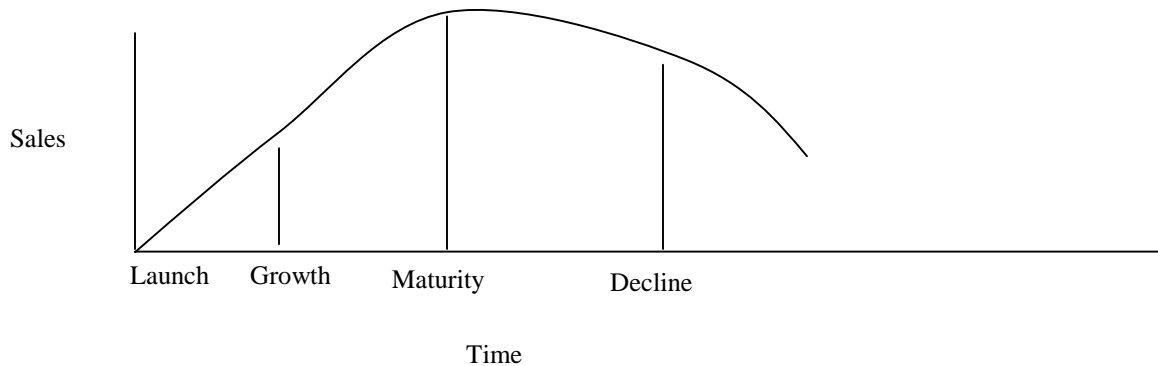


Fig. 2.5 Product Life Cycle Stages

Source: (Woodruffe, 2002, p.128).

### **2.2.8 Pricing of Product**

We can define price as the "money value of the product or service agreed upon in a market transaction" we have a kind of price equation where;

Price in money = Physical Product + Bundle of Expectation (Sherlekar, et.al; 2000, p.188)

Pricing a new product is an art. It is one of the most important and puzzling marketing problems faced by a firm. As far as new product is concerned, pricing is important in two ways because:

- a) It affects the quality of the product to be sold.
- b) It determines the amount of the revenue of a firm.

When new products are introduced, they appeal to many people as novel items. But when the product is being used constantly, the novelty disappears and the people start thinking about the price. Moreover, competitors may also appear in the market. Therefore new products are hard to be priced, especially with a right price. Incorrect pricing will definitely lead to product failure (Sherlekar, et.al; 2000, p.205).

For setting a price on a new product, three guidelines are to be adopted; (Sherlekar, et.al; 2000, p.205).

- a) Marketing the product accepted.
- b) Maintaining the market, and
- c) Retaining the profit.

Some pricing difficulties occur because of confusion about the meaning of *price*, even though the concept is easy to define in familiar terms. Simply, price is the amount of money and other items with utility needed to acquire a product. Recall that *utility* is an attribute with the potential to satisfy wants (Etzel, et.al; 2001, p.324).

Every marketing activity including pricing should be directed toward a goal. Thus management should decide on its pricing objective before determining the price itself. Yet, as logical as this may sound, few firms consciously establish a pricing objective.

To be useful, the pricing objective management selects must be compatible with the overall goals set by the firm and the goals firm its marketing program. Let's assume that a company's goal is to increase return on investment from its present level of 15 % to 20% within three years. It follows that the primary pricing goal during this period should be to achieve some stated percentage return on investment. It would be questionable in this case to adopt a primary pricing goal of maintaining the company's the following pricing objectives (Etzel, et.al; 2001, p.328).

### **2.2.9 Product Innovation and Diffusion**

A business exists to satisfy customers while making a profit. Fundamentally, a company fulfills this dual purpose through its products. New product planning and development are vital to an organization's success. This is particularly true now given (1) rapid technological changes, which can make existing products obsolete and (2) the practice of many competitors to copy a successful product, which can

neutralize an innovative product's advantage. Thus as emphasize by a top executive at Pillsbury, "In the end, the company with the most products wins". Of course, these new products must be satisfying to customers and profitable for the firm (Etzel, et.al; 2001, p.222-223).

Ultimately, of course, whether or not a product is new depends on how the intended market perceives it. If buyers consider it to be significantly different from competitive products in some relevant characteristic (such as appearance or performance), then it is indeed a new product. Lately, marketers have found that anything labeled *digital* or especially appealing to numerous consumers. Thus *digital* has been attached to not just telephones and televisions, but also lights, music, and even a Kitchen aid toaster priced at \$89.99. Even though not all of these products are technically digital, many buyers prefer them to regular or analog versions. As in other situations, perception is reality (Etzel, et.al; 2001, p.225-226).

***Diffusion*** is the process by which an innovation is communicated through certain channels over time among the members of a social system (Rogers-1983, p.5). The diffusion process looks at what is happening in the market. The life cycle concept derives its logical base from the diffusion process. The diffusion process can be described in the form of the normal distribution curve. It refers to how a new product captures a target markets, emphasizes the aggregate of individual decisions to adopt a new product (Jain-1997, p.437).

The adaptation process is the set of successive decisions an individual person or organization makes before accepting an innovation. ***Diffusion*** of a new product is the process by which an innovation spreads throughout a social system over time. By understanding these processes, an organization can gain insight into how a product is or is not accepted by prospective customers and which groups are likely

to buy a product soon after it is introduced, later on, or never. This knowledge of buying behavior can be valuable in designing an effective marketing program (Etzel, et.al; 2001, p.230).

Communication can be regarded as a low way process of exchanging or shaping ideas, feelings and information. It refers to the countless ways that humans have of keeping in touch with one another. Communication is more than mere exchange of information. It is a process necessary to pave way for desired changes in human behavior and information to communicate effectively. An understanding of the elements of the communication system is essential.

Management needs to understand the adaptation and diffusion processes for a new product. A prospective user goes through six stages in deciding whether or not to adopt a new product. Adopters of an innovation can be divided into five categories, depending on how quickly they accept an innovation such as a new product. These categories are innovators, early adopter, early majority, late majority, and laggards. In addition, there usually is a group of non adopters. Five characteristics of an innovation seem to influence its adoption rate: relative advantage, compatibility, complexity, trialability, and observability (Etzel, et.al; 2001, p.230).

***Diffusion (Adoption) of Innovations:*** The life cycle concept derives its logical base from the diffusion process. Adoption and diffusion of any new product slowly develops because of resistance to change and the time for communication of the new innovation. When early adopters follow the lead given by innovators, adoption process gains momentum and grows rapidly. The peak point arrives when most of the potential buyers have tried the new product.

1. Innovators

2. Early adopters
3. Early majority
4. Late majority
5. Laggards (Sherlekar, et.al; 2000, p.100-101)

### **2.2.10 Promotion and Competition**

One of the attributes of a free market system is the right to use communication as a tool of influence. In our socioeconomic system, that freedom is reflected in the promotional efforts by businesses to influence the feelings, benefits and behavior of prospective customers. Let's examine how promotion works from an economic perspective and from a marketing perspective (Etzel, et.al. 2001, p.230).

Promotion is a persuasive communication. Promotion consists of activities that facilitate exchanges with target customers through persuasive communication to stimulate demand. Promotion plays an important role in informing, educating, persuading and reminding customers. (Agrawal: 2001, pp.381-386)

*Promotion and Marketing:* From a marketer's perspective, promotion serves three essential roles- it informs, persuades, and reminds prospective and current customer and other selected audiences about a company and its products. The relative importance of these roles varies according to the circumstances faced by a firm. The most useful product or brand will be a failure if no one knows or is available! Because distribution channels are often long, a product may pass through many hands between a producer and consumers. Therefore, a producer must inform middlemen as well as the ultimate consumers or business users about the product. Wholesalers, in turn, must inform retailers and the geographic

dimensions of a market expand, the problems and costs of informing the market increase (Etzel, et.al; 2001, p.230).

Promotion is one of the key element in the marketing mix. Promotion performs the major role of communicating to buyers. The promotional tools provide valuable information to customers or buyers about the product and services, its availability, prices, utilities and benefits.

*Direct Marketing:* is direct persecution by manufacturer to specific customers face to face selling, mail catalogue marketing, telemarketing, on line marketing or E-commerce are included as tools in direct marketing (Agrawal: 2001, p.387). Direct mail & telephone solicitation can be especially effective in reaching particular donor market segments. Telephone contact is coming under fire under the broad heading of telemarketing (Bajracharya: 1983, pp.89-93).

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*Promotion Methods:* Promotion, in whatever form it takes is an attempt to influence. There are four forms of promotion: personal selling advertising sales promotion and public relations. Each has distinct features that determine the role it can play in a promotion program (Etzel, et. al; 2001, p.230).

*1. Personal selling* is the direct presentation of a product to a prospective customer by a representative of the organization selling it. Personal selling takes place face to face or over the phone and it may be directed to a business person or a final

consumer. We list it first because across all organizations more money is spent on personal selling than on any other form of promotion (Etzel, et. al; 2001, p.230).

Is face to face interaction with one or more perspective purchasers for the purpose of making presentations, answering questions and procuring orders (Kotler:2000, p.606). It is the personal communication of information to persuade somebody to buy something. Being a process, personal selling involves the following seven steps (Agrawal, 2001, p.410).

2. *Advertising* is non personal communication paid for by a clearly identified sponsor promoting ideas organizations or products. The most familiar outlets for ads are the broadcast (TV and radio) and print (newspaper and magazines) media. However there are many other advertising vehicles from billboards to T-shirt and more recently the Internet.

3. *Sales promotion* is demand stimulating activity designed to supplement advertising and facilitate personal selling. It is paid for by the sponsor and frequently involves a temporary incentive to encourage a sale or purchase. Many sales promotions are directed or consumers. The majority however are designed to encourage the company's sales force or other members of a distribution channel to sell products more aggressively. When sales promotion is directed to the members of the distribution channel, it is called trade promotion. Include in sales promotion are a wide spectrum of activities such as event sponsorships, frequency programs, contests, trade shows, in store displays, rebates, samples, premiums, discounts, and coupons.

Sales promotion: Consists of diverse collection of incentives tools, mostly short term, designed to stimulate quicker and greater purchase of particular products or



services by consumers or the trade. It refers to demand stimulating devices designed to supplement advertising and facilitate personal selling. (Stanton, 1994, p.415).

4. *Public relations* encompasses a wide variety of communication efforts to contribute to generally favorable attitudes and opinions toward an organization and its products, unlike most advertising and personal selling, it does not include a specific sales message. The targets may be customers, stockholders, a government agency, or a special interest group. Public relations can take many forms, including newsletters, annual reports, lobbying, and support of charitable or civic events. The Goodyear blimps and the Oscar Mayer Wiener mobiles are familiar Examples of public relations devices (Etzel, et. al; 2001, p.230).

Every organization contains a public relation department to distribute information and communications to build goodwill. When negative publicity happens the PR department acts as a trouble shooter. The best PR departments try to perform the tasks press relations, product publicity, corporate communication, lobbying & counseling (Shrestha, 2005, p.258).

***Competition:*** is a key to survival in any market driven economy where markets operate freely and effectively. The competition can be expected to bring benefits. (i.e. encouraging firms to improve productivity, reduces prices and to innovate, competition policy and law are the tools used to bring about the efficient working of markets & alleviate market fainters. (Agrawal, 2001, p.252).

The essence of formulating competitive strategy is relating a company to its environment. Although the relevant environment is very broad, encompassing social as well as economic forces, the key aspect of the firm's environment is the

industry or industries in which it competes. Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Forces outside the industry are significant primarily in a relative sense: since outside forces usually affect all firms in the industry, the key is found in the differing abilities of firms to deal with them (Porter, 1998, p. 3-4).

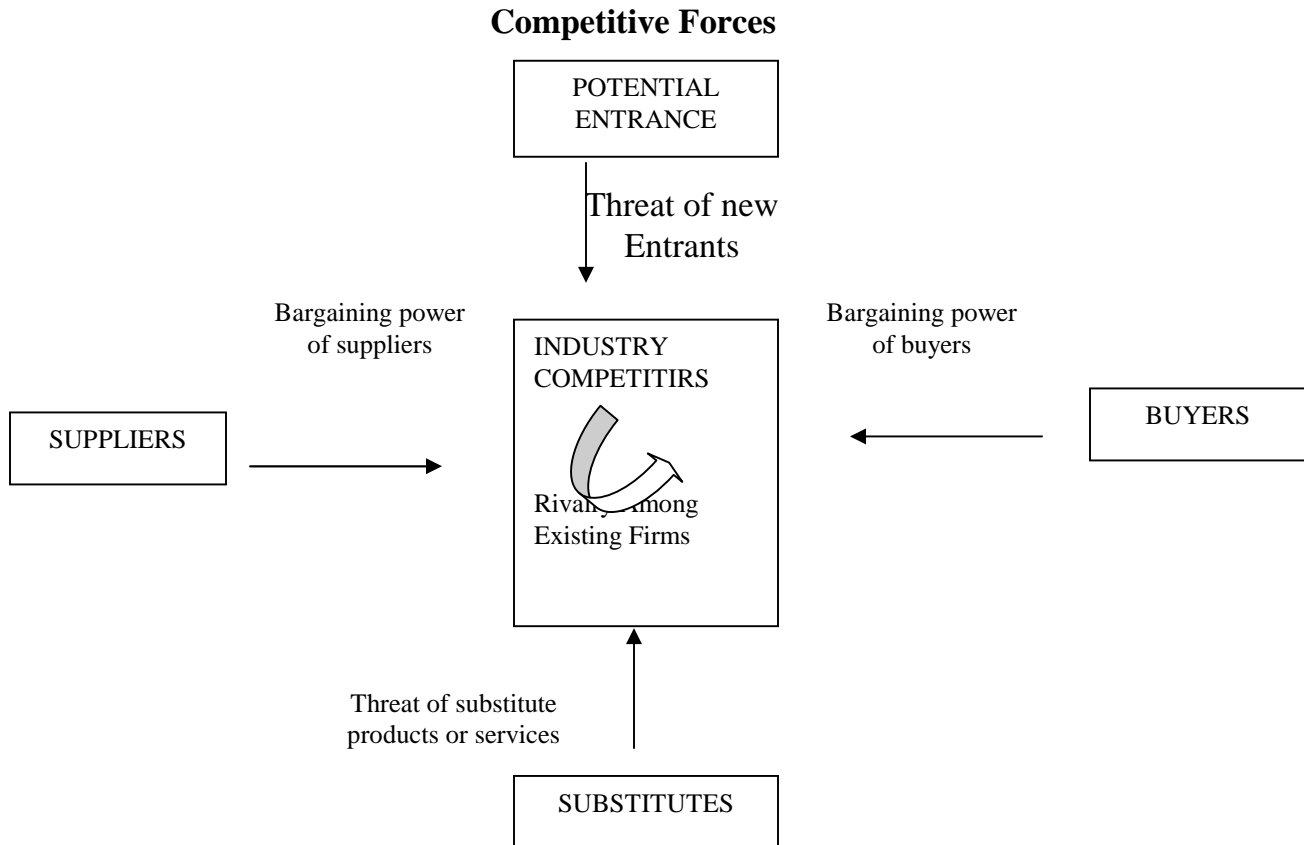


Fig. 2.6. Forces Driving Industry Competition

Source: (Porter, 1998, p. 3-4).

Market competition refers to many firms engaged in satisfying the same customer need to analyze competitor the factor like strategies, objectives, strengths & weakness and Reaction patterns (Agrawal, 2001, p.193).

**Factors Affecting Analysis of Competition:**

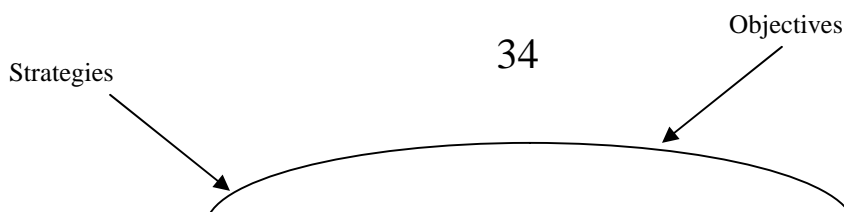


Fig. 2.7 Factor in competition

*Source:* Agrawal, 2001, p.194

Competitors marketing strategies should continuously be monitored. The members of a strategic group represent key competitors, Strategic group is a group of firms following the same strategy in a given target market. (Agrawal, 2001, p.194).

### **2.2.11 Problem of banking product**

#### **What caused the liquidity crunch?**

This problem has been brewing for the past four years, and has many sources. We can summarize the main issues ([www.nepalitimes.com](http://www.nepalitimes.com)).

Too many financial institutions and cooperatives concentrated in the same places, bidding up deposit rates that are transmitted to loan rates, low public confidence in the viability of some banks;

- \* People keeping money at home and in bank lockers rather than in deposits.
- \* Unnecessary speculation about the viability of our exchange rate system.
- \* Sudden acceleration and sudden slowdown of remittance growth, which hits the economy.
- \* Sudden anti-money laundering tightening and tight regulation on sources of

- funds.
- \* Real estate speculation and share market speculation on excessive credit.
  - \* Capital flight from Nepal.
  - \* Excessive exposure of parties to credit and the subsequent unwinding of built-up leverage.
  - \* Poor political outlook and lack of unity and a constitution, drastically lowering business and investor confidence in the economy.
  - \* Lack of security.
  - \* Lack of coordinated policy between government agencies and ministries.

### **2.2.12 Banking service and Product in Nepal**

His Majesty King Tribhuvan inaugurated Nepal Bank Limited on Kartik 30, 1994 Bikram Sambat. This marked the beginning of an era of formal banking in Nepal. Until then all monetary transactions were carried out by private dealers and trading center.

Then Prime Minister Maharaja Juddha Shumsher J.B.R. speaking on the occasion with the kind permission of His Majesty the King stated this work which is being done in the larger interest of the nation is a great moment for me. Until today a bank could not be opened in Nepal. Therefore this bank, which is being established under the name of Nepal Bank Limited to fill that, need and to be inaugurated by His Majesty the King, is a moment of great joy and happiness. The Bank's objectives to render service to the people whether rich or poor and to contribute to the nation's development will also need the support and best wishes of all, which I am confident, will be forthcoming. In that era, very few understood or had confidence in this new concept of formal banking. Raising equity shares were not easy and mobilization of deposits even more difficult. This was evident when the bank floated equity shares worth NRs. 2,500,000, but was successful only in

raising NRs. 842,000. "In the absence of any bank in Nepal the economic progress of the country was being hampered and causing inconvenience to the people and therefore with the objective of fulfilling that need by providing service to the people and for the betterment of the country, this law is hereby promulgated for the establishment of the Bank and its operation" The total deposits for the first year was NRs. 17,02,025 where current deposits was about NRs. 12,98,898 fixed was about NRs. 3,88,964 and saving was NRs. 14,163. Loan disbursed and outstanding at the end of the first year was NRs.1,985,000 (www.nbl.com).

From the very conception and its creation, Nepal Bank Ltd, was as joint venture between the government and the private sector. Out of 2500 equity shares of NRs. 100 face value, 40% was subscribed by the government and the balanced i.e. 60% was offered for the sale to private sector. There were only 10 shareholders when the bank first started (www.nbl.com).

Financial institutions are slowly moving from Brick and Mortar (Physical Branches) to click and brick (E-banking). ATM's are the most popular electronic delivery channel for banking services in Nepal. Only few customers are using internet banking facilities. Nepalese financial institutions till date have not faced any kind of electronic fraud or risk. Banks have basic security tools like firewall, lightning power surge protection. But it is found that the some banks are in lack of having regular back up of website information and E-banking policy. Nepalese banks are using E-banking for their own convenience and for the purpose of retaining exiting customers. The cost analysis of most of the banks in Nepal is seems to be either inadequate or not applied due to their narrow space of between use of E-banking and gender, marital status or salary of customer. However, use of E-banking signification association was found with age and education (Banstola, 2007, p.96).

## Deposit Products

Himalayan Bank offers a wide range of deposit products that caters to your requirement. HBL brings you the convenience of networked branches/ATMs and facility of E-channels like Internet, and SMS Banking. In simple words, HBL brings banking at your doorstep ([www.himalayanbank.com](http://www.himalayanbank.com)).



Fig. 2.8 Deposit Product

Source: ([www.himalayanbank.com](http://www.himalayanbank.com)).

## Other Product

Rastriya Banijya Bank's website states that the bank has provided the following service and product.

1. Pay Bill.
2. ABBS service.
3. SMS Banking.
4. E-banking.
5. ATM card.
6. RBB Remit.
7. Other Remittance.

### 2.2.13 Financial Sector Reform Program

**Introduction:** A well-regulated financial sector of any economy works as a facilitator for achieving sustained economic growth, fostering a robust and vibrant financial market. Financial system is important in the economy to pool and utilize resources, reduce costs and risks, expand and diversify opportunities, increase the locative efficiency of resources, and promote the productivity and economic growth. While sound and healthy financial system contributes to the growth of the real sector on a sustainable basis, uncertainty and fragility in the financial system adversely affect the objectives of economic development in general and poverty reduction in particular, as evidenced by the financial crises witnessed in different parts of the world over the years. Financial sector reform (FSR) is the strategy aimed at making the financial system sound and supportive to the attainment of the economic development objectives. The deposit taking financial institutions predominate the financial system of Nepal. Among these institutions, the banking sector's share in the total deposits and lending is not only significantly high but that the problems and stakes in this sector are also accordingly challenging. So, with the view to addressing the huge problems and challenges of this sector, this policy paper focuses more on the banking sector as the overriding component of the overall financial sector reform strategy ([www.ndf2004.gov.np/pdf/proceedings/financial.pdf](http://www.ndf2004.gov.np/pdf/proceedings/financial.pdf)).

## **Overview of the Nepalese Financial Sector**

With the economic liberalization initiated in mid-1980s, the Nepalese financial system witnessed significant developments. For instance, the financial system consisted of only two commercial banks and few other financial institutions before liberalization. During the post-liberalized regime spanning almost two decades, the

financial system has reasonably developed, diversified, and enriched. As of April 2004, the financial system consisted of 17 commercial banks, 19 development banks, 5 regional rural development banks (RRDBs), 116 postal saving banks, 58 finance companies, 33 saving and credit cooperative societies involved in limited banking activity, 44 non-government micro-credit institutions, one stock exchange with the network of brokers and securities dealers, 18 insurance companies, one employees' provident fund, one credit guarantee and deposit insurance corporation, and one Citizen Investment Trust. Of these institutions, the commercial banks, development banks, RRDBs, finance companies, financial cooperatives and NGOs are under the regulatory framework of Nepal Rastra Bank (NRB). While the insurance board regulates the insurance companies and the securities board regulates the stock exchange, the other institutions are under the overall regulation of the government. Along with the numerical growth and other institutional developments of the financial sector, the deposits and credits are expanding though the qualitative aspects of the financial system still require much improvement as reflected in the inadequacy of the banks and financial institutions in providing increased benefits to the general public and in contributing adequately to the economic development through raising income level, creating employment opportunities and building internal strength for the growth of the institutions themselves. Though various reform efforts were undertaken in the past, to create a healthy financial sector as a pre-requisite to sustained economic growth by getting rid of the various institutional and structural deficiencies that still characterize the system, further FSR measures need to be continued, initiated and implemented ([www.ndf2004.gov.np/pdf/proceedings/financial.pdf](http://www.ndf2004.gov.np/pdf/proceedings/financial.pdf)).

### **Moves Toward Current Comprehensive Reform Program**



Drawing on the inadequacies of the piecemeal attempts of the past reforms, it has been felt necessary to initiate and expedite the process of comprehensive reform and other improvement measures. Hence, the moves toward current comprehensive financial sector reform program reflect the strategic change to get rid of the extremely difficult situation that the financial system of Nepal has undergone. With the reform initiatives have come the changes in the attitude towards the State owned commercial banks as more emphasis now has been placed on commercial orientation, privatization, managerial culture, greater autonomy and accountability. Therefore, HMG came out with the financial sector reform program by encompassing a wider coverage of issues for their improvement. To accomplish the reform, HMG has obtained financial assistance from IDA, DFID, and ADB so that the financial sector reform program could be launched with a wider coverage, prospective and well defined set of objectives ([www.ndf2004.gov.np/pdf/proceedings/financial.pdf](http://www.ndf2004.gov.np/pdf/proceedings/financial.pdf)).

### **Areas of Reform in the Financial System**

The clearly identified and addressed agenda of reform in the financial sector strategy statement of HMG are the following:

- (i) Build a strong central bank,
- (ii) Build and maintain strong banking and non-banking sector,
- (iii) Improve existing legal and judicial aspects of financial system,
- (iv) Improve auditing and accounting standards within the banking sector,
- (v) Promote financial discipline through adequate disclosure and competition,
- (vi) Initiate more focused interventions toward the programs for the upliftment of the poor,
- (vii) Re-orient the activities of HMG and NRB from being active participant (Owner) of the financial institutions to a regulatory body. The strategy

paper of HMG has assigned important and enhanced role, responsibility and accountability to the central bank. The government has fully supported the efforts of NRB in strengthening banking supervision and enforcing the regulations. Obviously, NRB has been assigned to focus and handle following reform activities in the financial sector:

- (i) Reforming the financial sector legislations and regulations,
- (ii) Strengthening of bank supervision and inspection,
- (iii) Restructuring and privatization of RBB and NBL,
- (iv) Enhancing competition in the banking sector and streamlining of ownership structure,
- (v) Discouraging multiple banking practices,
- (vi) Reforming the auditing and accounting capabilities,
- (vii) Creation of broad-based banking,
- (viii) Establishment of Bankers' Training Institute, Assets Management Corporation (AMC) and Credit Rating Agency in Nepal.
- (ix) Restructuring of Credit Information Bureau,
- (x) Strengthening of Regional Rural Development Banks,
- (xi) Revamping research and financial monitoring strength of NRB,
- (xii) Meeting sectoral financing requirements and establishment of development Banks at the regional level,
- (xiii) Broadening and deepening of financial system in Nepal,
- (xiv) Initiating restructuring program for ADB and NIDC ([www.ndf2004.gov.np/pdf/proceedings/financial.pdf](http://www.ndf2004.gov.np/pdf/proceedings/financial.pdf)).

### **Progress on Restructuring of NBL and RBB**

As a component of the financial sector reform program, a Management Team “ICCMT” consisting of international bankers from Bank of Scotland (Ireland) has been appointed in NBL to restructure the NBL. The ICCMT assumed its assignment in NBL on July 22, 2002. The management team has completed the Financial Analysis of the NBL and the preparation of Management Plan and the Budget Plan for the Bank. To date, the team has come up with clear vision, mission, goals and objectives of the bank. Asset-Liability Management Committee (ALCO), Executive Committee (EXCO), Credit Committee (CC), Relation Management Division (RMD), Credit Administration and Review Division (CARD), Special Asset Group (SAG), and several special Task Forces have been established to create, apply and reinforce internationally accepted norms and modalities in the bank. The norms and modalities are focused toward identifying bank risk and enhance the loan risk rating systems in the bank. New Credit Policy Guide, Guidelines for Credit Decision Process, and Problem Loan Guide have been prepared and implemented from last year. A continuous negotiation and dialogue with big defaulters has been initiated and around Rs. 4.90 billion of loan 10 categorized as NPA has been recovered in cash and restructured within the one and half year period. Despite the best efforts of the management team, loan recovery of the bank cannot be considered as satisfactory. Hence, the management team needs to make more serious efforts to loan recovery. On other fronts, new accounting manual and chart of accounts have been introduced in the bank. Around 300 staff in the NBL has received the accounting training. The pending audits of FY 2000/01, and 2001/02 were completed last year and the financial audit of 2002/03 has also been completed this year. A detailed Human Resource Master Plan has been prepared and, accordingly, to get the bank in right size, the first phase of VRS has been able to reduce the staff level by 1,462. The loss position of the bank has been reduced to Rs. 251 million in FY 2002/03 from that of Rs. 3,255 million in FY 2001/02. Interest income to loan and advances ratio

increased to 7.52 percent from 5.66 percent. Interest expenses as percent of the total deposits was reduced to 4.58 from 4.97. Despite various efforts, NBL has still 60.47 percent of NPL and negative capital of Rs. 9.75 billion. There are still a lot of areas to be improved in NBL. After solving all the major problems of the bank, the restructuring process is expected to be successful to introduce a new credit culture, sound HR development program, scientific, and modern IT/MIS platform to instill profit-oriented atmosphere, an in-built self-monitoring mechanism and customer service culture within the contract period of ICCMT. Similarly, despite the breach of contract by the Deloitte Touche Tohmatsu, USA, NRB completed the process of appointing the CEO and other members of the management team for restructuring RBB. Through February 19, 2003, a full team has been placed in the RBB. The new management has prepared and submitted the Management Plan on April 1, 2003 to restructure the bank. The Financial Analysis was completed and the report was submitted to NRB on May 1, 2003. The Management prepared Budget Plan for FY 2002/03 and FY2003/04 and the system of strict monitoring has been initiated. New Chart of Accounts according to international accounting standard has been prepared and implemented. The audit of FY 2001/02 and FY 2002/03 has been completed. Budget Procedure Manual has been prepared and submitted to NRB on May 27, 2003. The Management Team has established seven core teams in order to make adequate efforts toward loan recovery and loan administration. This recovery team comprises 5 recovery units in regional levels, 1 unit for Kathmandu Main Office (KMO) and 1 unit for consortium loans. As in mid-January 2004, within the period of 12 months, the team recovered, through cash repayments and restructuring process, Rs. 2.9 billion categorized under NPA. To right size the bank; branch rationalization and Voluntary Retirement Scheme have been adopted. The first and second phase together had aimed at downsizing the staff strength by 2,322 from the prevailing staff strength of 5,522. This will keep the staff strength within around 3,200. In the first phase of VRS, 1266

employees applied, of which 1,020 applications have already been approved and 246 applications are still in the process awaiting the verdict of departmental action and the action of CIAA on fake certificates. Due to the long-term deposits at high cost, the bank is still suffering from negative net interest. After proper evaluation of loan portfolio, the level of NPA increased to 60.15 percent and the capital fund of the bank has been negative by Rs. 21.99 billion in mid-July 2003. Continuous restructuring efforts are ongoing. To sum up, significant development in the restructuring process has been accomplished and it is expected that, within the project period, the profitability condition in the bank will be restored ([www.ndf2004.gov.np/pdf/proceedings/financial.pdf](http://www.ndf2004.gov.np/pdf/proceedings/financial.pdf)).

### **Financial Sector Restructuring Project (FSRP)**

Likewise, the Financial Sector Restructuring Project is continuation of financial sector reform program as second phase in Nepal. The main objective of this project is to support the ongoing efforts to develop a healthier financial sector in Nepal, which intermediates funds more efficiently and effectively to the benefit of all segments of the society and in a manner which supports private sector development, increased investment and faster growth. This project is centered around further strengthening of central bank of Nepal, NRB and deepening of reform process within the two large banks, RBB and NBL so that they operate in a more commercially oriented basis. In this regard, the Development Financing Agreement was signed on June 10, 2004, with a closing date of September 30, 2009. The estimated cost of this project is US \$ 86.60 million. The funding arrangement of the project is allocated as follows:

) IDA Credit : US \$ 68.5 Million,

J IDA Grant : US \$ 7.0 Million

Government and local entities: US\$ 9.8 Million.  
(<http://bfr.nrb.org.np/fsrp/fsrpindex.php>)

### **Restructuring of Rastriya Banijya Bank**

Rastriya Banijya Bank (RBB) is the largest commercial bank in Nepal, fully owned by the government and currently under a restructuring process. Its financial performance was poor and loss since long time, since 2059 bank was managed by the foreign management in care of CEO Bruf F. Henderson. Under the financial sector reform program of HMG, bank management has been given in contract since 16<sup>th</sup> Jan 2003 for 2 years and extended for 1 year more. Management team was headed by Mr. Bruce F. Henderson as chief executive officer of the bank, management team was comprised of 17 experts, and where 4 was foreign experts, 3 Nepali experts and 10 chartered accountants (RBB, TDD, 2005, P.2-3).

Now the bank has managed by 2 Nepali management experts since 2 years. In this course of Reform program bank has achieving positive improvement on the following areas;

1. Capital adequacy
2. Net profit
3. Audit
4. Human resource development and management
5. Operation system and internal management
6. Information technology
7. Non- performing loan (pokhrel, 2009, p.119-120).

Now the bank has changed its entire working environment with adopting the technology, all of its 126 branch offices. Among the 126 branch offices, 66 branches has running with Pumori Plus program and rest 60 branch offices are running with bank's own software RBBsys. In this regard bank has recently been launching the ATM machine in different main cities of the country. Similarly bank has adopting and continuing the ABBS, SMS banking, E-banking, Pay bill and different remittance products ([www.rbb.com.np](http://www.rbb.com.np)).

### **2.3 Review of Related Studies**

**Timilsina Bishnu Prasad (2009)** did a research on "*A Study on Service Planning and Development in Private Hospitals of Pokhara*". The main objectives of the research were as follows;

- I. To present the existing services provided.
- II. To analyze the existing service planning and development process.
- III. To access the competitive situation of service provided by the hospitals.
- IV. To analyze the service diffusion practice by focusing to the market.
- V. To explore the existing problems being focus by the hospitals.
- VI. To suggest effective service planning and development process.

The main findings of the research were planning and development unit reinforces the hospitals to be more competitive and energetic. Some private hospitals agreed importance of planning for developing services. Planning includes top level services however role of technical staff cannot be ignored. Private hospitals are able to meet service demand required by patients and their expectations. There is no unhealthy competition among the hospitals rather practice of sharing of mind and knowledge had been bought into existence. Words of mouth personal selling

public relation, media through banners, hoarding boards are being used as promotional tools about the services, their qualities and standards to the public.

**Subedi Arjun (2008)** had conducted a research entitled "*Production Planning in Manufacturing Public Enterprises in Nepal: A Case Study of Nepal Drug Limited*".

The main objectives of the study were to analyze the current practices of production planning and its implementation in Nepalese public enterprises particularly of NDL. Major findings of the study were as follows:

- I. Planning Departments of NDL have no adequate authority to decide and create new ideas to formulate various plans.
- II. Plans are prepared at the top level and lower level participation is not encouraged.
- III. There is also substantial gap between production target and achievements; the production budget depends upon sales budget but the are made on adhoc basic.
- IV. Cost volume profit relationship are not considered while developing sales plan and pricing strategies.
- V. Monthly and annual sales budget have been prepared but there is substantial gap between sales targets and achievements.

**Subedi Krishna (2008)** had conducted a research entitled "*A Study on Product Offering of Commercial Banks Development Banks and Financial Companies in Pokhara*". The research found all types of financial institution is popular among the customer. The products offered by these financial institutions are quite modern and attractive too. Due to the availability of strong competition amongst the financial institutions, the interest rate offered is also different. Likewise the interest of the customer is good in new product. May be due to the political instability the products offered by all types of financial institution is similar and



rare difference among them. This study has been focused on deposit collection, loan and advance, other financial services and future possible products and services of them. Almost all institutions are concerned about the need and preference of the clients, so new products and services are entering in the market and likely to enter with association of cost rendered.

**Khanal Dilli Raj (2007)** had conducted a research entitled "*Service Trade in Developing Asia, A Case Study of the Banking and Insurance Sector in Nepal*". This study reviews the development of the banking and insurance sector in Nepal. This study also focused that Comparative case studies of three banks, namely RBB, NIBL and SCBNL, suggest that the joint venture banks generally achieve the highest performance, followed by the private domestic banks and the state owned banks. Despite steady expansion in employment in private domestic and joint venture banks, total employment declined sharply after 2002 as a result of drastic cuts by the state owned banks as part of ongoing reforms and restructuring. Estimates of net interest margin, profits before tax, and overhead costs show that a sharp fall in the interest margin to total assets took place in private domestic banks, indicating diversification of bank services. The joint venture banks at the same time have maintained constant but lower margins. The profit before tax to total assets also shows a steadily declining trend in these banks, indicating increased competition. The opposite trend, however, was observed in the government banks.

Nepal's experience shows that structural and institutional reforms should be part and parcel of liberalization policies. Institutional capacity enhancement of the Central Bank and effectiveness in prudential regulations are crucial for making ongoing reform effective and result oriented. Reforms in ownership and market structures will be particularly important in view of Nepal's commitment to allow foreign wholesale banking and insurance companies in the domestic market.

Raising the capital base of the banks and removing government control and interference in the two banks (NBL and RBB) will be necessary.

Nepal's experience with financial liberalization suggests that the multilateral route could be beneficial in pursuing broader trade liberalization policies. By the same token, the speedy introduction of new Acts in fulfilling commitments under WTO may strengthen market institutions.

**Dahal Mukunda P.** (1994) had conducted a research entitled "*Patterns of Consumer Decision Making process While Purchasing High Involvement Goods in Nepal*". The main objectives of the study were to examine the pattern of consumer decision making process for high involvement goods in Nepal. Motorcycle and scooter are chosen as the sample product. Sample size of 300 recent buyer of Kathmandu valley was taken from 3619 population for the study. The major findings of the study were follows:

- a. Motorcycle buyers of Nepal were classified in two groups. One is an Indian motorcycle buyer and another is Japanese motorcycle buyer.
- b. The Nepalese motorcycle buyers undertake information with greater emphasis upon dealer and interpersonal sources of information.
- c. Nepalese motorcycle buyers used fine types of sources namely browsers, test drives, advertisements, interpersonal sources and dealer visit.

**Timilsina Jagat (1999)** had conducted a research entitled "*A Study in Buyers Behavior of Indian Gorkhas and Local People*". The main objectives of this study was to examine brand preferences, purchase frequency, shop awareness and purchase criteria used by Indian Gorkhas and local peoples while purchasing clothing apparels. 170 respondents were taken as sample for the study.

**Panta Yogesh (1992)** did a research on "*A Study on Brand Loyalty*". The major objectives of the study were to examine the brand awareness of the Nepalese consumer and to identify the correlates of brand loyalty especially in low involvement product for this purpose. Hundred respondents were taken as the sample for the study. The major findings of the study were as follows:

- a. Brand loyalty is more in the products that are frequently needed than those, which are needed or less frequently used.
- b. Most of the Nepalese consumers are brand loyal; however, percent showing entrenched brand loyalty is very low.
- c. Brand loyal consumer is less influenced by special deals like free samples; discount coupons, price activities and advertisement.
- d. Brand loyalty is strongly associated with consumers' income and shop loyalty.

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

To make a systematic study on the above mentioned problem and to attain the objectives of the present study, certain study procedures and methods were used. The study has been explanatory in nature so it would be followed the qualitative research process.

#### **3.2 Research Design.**

The product planning and development process under re-structuring strategy of RBB is trying to achieving competitive advantage in current days. The re-structuring program is continuous. Thus the study is focused on specific case of RBB even it is trying to present the description and detail analysis of product planning and development. Generally study is based on those data are available from the bank, journal, web site etc. Being descriptive study of identifies problems and justifies current product planning and development process and practices in RBB.

#### **3.3 Population and Sample**

The population for this study has comprised all the department head who were involved in making the product planning and development process and strategies. Being a study about an organization there is no size of the sample besides four department member. To view the customer response about RBB's services and

product, researcher has taken 40 customers, where 8 customers were selected from each region out of five regions.

### **3.4 Nature and Sources of Data**

For the study purpose the data were collected from the central office of Rastriya Banijya Bank as primary and secondary.

#### ***Primary Data***

The necessary data were collected from the bank. These data were collected from the concern authority of Loan Department, Marketing Department, Information Technology Department and Branch Operation Department of the bank.

#### ***Secondary Data***

Some of the data were collected from the banks journal, newsletter, intranet, internet, booklet and web site of the Rastriya Banijya Bank as secondary data.

### **3.5 Data Collection Procedures**

Data collection tools are very important for the each study. There are many tools for the qualitative research to get the information from the people and organization about their experiences, ideas and believes. This study relates with following data collection tools under specified procedures.

### ***Observation***

For the study purpose some of the events were observed some events which are presented in the data interpretation and analysis section.

### ***Interview***

At the time of data collection an interview was taken with some authorities like head of Marketing Department, IT Department and Loan Department Branch Operation Department

### ***Questionnaire***

Another major tool for the data collection was questionnaire. Survey was based to find all the process, strategies and problem arising while product planning and development under re-structuring strategies in detail. It might take in written form from the concerned authority. Two distinct set of questionnaire were prepared to present to respective respondents of concern department head and different customer of the bank, with brief introduction of the nature of the study, questionnaire were self administered.

## **3.6 Data Processing and Analysis**

The present study is descriptive in nature, so all the presentation and analysis is based on description of the data. After collected two sets of questionnaire, the responses were edited, coded, categorized, tabulated and analyzed. Primary as well as secondary data were processed to present and analyze.

### 3.7 Statistical Tools Used

Collected and processed data have been analyzed by using statistical techniques such as percentages, weighted mean value etc. The responses in the form of numbers have been changed into percentage form in order to show in diagrams. Weighted mean value has been used to find the rank wise product and services of the bank offered to the customer. Formula used to show the weighted mean value is as follows:

$$\text{Weighted mean} = \frac{Wx}{x}$$

Where,

W = weighted

X = No. of observations.

## **CHAPTER-IV**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 Introduction**

A set of questionnaire were prepared and distributed to the four departments of the bank where the product planning and development strategies were made. Through the given questionnaires to departments I have collected data from main four reliable persons of concern departments.

To view the customer reflection about the new product and service, I have prepared another set of questionnaire, 40 customers were selected and distributed to fill up such questionnaire. After receiving the completed questionnaire, I have analyzed and presented systematically by means of qualitative research methods.

#### **4.2 Existing Organization Design for Product Planning and Development**

According to the respondent response on desire questionnaire from field survey, data are presented and analyzed in table, diagram, pie chart, etc, to fulfill desired objectives

Research found that marketing, IT, branch operation and loan departments are main departments which are directly or indirectly involved in product planning and development process. But strategy planning and development department is not involved in product planning and development process.

According to the answer of questionnaire 2, marketing department rarely involved in product planning and development process, it involves in policy making and



marketing of the product only. Similarly other three IT, loan and branch operation departments are involved in product planning and development process with policy making. And results show that most of the works are viewed by the branch operation department.

Survey result found that Rastriya Baniya Bank has developed the new different products such as; E-banking, ABBS, ATM, SMS Banking, Pay bill, Deposit products, Loan products and Remittance products.

According to the respondent departments' response, the pricing of the different products is mixed where some products pricing is offered as a free of cost, commission based, annual fee and with nominal cost. It is found that some of the products are free of cost and some of others are commission based, annual fee and with nominal based where ATM card is given first at free of cost and its annual charge Rs 200 is taken by the bank.

### **4.3 Existing Organization Design for Product Planning and Development Process**

Among different objectives, one of the research purposes was to find the existing organization design for product planning and development process, so that the research has based on the following analysis.

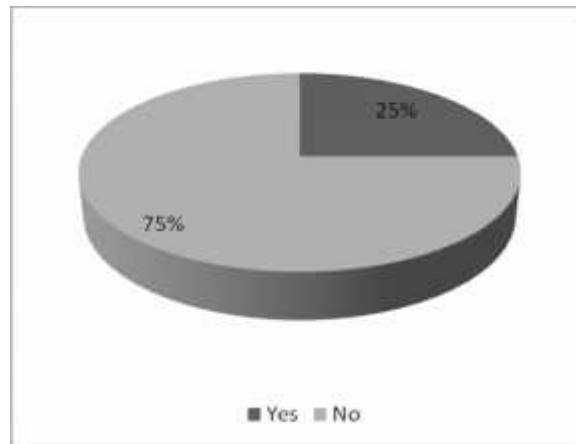
**Table 4.1**  
**Product Planning and Development Unit in Bank**

	Response		Total
	Yes	No	
No. of Department	1	3	4
Percentage	25	75	100

*Source: Direct Field Survey*

Table 4.1 shows that Rastriya Banijya Bank is running without well planning and development unit. In this regard 3(75%) of the respondent replied that there is no any such unit in the bank and 1(25%) replied that there is product planning and development unit in the bank. There is marketing department which works for such units with cooperation with other three departments. These data can be presented in pie chart as follows;

**Fig. 4.1**



**Table 4.2**

**Perception of Importance of Product Planning and Development**

	Response		Total
	Yes	No	
No. of Department	4	-	4
Percentage	100	-	100

*Source: Direct Field Survey*

From the table 4.2, it is clear that 4(100%) respondent has given importance on planning for delivering product and services properly.

**Table 4.3**

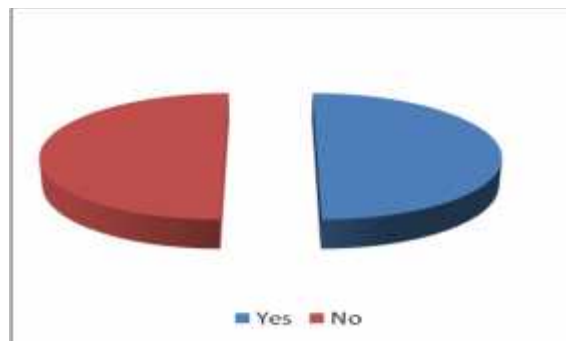
**Formalized Product Planning and Development System in RBB**

	Response		Total
	Yes	No	
No. of Department	2	2	4
Percentage	50	50	100

*Source:* Direct Field Survey

Above table shows that among the 4 respondent departments 50% respondent departments said that there is formal product planning and development system in the bank, but rest of 50% said that there is no formal product planning and development system in the bank. The responses can be presented in pie chart as follows;

**Fig. 4.2**



**Table 4.4**

**Top level personnel Involved in Product Planning and Development**

S.N.	Level	No. of Department	Percentage
1	Chief Executive Officer	4	100
2	DGM	4	100
3	Managerial staff	4	100
4	Only technical staffs	0	0
5	Department Chief	4	100

6	Other External agency	1	25
---	-----------------------	---	----

Source: Direct Field Survey

According to table 4.4, 100% respondent viewed that top level personnel and employee are involved in product planning and development in Rastriya Banijya Bank, where mostly the bank's Chief Executive Officer, DGM, Managerial staff and Department Chief are involved. It is presented in diagram as follows;

Fig. 4.3

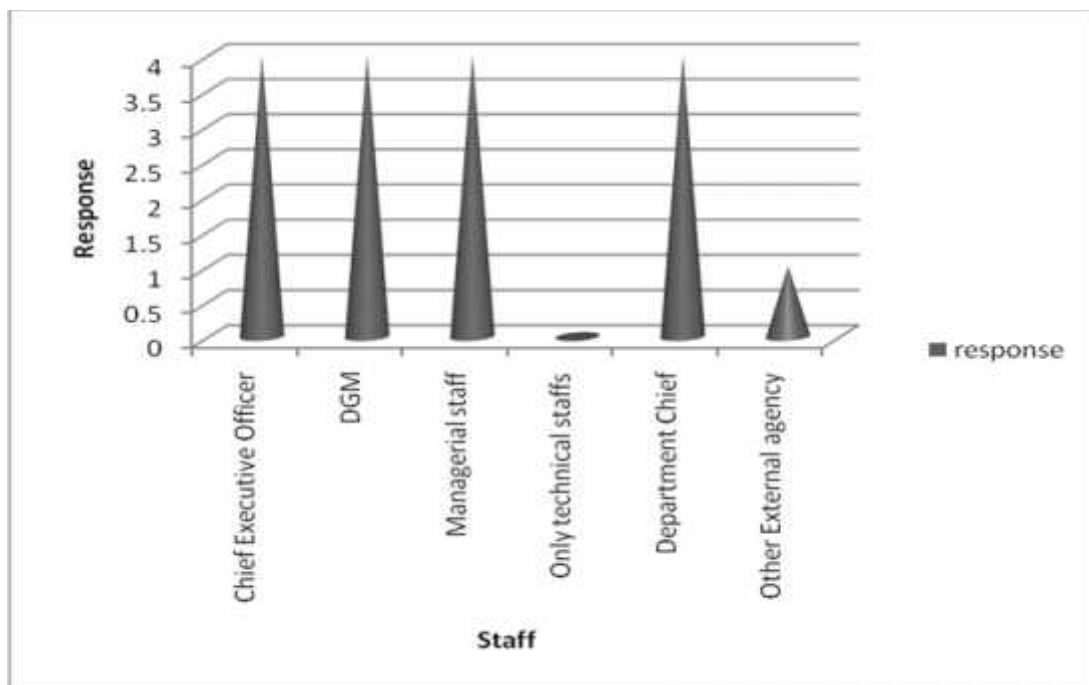


Table 4.5

**Knowledge about Product Life Cycle Stages**

Response	No. of Department	Percentage
Strongly agree	4	100
Agree	-	-
Disagree	-	-
Strongly disagree	-	-

Total	4	100
-------	---	-----

*Source: Direct Field Survey*

Above table shows that none of the respondents disagreed, agree and strongly disagreed regarding the importance of understanding of knowledge about service life cycle stages, 4(100%) of total respondent department strongly agreed to have the knowledge about lifecycle stages.

**Table 4.6**

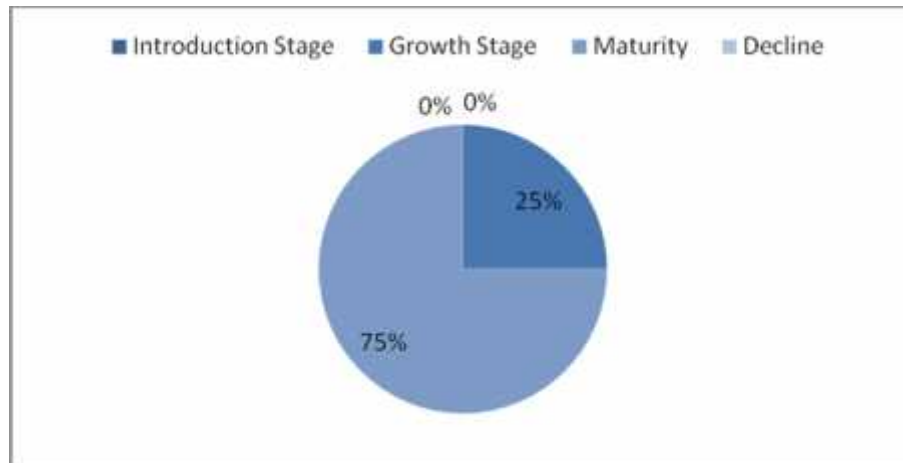
**Knowledge about Development of New Product in Product Life Cycle Stages**

Response	No. of Department	Percentage
Introduction Stage	-	
Growth Stage	1	25
Maturity	3	75
Decline	-	-
Total	4	100

*Source: Direct Field Survey*

Out of four respondent departments, 3(75%) departments are agreed with new product should be launch in maturity stage and 1(25%) department is agreed in growth stage. The following pie chart is clarifying the above table.

**Fig. 4.4**



**Table 4.7**  
**Marketer's Goal to Build a Sound Image**

Response	No. of Department	Percentage
Strongly agree	3	75
Agree	1	25
Disagree	-	-
Strongly disagree	-	-
Total	4	100

*Source: Direct Field Survey*

Table 4.7 shows most of the respondent departments strongly agreed regarding marketer's goal to build a sound image. 3(75%) respondents, out of 4 strongly agreed and 1(25%) respondent agreed. Thus none of the respondents disagreed and strongly disagreed to build a sound image.

**Table 4.8**  
**Use of a Tangible Object**

	Response		Total
	Yes	No	
No. of Department	4	-	4
Percentage	100	-	100

*Source: Direct Field Survey*

Table 4.8 shows, total number of respondent departments (100%) have used a tangible object to communicate the brand image.

**Table 4.9**

**New Product Development Process**

↓ Elements ↓	Very Low	Low	Medium	High	Very High	(E x R)	Mean (E x R) / 4	Rank
Extent →	1	2	3	4	5			
Generation of new product ideas	-	-	-	2	2	18	4.5	4
Screening of new ideas	-	-	1	1	2	17	4.2	6
Concept development and testing	-	-	1	2	1	16	4.0	7
Business analysis	-	-	-	1	3	19	4.7	1.5
Product development program	-	-	-	2	2	18	4.5	4
Marketing testing	-	-	-	2	2	18	4.5	4
Commercialization and evaluation	-	-	-	1	3	19	4.7	1.5

*Source:* Direct Field Survey

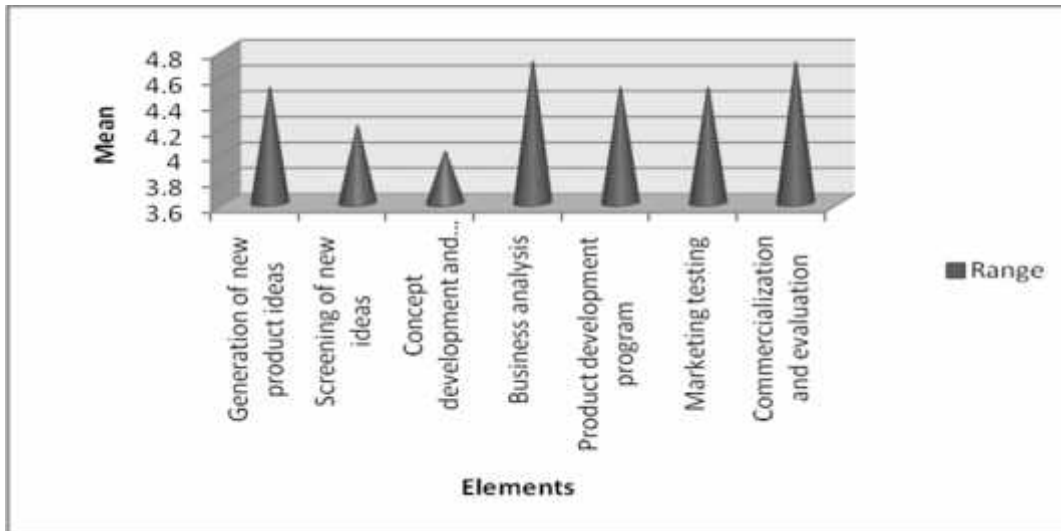
*Where, E=extent R= response*

The respondent departments view shows that business analysis and commercialization are important while developing of new products. So, all three departments have given the first and second rank to business analysis and commercialization. Similarly third, fourth and fifth are associated with generalization of ideas, product development and marketing testing. The sixth rank is in screening of new ideas, seventh to concept development and testing. The given bar diagram also presents the above table in simple form where 1(25%) respondent viewed high and 3(75%) viewed very high extent in business analysis



and commercialization and evaluation. Similarly 2(50%) respondent viewed high and 2(50%) viewed very high extent in screening of new idea, product development and marketing testing respectively.

**Fig. 4.5**



**Table 4.10**

**Use of the Steps in Product Planning and Development**

Level	No. of Respondent			
		Yes	No	Total
Evaluation of New Idea	R	4	0	4
	%	100	0	100
Evaluation of Company Resources	R	3	1	4
	%	75	25	100
Finding Out Customer Specification	R	3	1	4
	%	75	25	100
Developing the Product	R	4	0	4
	%	100	0	100
Testing the Product	R	3	1	4
	%	75	25	100
Marketing the Product	R	4	0	4
	%	100	0	100
Evaluation the Result	R	4	0	4
	%	100	0	100

*Source: Direct Field Survey*

Above table shows that most of the departments have ideas about the use of steps in product planning and development. All the respondents used first step of evaluation of new idea, similarly most of the steps is used by the 75% respondent.

**Table 4.11****Rank Wise Response towards the Objectives by Policy Maker**

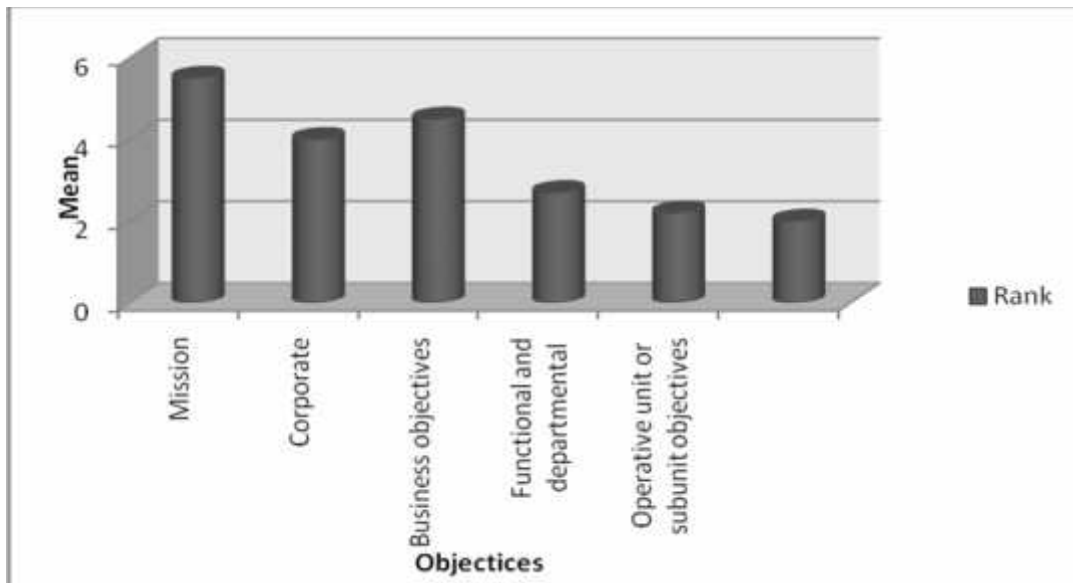
Objectives Extent	Very High	High	Medium	Low	Very Low	Very Very Low	(E x R)	Mean (E x R)/4	Rank
	6	5	4	3	2	1			
Mission	3	-	1	-	-	-	22	5.5	1
Corporate	-	3	-	-	-	1	16	4.0	3
Business objectives	1	-	3	-	-	-	18	4.5	2
Functional and departmental	-	-	-	3	1	-	11	2.7	4
Operative unit or subunit objectives	-	-	-	1	3	-	9	2.2	5
Searching new marketing potentialities, erecting new brand marketing & high advertising	-	1	-	-	-	3	8	2.0	6

*Source: Direct Field Survey*

*Where, E=extent R= response*

Table 4.11 presents that mission objective is thought most important during planning stage. The majority of respondents gave the first priority to mission objective, second priority to business objective likewise third priority to corporate objective fourth to functional and departmental, fifth to operative unit or subunit objective, and sixth to searching new market potentialities, erecting new brand marketing & high advertising. The above responses are shown in diagram as follows. In this regards 3(75%) respondent viewed that mission as very high and 1(25%) viewed that as medium.

**Fig. 4.6**



**Table 4.12**

**Response on Monitoring the Product Planning Strategy**

	Response			Total
	Yes	No	Partial	
No. of Department	1	-	3	4
Percentage	25	-	75	100

*Source:* Direct Field Survey

According to the above table 4.12, 3 (75%), out of 4 respondents agreed that there is a system partial to monitor the product planning strategy offered by competitors and rest of 1(25%) respondent replied that there is a system to monitor the product planning strategy.

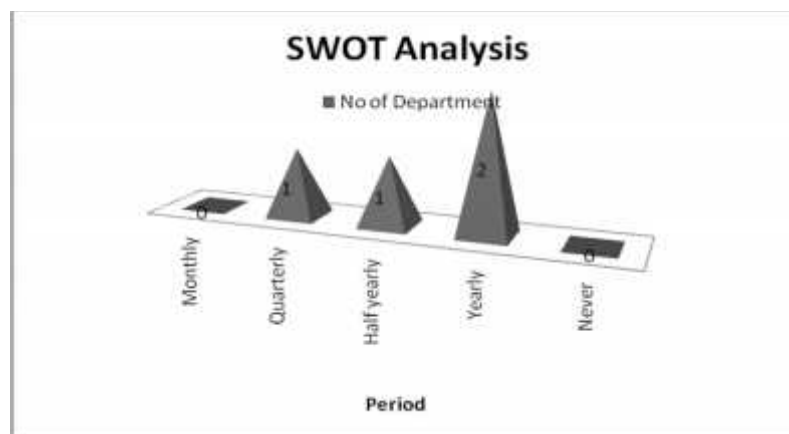
**Table 4.13**  
**SWOT Analysis**

Period	Monthly	Quarterly	Half yearly	Yearly	Never	Total
No. of Department	-	1-	1	2	-	4
Total %	-	25	25	50	-	100

*Source:* Direct Field Survey

Rastriya Banijya Bank has applied the SWOT analysis yearly. According to the above table, 50 % of the respondent did it yearly and 25 % used quarterly and rest of the 25% used it half yearly. It can be shown as below;

**Fig. 4.7**



**Table 4.14**  
**Budget Allocation Practice in RBB**

Response	Yes	No	Total
No. of Department	4	-	100
Percentage	100	0	100

*Source:* Direct Field Survey

Research found that there was budget allocation practice in RBB for the product planning and development purpose. They do not know how many percent of the total budget is allocated for such purpose.

**Table 4.15**

**Information Collection Practice Regarding Product Quality and Standards**

	Response		Total
	Yes	No	
No. of Department	3	1	4
Percentage	75	25	100

*Source: Direct Field Survey*

Above table shows that out of the four concern departments 3(75%) of them replied that there is the system of collecting information about the quality and standard of services through various methods. Likewise 1(25%) of them replied that there is not the system of collecting information about the quality and standard of services.

**Table 4.16**

**Information about Product**

Respondent Department Information from	Marketing Department	IT Department	Branch Operation Department	Loan Department
Suggestion Box	3	2	3	2
Periodic interaction with the customer	1	1	1	1
Computer email	2	4	4	3
Discussion	4	3	2	4
Any other please mention				

*Source: Direct Field Survey*

Table 4.16 shows that Periodic interaction with the customer was first priority to collect the information about quality and standard of service. Second and third was equally suggested the using of suggestion box. It is found that the customer is the main sources to receive the information.

**Table 4.17**  
**Considerations Regarding Determinants of Product Quality**

Determinants	Very Low	Low	Medium	High	Very High	(E x R)	Mean (E x R) / 4	Rank
Extent	1	2	3	4	5			
Reliability	-	-	-	1	3	19	4.7	2
Responsiveness	-	-	-	1	3	19	4.7	2
Assurance	-	-	-	1	3	19	4.7	2
Empathy	-	-	1	-	3	18	4.5	4

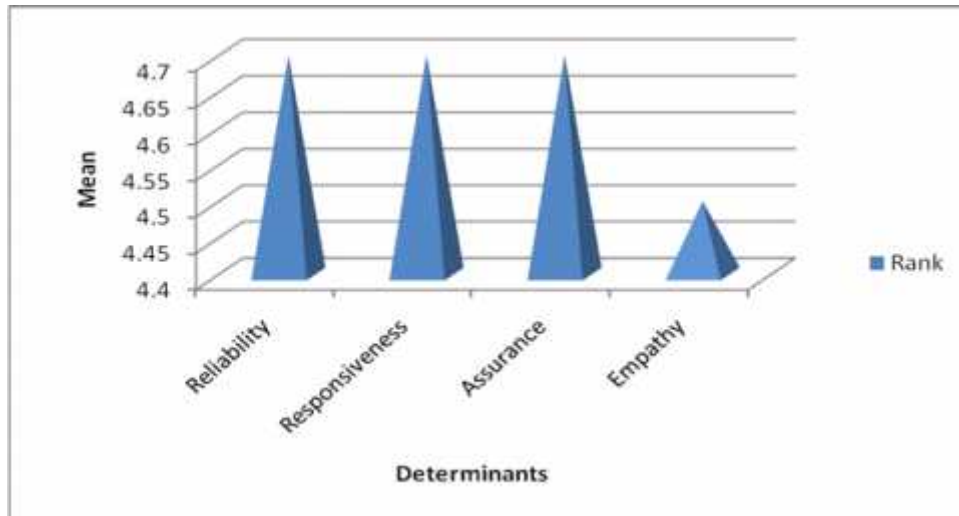
*Source:* Direct Field Survey

*Where, E=extent R= response*

The above table 4.17 clears that reliability; responsiveness and assurance were given more preference while considering determinants of service quality. Empathy was given less preference than other. It can be clear from the diagram.

**Fig. 4.8**





**Table 4.18**

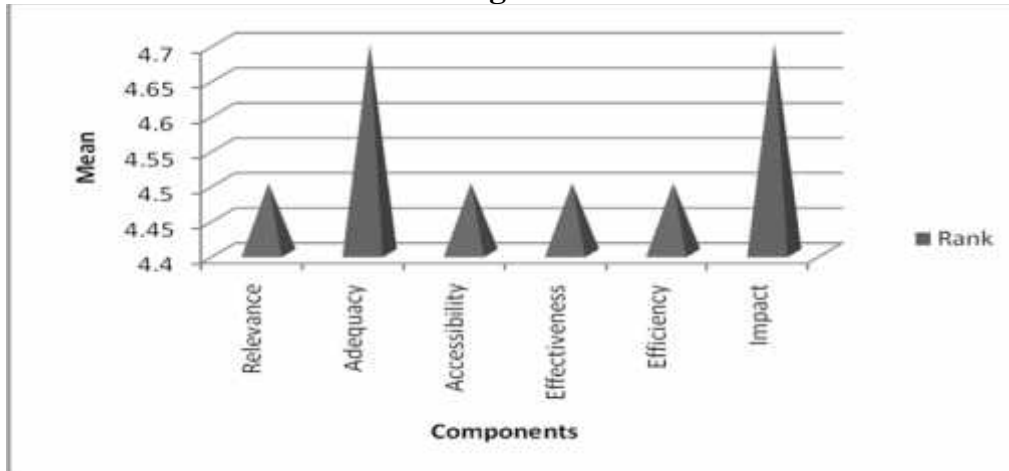
**Component of evaluation practice for delivering Product and Services**

Components ↓ Extent	Very Low	Low	Medium	High	Very High	(E x R)	Mean (E x R) / 4	Rank
	1	2	3	4	5			
Relevance	-	-	-	2	2	18	4.5	4.5
Adequacy	-	-	-	1	3	19	4.7	1.5
Accessibility	-	-	-	2	2	18	4.5	4.5
Effectiveness	-	-	-	2	2	18	4.5	4.5
Efficiency	-	-	-	2	2	18	4.5	4.5
Impact	-	-	-	1	3	19	4.7	1.5

*Source:* Direct Field Survey

The table 4.18 shows that adequacy and impact have been considered as the important components of evaluation for delivering product and services, where as 1(25%) is in favour of high and 3(75%) replied as very high extent in adequacy and impact respectively. So, respondent have given jointly first and second rank to adequacy and impact, similarly third, fourth, fifth and sixth are given common rank to relevance, accessibility, effectiveness and efficiency. So it is concluded that the evaluation practice of RBB has given first priority in adequacy and impact while delivering product and services.

**Fig. 4.9**



#### **4.4 Existing and New Products in RBB**

Banking today is about more than just parking your money in a brick and mortar facility or even with an online system. Customers, especially younger ones, expect innovation, so the bank has been adopting the new product and services according to the demand of market.

Study found that while bank was before re-structuring program, it had fewer services than now; according to the response only few product like deposit, loan and remittance were launched. To some extent other few product was found in transaction.

About product and services of the bank after re-structuring; answer found that the bank has different new products like E-banking, ABBS, ATM, SMS banking. Similarly research also found that the bank has currently been launched the mobile pay bill product from which customer who registered in the system can get and use the recharge pin. It really makes an essay to recharge the mobile. The system works 24 hour and provides such facility where the Nepal Telecom Network was

reached.

Research found that limited loan products like term, hypothecation, overdraft, project, hire purchase, gold and silver, letter of credit, bank guarantee, priority sector and deprive sector loan were used before the financial sector re-form program.

Most of the new loan products as well as old are being used after adopting the financial sector re-form program. According to the DGM Jyoti Chandra Ojha, the RBB customers are enjoying new loan products with low interest rate in present. Mostly the loan products are consumer based i.e. it is known as consumer loan where housing, vehicle, education, personal, apartment, social, home decoration are the consumer based loan.

Before the financial sector re-form program, limited deposit products had launched. According to the response where single normal saving accounts, current accounts and fixed deposit with one, two and three year accounts were opened.

It is found that more deposit products are being used after adopting the financial sector re-form program. Where different saving accounts like special saving, normal saving, griha laxmi, chuna muna and yuba saving are opened. Current account, current call deposit and fixed deposit (three month, two month. one year, two year and more than three year) accounts are being opened. Bank has offer the attractive price who opened the griha laxmi, chuna muna and yuba saving account

Before the financial sector re-form program swift code (others) was used to transfer the foreign remittance in the country. There were different internal

remittance facilities like telegram transfer, demand draft, bills, mail transfer, fund transfer and miscellaneous to transfer the money within country.

Till the date more foreign remittance products are being used after adopting the financial sector re-form program where swift code (others) was used to transfer the foreign remittance. Now Its own software RBB Remit is using while sending money from Dubai and Qatar. Similarly WU money transfer, express money service, EZ Remit, Instant cash and different internal remittance facilities is being used to transfer the money within and outside the country.

#### 4.5 Existing Product Promotion Practice in RBB

Research found that the product promotion practice in RBB as follows;

**Table 4.19**  
**Media of Communication Used by Bank**

Tools	Response			Total
	Used	Not used	Partially used	
News paper	4(100)	-	-	4(100)
Television	3(75)	-	1(25)	4(100)
Direct mail	-	2(50)	2(50)	4(100)
Radio	4(100)	-	-	4(100)
Magazines	4(100)	-	-	4(100)
Outdoor	-	-	4(100)	4(100)
Yellow pages	1(25)	2(50)	1(25)	4(100)
News letters	1(25)	-	3(75)	4(100)

Brochures	4(100)	-	-	4(100)
Telephone	-	4(100)	-	4(100)
Internet	1(25)	-	3(75)	4(100)
Others (website)	-	-	-	-

*Source: - Direct Field Survey*

*Figure parenthesis shown at percentage*

The above table shows that newspaper, radio, magazine and brochures are mostly used in media of communication. The second mostly used tool of communication is television. Similarly yellow pages and news letters are used to communication.

**Table 4.20**

**Usefulness of Communication in Product Marketing**

Response	No. of respondents	Percentage
Greatly useful	1	25
Considerably useful	3	75
Somewhat useful	-	-
Little useful	-	-
Total	4	100

*Source: - Direct Field Survey*

The above table shows that considerably usefulness of communication in bank is preferred by 3(75%) respondents out of 4. similarly communication is greatly useful in bank is preferred by 1(25%). None of the respondents prefer to somewhat useful and little useful of communication.

**Table 4.21**  
**Public Relation Department in RBB**

	Response		Total
	Yes	No	
No. of Department	-	4	4
Percentage	-	100	100

*Source: Direct Field Survey*

According to the table 4.21, 100% respondent viewed that there is no public relation department in RBB, but DGM Jyoti Chandra Ojha states that there is public relation unit in General Service Department.

**Table 4.22**  
**Rank wise Promotional Tools used**

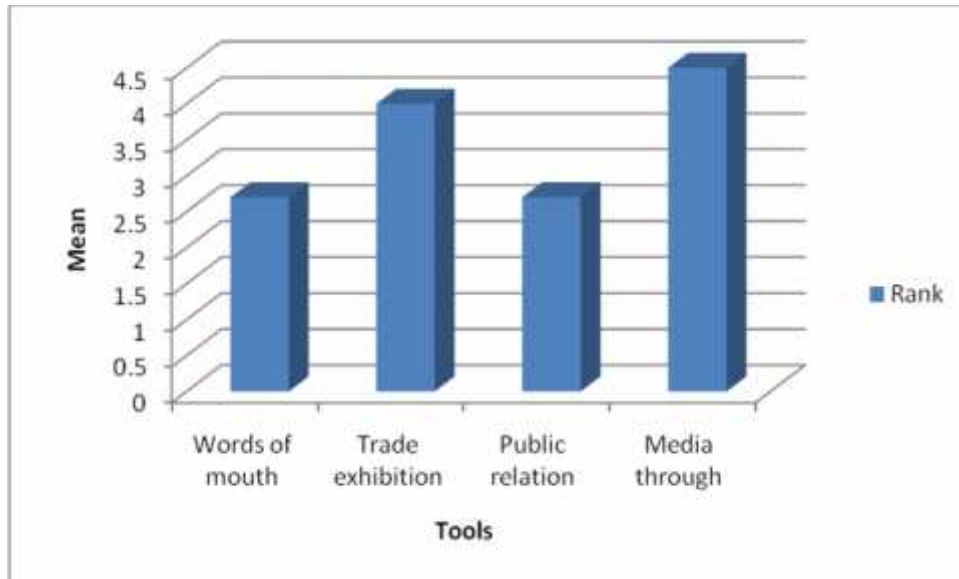
Tools ↓ Extent →	Very High	High	Medium	Low	Very Low	(E x R)	Mean (E x R) / 4	Rank
	5	4	3	2	1			
Words of mouth	1	-	-	3	-	11	2.7	3.5
Trade exhibition	-	4	-	-	-	16	4.0	2
Public relation	-	-	3	1	-	11	2.7	3.5
Media through	3	-	1	-	-	18	4.5	1
Others (banners, hoarding boards...)	-	-	-	-	-			

*Source: - Direct Field Survey*

The top level employee who used to make policy views shows that media through is the first convenient and effective promotional tools for product marketing where they have given extent. So, all the respondents have given the first rank to media,

second to trade exhibition, third and fourth to public relation and words of mouth jointly.

**Fig. 4.10**



**Table 4.23**

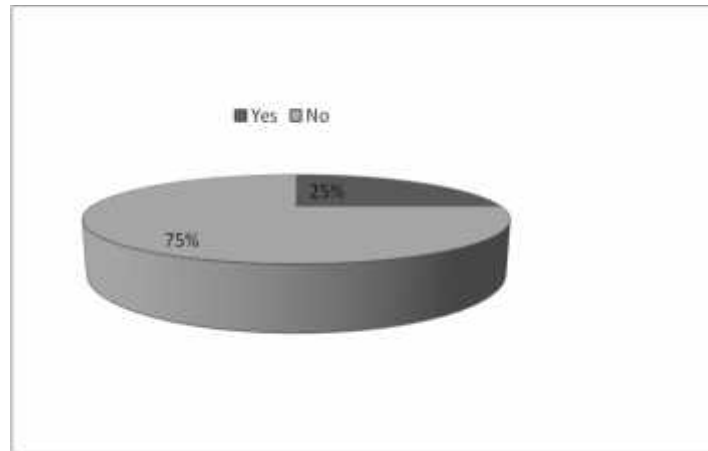
**System of Counseling to avoid Negative Publicity**

	Response		Total
	Yes	No	
No. of Department	1	3	4
Percentage	25	75	100

*Source: Direct Field Survey*

Table 4.23 shows that 75 % respondent viewed that there is no any system of counseling to avoid negative publicity. And 25 % respondent viewed that there is a system of counseling on such publicity. It can be shown by pie chart clearer.

**Fig. 4.11**



**Table 4.24**

**Major Promotional Tools Used to Set Public Relation**

Tools	Response		Total
	Used	Not used	
Publication	4(100)	-	4(100)
Events	3(75)	1(25)	4(100)
News	2(50)	2(50)	4(100)
Speeches	3(75)	1(25)	4(100)
Public service activities	1(25)	3(75)	4(100)
Identify media	1(25)	3(75)	4(100)

*Source:* - Direct Field Survey

*Figure in parenthesis shown at percentage*



Among the tools, publication activities are largely used by all sampled respondent to set public relation. The second favored tools are events and speeches. Similarly public service activities and identify media are used to set public relation by 75% of the respondents.

By analyzing the respondent response it is found that the most used promotional method is advertising and public relation. Similarly rarely personal selling and sales promotion are used in promotion of the products.

#### **4.6 Competitive Situation of Banking Products**

According to the response, RBB has been facing more competitive market. They have to be competitive to the joint venture bank in the urban area. Some of the respondent replied that RBB has monopolistic market yet in the rural area, where RBB single has capture the market.

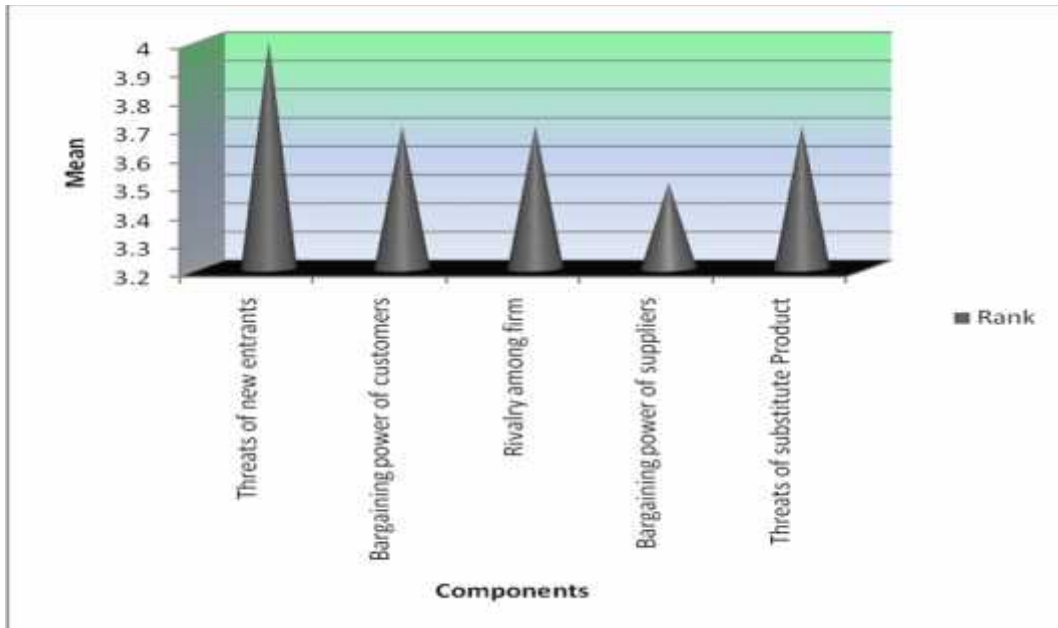
**Table 4.25****Competitive Forces as Viewed by Bank**

Components ↓ Extent	Very Low	Low	Medium	High	Very High	(E x R)	Mean (E x R) / 4	Rank
	1	2	3	4	5			
Threats of new entrants	-	-	1	2	1	16	4	1
Bargaining power of customers	-	-	1	3	0	15	3.7	3
Rivalry among firm	-	-	2	1	1	15	3.7	3
Bargaining power of suppliers	-	-	2	2	-	14	3.5	5
Threats of substitute Product	-	-	1	3	-	15	3.7	3

*Source:* Direct Field Survey

According to table 4.25, all of the respondents thought threats of new entrants as first position i.e. most competitive force. Second, third and fourth rank was given combine to bargaining power of customers, rivalry among firm and threats of substitute product. Bargaining power of suppliers was given fifth position and fourth to threats of substitute services. It means there is no bargaining power of the bank to its customers.

**Fig. 4.12**



**Table 4.26**

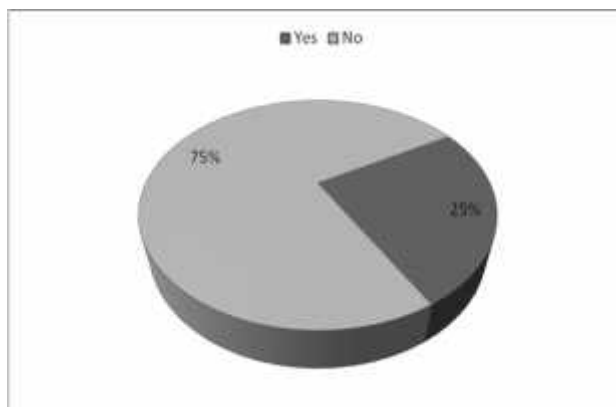
**Criteria Fixed to Identify Position of Nearest Competitors in Market**

	Response		Total
	Yes	No	
No. of Department	1	3	4
Percentage	25	75	100

*Source:* Direct Field Survey

The table 4.26 shows that majority of respondents replied there is no any fixed criteria to identify the position of nearest competitors. 3(75%) respondents reported that there are no fixed criteria. Similarly 1(25%) respondent reported that there is a fixed criteria to identify the actual position of the nearest competitors in the market.

**Fig. 4.13**



**Table 4.27**

**Market Demand Fulfilled**

Response	No. of Department	Percentage
Strongly agree	1	25
Agree	3	75
Disagree	-	-
Strongly disagree	-	-
	4	100

*Source: Direct Field Survey*

According to above table 4.27, 1(25%) of total respondent strongly agreed and 3(75%) agreed but not strongly that organization is successful in meeting the market demand. While there was no any respondent who have replied disagreed and strongly disagreed.

**Table 4.28**

**Sharing of Mind and Knowledge among the Banks**

	Response			Total
	Yes	No	Partial	
No. of Department	1	-	3	4
Percentage	25	-	75	100

*Source:* Direct Field Survey

The table 4.28 reveals response regarding sharing of mind and knowledge among the banks to improve the product and services provided. In 3 (75%) respondents, out of 4, there is partial sharing of mind and knowledge in practice and in 1(25%) there is sharing of mind and knowledge in practice.

By analyzed the data it is found that deposit product loan product and remittance products are facing more competition to the joint venture bank. According to the respondent, Joint venture banks have given high interest rate and free remittance services, whether RBB has not paid high interest rate in saving deposit accounts. Due to the cheap interest rate in loan advance there is easy to pull the customer in the bank, but having low interest rate in deposit, difficult to attract the depositors. Similarly ABBS is another product which facing more competitive in the market.

#### **4.7 Current Problem in RBB**

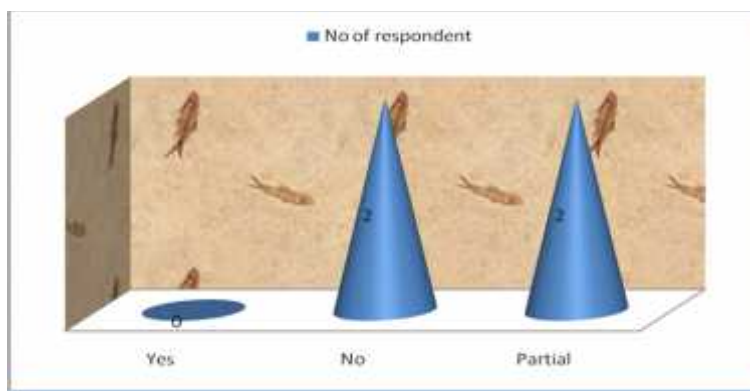
**Table 4.29**  
**Problem Faced Regarding Liquidity Crisis**

	Response			Total
	Yes	No	Partial	
No. of Department	-	2	2	4
Percentage	-	50	50	100

*Source:* - Direct Field Survey

At the present time most of the bank has facing the problem of liquidity crisis, but table 4.29 shows that the RBB has not face such problem. 50% respondent replied that there is partially a problem of liquidity crisis. Respondent said that it was rare case in RBB. The above response can be shown in a diagram as given below.

**Fig. 4.14**



**Table 4.30**

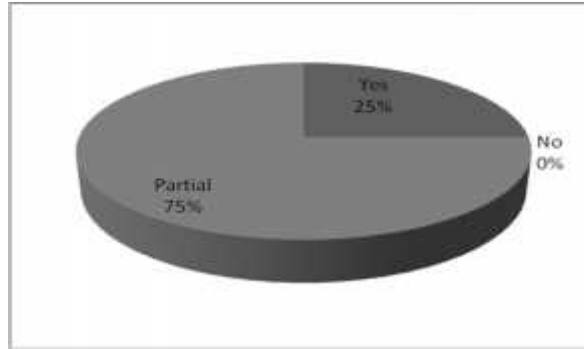
**Problem Faced Regarding Political Instability**

	Response			Total
	Yes	No	Partial	
No. of Department	1	-	3	4
Percentage	25	-	75	100

*Source:* Direct Field Survey

At the present time most of the banks have been facing the problem of political instability, but table 4.30 shows that 25% respondent replied that the RBB has faced such problem. 75% respondent replied that there is partially a problem of political instability. Respondent also said that it was rare case in RBB. The above response can be shown in a diagram as given below.

**Fig. 4.15**



**Table 4.31**

**Problems of Bank Presently Being Faced**

Problems	Response regarding problems		
	Yes	No	Total
Deposit crisis	2(50)	2(50)	4 (100)
Liquidity crisis	1(25)	3(75)	4 (100)
Maintaining credit deposit ratio	1(25)	3(75)	4 (100)
Capital problem	4 (100)	-	4 (100)
Loan disbursement	2(50)	2(50)	4 (100)
Loan recovery	4 (100)	-	4 (100)
Policy making	2(50)	2(50)	4 (100)
Policy implementation	4 (100)	-	4 (100)
VRS	1(25)	3(75)	4 (100)
Technology transfer	2(50)	2(50)	4 (100)
Technology adaptation	2(50)	2(50)	4 (100)
Staff-training	2(50)	2(50)	4 (100)
Recruitment/ Selection	3(75)	1(25)	4 (100)
Motivation	3(75)	1(25)	4 (100)
Punishment & reward	2(50)	2(50)	4 (100)
Decision making on dispute	3(75)	1(25)	4 (100)

*Source:* Direct Field Survey

*Figure in parenthesis shown at percentage*

The table 4.31 shows that different problems of RBB being faced currently. It is clearly shown that capital problem, loan recovery and policy implementation are

the main problems in RBB, 100% respondent replied. Similarly recruitment motivation and decision making on dispute are other major problems which count 75% of total. Deposit crisis and punishment and reward are other problems of the bank which has currently been faced, 50 % respondents are replied such problem.

**Table 4.32**  
**Problems of Premises to Extend Product/Services**

	Response			Total
	Yes	No	Partial	
No. of Department	-	-	4	4
Percentage	-	-	100	100

*Source:* Direct Field Survey

The table 4.32 shows that there is no problem of building to extend product and services. All of the respondents 4(100%) replied that there is partial problem of the premises to extend the product and services.

**Table 4.33**  
**Problems Faced Due to Act/Rules/Regulation**

	Response			Total
	Yes	No	Partial	
No. of Department	-	1	3	4
Percentage	-	25	75	100

*Source:* - Direct Field Survey

The table 4.33 presents that, 3 (75%) respondents out of 4, are replied that RBB has been partially facing problems due to act, rules and regulations while in 1(25%) response, there is no such problem in the bank.



#### 4.8 Customer's Response about RBB's Product and Services

At the period of data collection some customer had responded which is shown in tabular format as follows;

#### Respondent Customer's Profile

**Table 4.34**  
**Respondent Customer Region Wise**

Region	Sex	Male respondents	Female respondents	Total respondents
Pokhara		6	2	8
Nepalgunj		6	2	8
Birgunj		5	3	8
Biratnagar		4	4	8
Kathmandu		8	0	8
Total		29	11	40

*Source:* Direct Field Survey

RBB consists of five regions all over the country, 8 customers were selected from each region. Out of 40 respondents 11(27.5%) were female and 29(72.5%) were male respondents. All the customers responses are analyze as follows;

**Table 4.35**  
**Transaction Period of Customer in the Bank**

Response	No. of respondents	Percentage
Since 1 year	6	15
Since 5 year	15	37.5

Since 10 year	9	22.5
More than 10 year	10	25
Total	40	100

*Source:* Direct Field Survey

Table 4.35 shows that most of the customers are transaction since long period in the bank. Where 15 % have been since 1 year, 37.5% have been since 5 year, 22.5% have been since 10 year and 25% have been since more than 10 years transaction.

**Table 4.36**  
**Product and Services Used**

Response	No. of respondents	Total Percentage
Deposit product	37(92.5)	40(100)
Loan product	12(30)	40(100)
Remittance product	10(25)	40(100)
Others	4(10)	40(100)

*Source:* Direct Field Survey

*Figure in parenthesis shown at percentage*

Above table shows that most of the customer are transaction in deposit product. 92.5% customers were transaction in deposit product, 35% in loan product, 25% in remittance product and rest of 10% in other product.

**Table 4.37**  
**Motivation Factor to Come to RBB**

Response	No. of respondents	Total
----------	--------------------	-------

		Percentage
Quality services	13(32.5)	40(100)
Reasonable price	3(7.5)	40(100)
Near to home	19(47.5)	40(100)
Government's bank	31(77.5)	40(100)

*Source:* Direct Field Survey

*Figure in parenthesis shown at percentage*

Above table shows that most of the customer 77.5% is motivated to come to this bank due to government bank. Similarly 32.5 % customer's is motivated to come to this bank due to quality services, 47.5% customer due to near to home and 7.5% customer due to reasonable price in loan products.

**Table 4.38**  
**Customer Care by Bank**

Response	No. of respondents	Percentage
Very good	10	25
Good	16	40
Satisfactory	12	30
Dissatisfactory	2	5
Total	40	100

*Source:* Direct Field Survey

Table 4.38 shows that 2(5%) are dissatisfactory in case of customer care taken by bank. 25% respondent customer replied that customer care was very good, similarly 40% viewed good and 30% viewed satisfactory.

**Table 4.39**

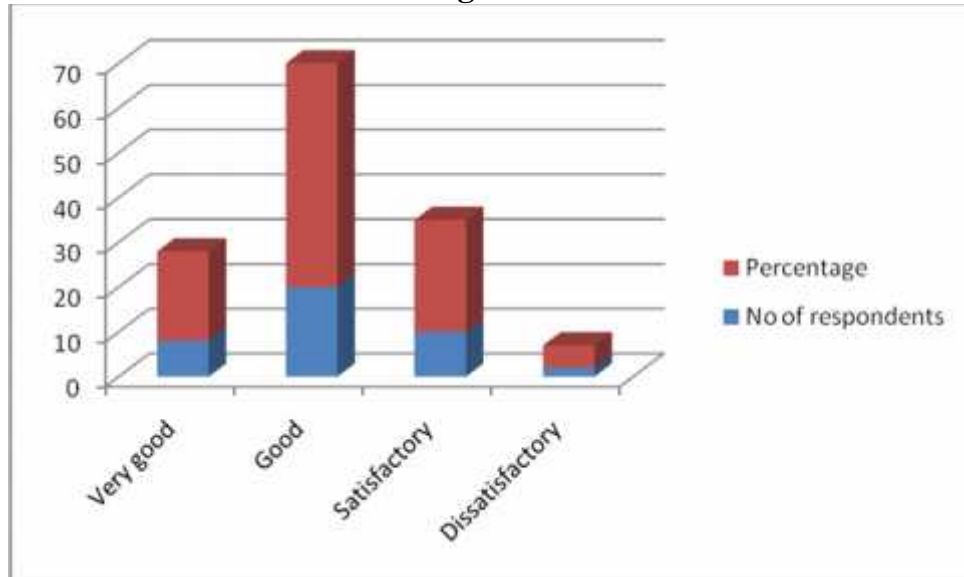
### Employee's behavior towards Customer

Response	No. of respondents	Percentage
Very good	8	20
Good	20	50
Satisfactory	10	25
Dissatisfactory	2	5
<b>Total</b>	<b>40</b>	<b>100</b>

*Source:* Direct Field Survey

Table 4.39 presents 50% customer viewed that employee's behavior towards customer is good. Similarly 20% customer viewed that employee's behavior towards customer is very good, 25% viewed as satisfactory and 5 % viewed as dissatisfactory. The above response can be shown in a diagram as given below.

**Fig. 4.16**



**Table 4.40**

### About Office Decoration and Attraction

Response	No. of respondents	Percentage
Very good	4	10
Good	10	25
Satisfactory	25	62.5
Dissatisfactory	1	2.5
Total	40	100

*Source:* Direct Field Survey

Table 4.40 presents 62.5% customer viewed that office decoration and attraction is satisfactory. Similarly 10% customer viewed that very good and 25% replied that good and 2.5% replied as a dissatisfactory.

**Table 4.41**  
**Product and Service Quality**

Response	No. of respondents	Percentage
Very good	15	37.5
Good	10	25
Satisfactory	15	37.5
Dissatisfactory	0	0
Total	40	100

*Source:* Direct Field Survey

Above response represents that most of the product and service quality provided by bank is very good, 37.5% customer viewed as this response. Similarly 25% replied that good and another 37.5% replied that satisfactory.

**Table 4.42**  
**Service Slowness or Quickness**

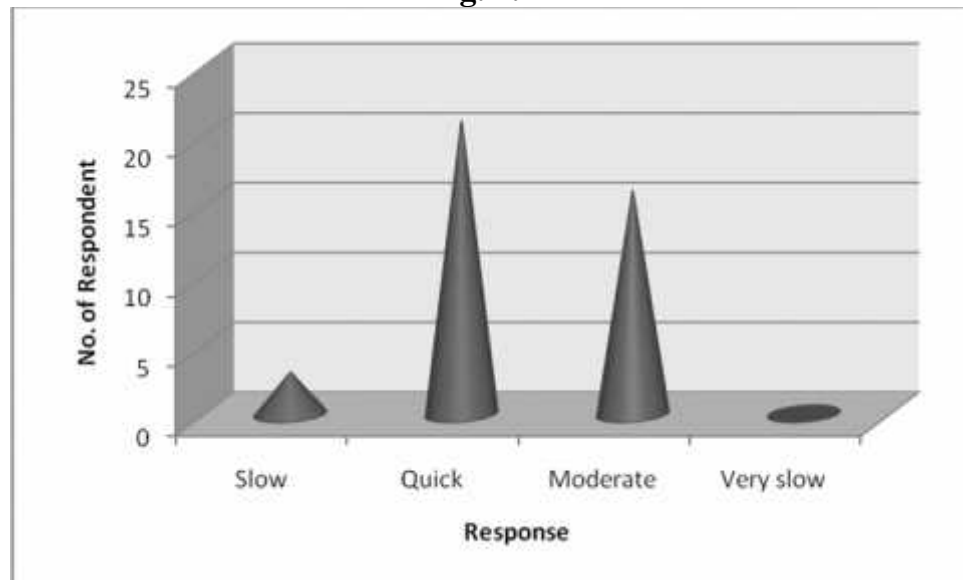
Response	No. of respondents	Percentage
----------	--------------------	------------

Slow	3	7.5
Quick	21	52.5
Moderate	16	40
Very slow	0	0
Total	40	100

Source: Direct Field Survey

Table 4.42 shows that out of 40, 21(52.5%) customer are viewed that the services provided by bank is quick and 3 (7.5%) replied that slow and 16(40%) replied as a moderate. The above response can be shown in a diagram as given below.

**Fig. 4.17**



**Table 4.43**

**Service Available**

Response	No. of respondents	Percentage
Very good	17	42.5
Good	16	40
Satisfactory	7	17.5

Dissatisfactory	0	0
Total	40	100

*Source: Direct Field Survey*

Table 4.43 shows that out of 40, 17 (42.5%) replied that very good and 16(40%) customer are viewed that the availability of services provided by bank is good and 7 (17.5%) replied that satisfactory. No one response about dissatisfactory.

**Table 4.44**  
**Availability of other Services**

Response	No. of respondents	Percentage
Water	30(75)	40(100)
Rest chair	37(92.5)	40(100)
Fan	23(57.5)	40(100)
Toilet	30(75)	40(100)

*Source: Direct Field Survey*

*Figure in parenthesis shown at percentage*

Above table shows that most of the respondent customer is facilitated about other extra services like as water, rest chair, fan and toilet all are facilitated by the bank.

**Table 4.45**  
**New Product and Service Used**

Response	No. of respondents	Total Percentage
E-banking	2(5)	40(100)
ABBS	11(27.5)	40(100)
ATM service	12(30)	40(100)
SMS banking	13(32.5)	40(100)
Pay bill	2(5)	40(100)

Others	17(42.5)	40(100)
--------	----------	---------

*Source: Direct Field Survey*

*Figure in parenthesis shown at percentage*

Customer response shows that they are less using new product and services provided by the bank. 30% respondent customers are using ATM service and 27.5% are using ABBS and 32.5% are using SMS banking service.

**Table 4.46**

**Time to be Waited for Product and Services**

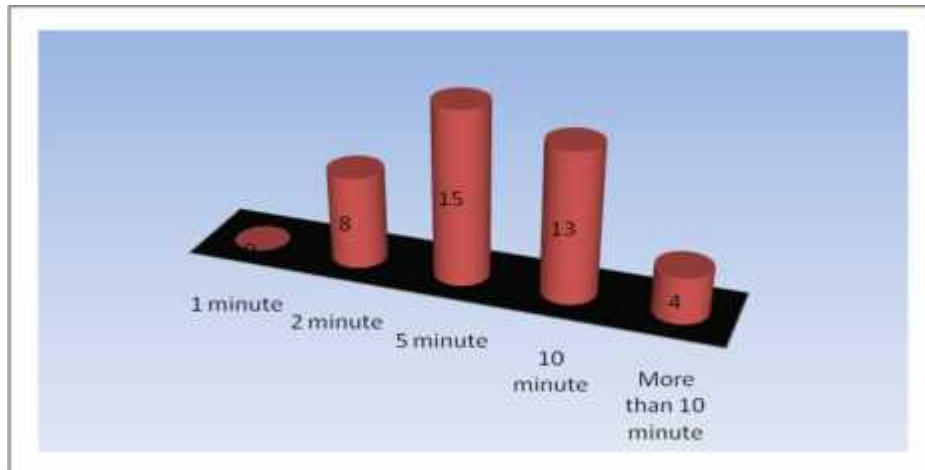
Response	No. of respondents	Total Percentage
1 minute	0	0
2 minute	8	20
5 minute	15	37.5
10 minute	13	32.5
More than 10 minute	4	10
Total	40	100

*Source: Direct Field Survey*

It is found that from above table, 32.5% respondent customer has replied that RBB has provided every service with in 10 minute, similarly 37.5% replied with in 5 minute, 20% replied with in 2 minute and 10% replied that more than 10 minute. It can be shown as follows;

**Fig. 4.18**





**Table 4.47**  
**Feeling about banking Competition**

Response	No. of respondents	Total Percentage
Very high	22	55
High	17	42.5
Low	1	2.5
Very low	0	0
Total	8	100

*Source:* Direct Field Survey

Table 4.47 shows that the RBB's customers are feeling about banking competition, where 55 % customer know that there is very high competition in the market and 42.5% viewed as high and 2.5% viewed as low competition in the market.

**Table 4.48**  
**Satisfaction with RBB's Product Promotion Practice**

	Response			Total
	Yes	No	Partial	
No. of Department	10	13	17	40
Percentage	25	32.5	42.5	100

*Source:* Direct Field Survey

Table 4.48 describe that 10(25%) customer are satisfied, 13(32.5%) are not satisfied and 17(42.5%) are partial satisfied with the RBB's product promotion practice. Its means the product promotion practice is poor in RBB.

**Table 4.49**

**Feeling about Product Promotion Practice**

Response	No. of respondents	Total Percentage
National daily	16(40)	40(100)
Television	32(80)	40(100)
Local media	37(92.5)	40(100)
Others	3(7.5)	40(100)

*Source:* Direct Field Survey

*Figure in parenthesis shown at percentage*

Though the promotion practice is poor, most of the respondent customer replied that the bank had to adopt local media for the promotion of new products which helps local people to know about the product. So 37 (92.5%) of the its customer advise local media, 40% national daily, 80% television and 7.5% advise others media of promotion respectively.

**Table 4.50**  
**Feeling about RBB Slogan**

	Response			Total
	Yes	No	Partial	
No. of Department	25	2	13	40
Percentage	62.5	5	32.5	100

*Source:* Direct Field Survey

Above table 4.50 shows that most of the respondent customer replied that they are really felt about ‘Your own bank.’ Out of 40, 25(62.5 %) respondent customer felt about it and 13(32.5%) replied that they felt partially and 5% do not feel their own bank.

#### **4.9 Suggestions Provided by Customer**

Based on the survey, with a view to collect suggestion from various respondent customers of the RBB, questions were frequently asked and their suggestions were collected. Some of the suggestions that are relevant for RBB growth are listed below;

1. Most of the respondent customer wanted faster services than what they are receiving now.
2. They also wanted that bank should provide the loan against ‘Pension Patta.’
3. Bank should have distributed loan for all.
4. RBB should have network to its all branch offices for betterment.
5. RBB should have done the advertisement through the local media as well as television.
6. Most of the respondent wanted customer care by the employee.
7. They expected good behavior from the entire employee.

8. Illiterate customer wanted all the help from the employee while cheque writing, write deposit voucher etc.
9. Sound Relationship among customer and employee.
10. All the product and services should provide all over the country.
11. It is found that most of the customer came in to the bank due to it is fully government own bank with its quality services.
12. Most of the respondent customers advised that bank should train its entire staff, mostly teller than others.
13. It is found that the promotion practice of the bank is poor than others. So RBB has to promote its product and services locally as well as nationally by popular media.

Day to day current financial and banking sector are being facing global crisis as well as liquidity crisis in the country. In this regard competition is a state of being rivalry among the firms for the achievement of same objectives. Competition makes an organization to be more careful thought. Competition is helpful for banking enhancement. An organization needs to be concerned with the extent of direct rivalry between themselves and competitors. In this part questions were asked regarding the competitive services. Some sorts of product and services being provided by the bank are facing competition. Respondents were asked a question regarding the services under more competition.

#### **4.10 Major Findings of the study**

Major findings of the study are listed below;

1. It is found that among 16 department of the RBB, four departments; Marketing, IT, Loan and Branch Operation are involved in product planning and development process.
2. Departments are working on the basis of specialization.
3. RBB is developing these products which are similar with other banks.
4. RBB has facilitating the customer for nominal cost of new product and services provided.
5. RBB has no separate product planning and development unit.
6. Most of the respondents know that planning is must for overall development of the bank.
7. It is found that there is 50 percent formalized product planning system in the bank.
8. Top level management and managerial staff involved in product planning and development system.
9. Most of the department's member knows about product life cycle.
10. Survey found that at the maturity stage of product life cycle, the new product should be developed.
11. RBB has used a tangible object to communicate the brand image.
12. Most of the respondent agreed a product marketer's goal should aim to build a sound image.
13. Business analysis and commercialization and evaluation were highly considered while developing new product planning and development process.
14. Evaluation of new idea, the product and market, and marketing the product were highly considered while using the product planning and development steps.
15. Mission, corporate and business objectives are highly taken in to consideration.

16. There is a system partial to monitor the product planning strategy offered by competitors.
17. 50% respondent replied that RBB has done SWOT analysis yearly.
18. There was budget allocation practice for product planning and development, but they do not know how many percent of total budget is allocated for product planning.
19. There is no any way to collect information about the quality and standard of product and services.
20. Periodic interaction with the customers is more important to collect information about quality and standard of services provided.
21. 75% of the respondent replied that determinants reliability, responsiveness and assurance were mainly considered for product quality. Empathy was less considered.
22. Adequacy and impact were mainly considered for evaluation while delivery the services.
23. Some deposit product, loan product and remittance product were used before the re-structuring program.
24. Most of the deposit product, loan product and remittance product with new product E-banking, ATM, ABBs and SMS banking are using after the re-structuring program.
25. Some loan products were used before the re-structuring program. Mostly hypothecation, overdraft and deprive sector loan were used.
26. Most of the loan products are being used after the re-structuring program. Consumer loan products were launched.
27. As a remittance products SWIFT code was used before the re-structuring program.

28. Most of the new remittance products are being used after the re-structuring program, where RBB remit, WU money transfer, express money service, EZ remit and instant cash are new products.
29. News paper, radio, magazine and brochures are mostly used in media of communication. The second mostly used tool of communication is television. Similarly yellow pages and news letters are used to communication.
30. Usefulness of communication in bank is found as 3(75%) respondents Out of 4, rated the communication as considerably useful while only 1(25%) rated as greatly useful. None of the respondents rated as somewhat useful and little useful.
31. Study found that there is no public relation department in RBB, But DGM Jyoti Chandra Ojha state that there is public relation unit in General Service Department.
32. The top level employee who used to make policy views shows that media through is the first convenient & effective promotional tool for product marketing. So, all the respondents have given the first rank to media through, second to trade exhibition, third and fourth to public relation and words of mouth jointly.
33. 75 % respondents viewed that there is no any system of counseling to avoid negative publicity. And 25 % respondent viewed that there is a system of counseling such publicity.
34. Publication activities are largely used by all sampled respondent to set public relation. The second favored tools are events and speeches. Similarly public service activities and identify media are used to set public relation by 25% of the respondents.
35. Most of the respondents are viewed that there is a system of advertising and public relation in promotion methods as the rank of first and second.

Similarly personal selling and sales promotion are ranked as a third and fourth.

36. RBB has been facing more competitive market. They have competed to the joint venture bank in the urban area. Some of the respondent replied that RBB has monopolistic market yet in the rural areas, where RBB has single capture the market in district branches.
37. All of the respondents thought threats of new entrants as a first position among five competitive forces.
38. Present study found that majority of respondents replied that there are no any fixed criteria to identify the position of nearest competitors. But there is a great competition in the banking market too.
39. Most of the respondents are agreed that bank is successful in meeting market demand.
40. Somewhat organization shared mind and knowledge among the competitors to improve product provided by the banks.
41. Most of the deposit product, loan product and remittance products are facing more competition in the market to the joint venture banks.
42. 50% respondent replied that there is partially a problem of liquidity crisis. And 50% respondent replied that there is no problem of liquidity crisis.
43. 25% respondent replied that the RBB has faced such problem. 75% respondent replied that there is partially a problem of political instability. Respondent also said that it was rare case in RBB.
44. Field survey report found that different problems of RBB being faced currently. It is clearly shown that capital problem, loan recovery and policy implementation are the main problems in RBB, 100% respondent replied. Similarly recruitment motivation and decision making on dispute are other major problems which count 75% of total. Deposit crisis and punishment



and reward are other problems of the bank which has currently been faced, 50 % respondents are replied such problem.

45. There is no problem of building to extend product and services. Most of the respondents 4(100%) replied that there is partial problem of the premises to extend the product and services.
46. Present study found that 3 (75%) respondents out of 4, are replied that RBB has partially facing problems due to act, rules and regulations while in 1(25%), response, there is no such problem in the bank.
47. Most of the customers are transaction since more than 10 years, only 15% customers are newly for the RBB.
48. It is found that 92.5% customers are involved in deposit transaction and 35% in loan, 25% in Remittance and 10% in other products.
49. Present research shows that most of the customer (77.5%) is motivated to come to this bank due to it is government bank. Similarly 32.5 % customer's is motivated to come to this bank due to quality services, 47.5% customer due to near to home and 7.5% customer due to reasonable price in loan products.
50. It is found that 2(5%) are dissatisfactory in case of customer care taken by bank. 25% respondent customer replied that customer care was very good, similarly 40% viewed good and 30% viewed satisfactory.
51. 50% customer viewed that employee's behavior towards customer is good. Similarly 20% customer viewed that employee's behavior towards customer is very good, 25% viewed as satisfactory and 5 % viewed as dissatisfactory.
52. Present study shows that office decoration and attraction is satisfactory. Similarly 10% customer viewed that very good and 25% replied that good and 2.5% replied as a dissatisfactory.

53. Most of the product and service quality provided by bank is very good, 37.5% customer viewed as this response. Similarly 25% replied that good and another 37.5% replied that satisfactory.
54. It is found that out of 40, 21(52.5%) customer are viewed that the services provided by bank is quick and 3 (7.5%) replied that slow and 16(40%) replied as a moderate. The above response can be shown in a diagram as given below.
55. Customer response shows that they are less using new product and services provided by the bank. 30% respondent customers are using ATM service and 27.5% using ABBS and 32.5% using SMS banking service.
56. It is found that from above table, 32.5% respondent customer has replied that RBB has provided every service with in 10 minute, similarly 37.5% replied with in 5 minute, 20% replied with in 2 minute and 10% replied that more than 10 minute.
57. RBB's customers are feeling about banking competition, where 55 % customer knows that there is very high competition in the market and 42.5% viewed as high and 2.5% viewed as low competition in the market.
58. Research analysis describe that 10(25%) customer are satisfied, 13(32.5%) are not satisfied and 17(42.5%) are partial satisfied with the RBB's product promotion practice. Its means the product promotion practice is poor in RBB.
59. Though the promotion practice is poor, most of the respondent customer replied that the bank had to adopt local media for the promotion of new products which help local people to know about the product. So 37 (92.5%) of the it's customer advice local media, 40% national daily, 80% television and 7.5% advice others media of promotion.
60. Customer response shows that most of the respondent customer replied that they are really felt about 'Your own bank' out of 40, 25(62.5 %) respondent

customer felt about it and 13(32.5%) replied that they felt partially and 5% do not fell their own bank.

## **CHAPTER-V**

### **SUMMARY CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

Being a descriptive research on the present topic, received data are analyzed by means of descriptive tools. Mainly this chapter contains three sections, summary, conclusions and recommendations. The summary section briefly reviews the background of the study, statement of the problem, objectives of the study, rationale of the study and delimitation of the study. Conclusion section follows up to the interpretation of data and explanations are made on how well the purpose of the study was accomplished. Recommendation section mainly contains the future prospect that RBB should applied for their appreciable growth and development.

#### **5.2 Summary**

Rastriya Banijya Bank (RBB) is the largest commercial bank in Nepal, fully owned by the government and currently under a restructuring process. Its financial performance was poor and loss since long time, since 2059 bank was managed by the foreign management in care of CEO Bruf F. Henderson. Under the financial sector reform program of HMG, bank management has been given in contract since 16<sup>th</sup> Jan 2003 for 2 years and extended for 1 year more. Management team was headed by Mr. Bruce F. Henderson as chief executive officer of the bank. Now the bank has managed by 2 Nepali management experts since 2 years. In this course of Reform program bank has achieving positive improvement on the certain areas.

Now the bank has changed its entire working environment with adopting the technology, all of its 126 branch offices. Among the 126 branch offices, 66 branches has running with Pumori Plus program and rest 60 branch offices are running with bank's own software RBBSYS. In this regard bank has recently been launching the ATM machine in different main cities of the country. Similarly bank has adopting and continuing the ABBS, SMS banking, E-banking, Pay bill and different remittance products.

In short, main themes of the study are summarized as follows;

The statement of the problem was “***Product Planning and Development Under Re-structuring Strategy in Rastriya Banijya Bank***”.

Main objectives of the study were as follows;

- J To present the existing organization design for product planning and development.
- J To analyze the existing product planning and development process used.
- J To identify existing new products those have been launched with in restructuring course.
- J To analyze existing product promotion practice.
- J To access the competitive situation of bank requiring the new product strategy implementation.
- J To explore existing problems in product planning and development process.
- J To suggest effective new product planning and development process.

Chapter II was divided in to two parts, where first part contained conceptual reviews and part second contained the reviews on related field. Different process

and ideas are studied along with the components of product planning and development.

Chapter III was described about its research process and methodology.

The collected data from the questionnaire, interview and observation were presented, analyzed and interpreted by using descriptive tools as well as some statistical tools in chapter IV.

### **5.3 Conclusions**

A well-regulated financial sector of any economy works as a facilitator for achieving sustained economic growth, fostering a robust and vibrant financial market. Financial system is important in the economy to pool and utilize resources, reduce costs and risks, expand and diversify opportunities, increase the locative efficiency of resources, and promote the productivity and economic growth. While sound and healthy financial system contributes to the growth of the real sector on a sustainable basis, uncertainty and fragility in the financial system adversely affect the objectives of economic development in general and poverty reduction in particular.

It is found that four departments are directly involvement in product planning and development process, which are Marketing department; IT Department, Loan Department and Branch Operation Department. Most or the joint venture bank's products were provided by the bank. RBB has facilitating the customer for nominal cost of new product and services provided and bank has no separate product planning and development unit. Most of the respondents know about the planning is must for overall development of the bank. It is found that there is 50 percent formalized and 50% informal product planning system in the bank.

Product Planning and development includes top level management. However, role of technical staffs cannot be ignored. The allocated budget for product planning is found but how many percent is allocated is not known by respondent. New products planning and development practice, environmental analysis practice, monitoring the product and service strategies practice, SWOT analysis practice, information collection practice, and evaluation practice are used. Periodic interaction with customers, suggestion box, use of computer e-mail are being used by the bank to collect information for quality and standard of product and services. Availability of service in time, potentially disruptive others, service quickness attention paid to customers are felt satisfactory. Product and service quality has been considered the most important ingredient as it is one of the crucial matter to motivate the customer. So RBB is found providing quality product and service in these regard. Most of the deposit product, loan product and remittance product with new product E-banking, ATM, ABBs and SMS banking are using after the restructuring program. RBB has been regarded as a competitive market since there is a threat of new entrants. Top level employee who used to make policy views shows that media through is the first convenient & effective promotional tool for product marketing. So, all the respondents have given the first rank to media through, second to trade exhibition, third and fourth to public relation and words of mouth jointly

There is a system of advertising and public relation in promotion methods in RBB and is able to meet service demand required by its customer. There is unhealthy competition among the banks. The practice of sharing of mind and knowledge has been brought into existence. Words of mouth, personal selling public relation, media through, trade exhibition are being used as promotional tools about the product and services, their qualities and standards to the customer.

Currently RBB being facing some problems; capital problem, loan recovery, policy implementation, recruitment and motivation, reward and punishment, and decision making on dispute are other major problem. In the context of global crisis RBB has facing it gradually in deposit crisis. There is partial problem of premises to extend the product and services.

Most of the customer is motivated to come to this bank due to it is government bank. Similarly some customer's is motivated to come to this bank due to quality services, near to home and reasonable price in loan product. Customer is less using new product and services provided by the bank. Some are using ATM service, ABBS and SMS banking service. RBB's customers are feeling about banking competition, most customer knows that there is very high competition in the market. It seem that the product promotion practice is poor in RBB, due to the promotion practice is poor, most of the respondent customer replied that the bank had to adopt local media for the promotion of new products which help local people to know about the product. Most of the customer is really filling about RBB as their own bank.

#### **5.4 Recommendations**

Since the Rastriya Banijya Bank is the fully government owned organization, it need to be operated carefully to become the first choice of the country's banking industry. To achieve this goal the government, staff, and it's entire stakeholder should provide necessary support in every aspect of the development of the bank. Information technology is the backbone of today's banking industry, so all have to pay more attention to institutionalize the IT in the bank. Information technology enhances the image of the bank if it is properly implemented and on the other hand



it will drastically and dramatically destroy the whole image of the bank in very small interval of time.

In this regards, after the evolution of private and joint venture banks in the Nepalese market, RBB has to provide modern and swift banking facility to their valued customer to retain its business. By considering the analysis of data and major findings of this research, the following recommendations are prescribed for the essential growth and development of RBB.

1. RBB has to develop a separate unit or department for the product planning and development.
2. Policy and procedures should be prepared by the department chiefs and by the management authority of the bank regarding the development and promotion of exiting product and services.
3. There are some processes that are world wide famous and adopted in product planning and development process. so the management should follow the following process; a) generation of new ideas b) screening of new ideas c) concept development and testing d) business analysis e) product development program f) test marketing and g) commercialization and evaluation.
4. It is found that RBB has the poor product promotion practice, so it has to promote its promotion as locally so that the local people informed about the new information which the bank has adopted.
5. For the effective product planning and development strategy, environmental analysis, budget allocation, there should be formulation of a team consisting from various disciplines. Technical and administrative support to the team is highly recommended. There should be provision of adequate and appropriate facilities including equipment, physical infrastructure; Cleary defined role and responsibility to the team & staff members of the department.

6. Implementation of an effective quality system reduces the operation cost there by improving productivity and the overall image of the bank. In order to identify requirements of quality of product and services provided, there should be effective and speedy facilities. A two way communication is better to setup between customer and employee to develop mutual confidence.
7. RBB has to set up its all branches in networking so that the all customers are facilitated to transaction here to there.
8. HRM is management but management is more than HRM this involves insuring that the company have enough of the right kind of people at the right kind. Effectiveness of any banking is directly proportional to the cumulative efficiency and effectiveness of its employee. Customers are suggested to play more emphasis on paying standardization in service training and education to all the employees.
9. Most of the RBB customers need help from the employee in daily banking transaction. In this regards employee have to cooperate and help them as far as possible.
10. A well computerized information system is referred for the banking management to monitor and control the daily banking transaction.
11. The management should do every thing possible to avoid complaints by the customer. For this branch should take care about the customer.
12. It is well to keep employee in mind that what is personally important to the customer with quality of product and services. Customer looks for quality as they perceive it, which may not be the same as how providers perceive it. Customer can only judge as consumer, the cleanness of the room, the friendless of the staffs, the quality of words and the intangible atmosphere that says whether or not the employee care about customer in the time of transaction. A lot of valuable information can be given to customer prior to open the account in the bank.

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## APPENDIX -I

Namaste, my name is Rishi Ram Dhakal studying in department of Management, Prithivi Narayan Campus Pokhara and currently working in RBB as a assistant branch manager in Amarsinghchowk Pokhara. This Survey is part of my thesis to fulfill the requirement of master degree. You are invited to participate voluntarily in this research entitled '*Product Planning and Development under Re-structuring Strategy in Rastriya Banijya Bank*' to the following questionnaires. The main objective of this research is to study the product planning and development in RBB.

You are asked some questions about product planning and development system, product and services quality, existing product and services being provided, diffusion practice etc. The questionnaires are anonymous and you will not be identified as a respondent. If you complete the questionnaires are anonymous and you will be identified as respondent. If you participate in the research and consent to publication of the results of the research with the understanding that anonymity will be preserved. The questionnaires for research has been reviewed and approved by Prithivi Narayan Campus Pokhara, Management Research Committee.

Your help in this project is highly appreciable.

## APPENDIX II

### Questionnaire for Administration/Management

Name of Department:

Nature of work:

Name of employee:

Please tick with in bracket of your own answer

#### I. Existing Organization Design for Product Planning and Development

1. Would you please specify the department that related to the product planning and development?

- |   |                            |
|---|----------------------------|
| a) Marketing Department [.....]                         | b) IT Department [.....]   |
| c) Branch Operation Department [.....]                  | d) Loan Department [.....] |
| e) Strategy Planning and Development Department [.....] |                            |

2. Would you please specify the work of this Department?

- |   |  |
|---|--|
| a) Product planning and development [.....]   |  |
| b) Policy making [.....]                      |  |
| c) General Service [.....]                    |  |
| d) Information technology [.....]             |  |
| e) Operation management [.....]               |  |
| f) Loan and advance [.....]                   |  |
| g) Strategic planning and development [.....] |  |
| h) Human resource development [.....]         |  |
| i) Marketing [.....]                          |  |
| j) Planning and control [.....]               |  |

3. Would you please specify the product being provided by the bank?

- |                                |                          |
|--------------------------------|--------------------------|
| (a) E-banking [.....]          | (b) ABBS [.....]         |
| (c) ATM [.....]                | (d) SMS Banking [.....]  |
| (e) Deposit product [.....]    | (f) Loan product [.....] |
| (g) Remittance product [.....] | (h) Other [.....]        |

4. Please, specify about the pricing of product.

- |                         |                              |
|-------------------------|------------------------------|
| a) Free of cost [.....] | b) Commition base [.....]    |
| c) Annual fee [.....]   | d) With nominal cost [.....] |

#### II. Existing Product Planning and Development Process

5. Do you have separate product planning and development unit in your bank?

- |                |               |
|----------------|---------------|
| a) Yes [.....] | b) No [.....] |
|----------------|---------------|

6. Do you think planning is a must for overall development of the bank?  
 a) Yes [.....] b) No [.....]
7. Is there a formalized product planning system in your bank?  
 a) Yes [.....] b) No [.....]
8. Who do involve in product planning system?  
 a) Chief executive officer [.....] b) DGM [.....]  
 c) Managerial Staff [.....] d) Only technical staff [.....]  
 e) Department chief [.....] f) Other external agency [.....]
9. Do you agree, understanding of product life cycle stage is must for planning and development of service?  
 a) Strongly agree [.....] b) Agree [.....]  
 c) Disagree [.....] d) Strongly disagree [.....]
10. In your opinion, at what stage of product life cycle, the new product should be developed?  
 a) Introduction Stage [.....] b) Growth Stage [.....]  
 c) Maturity [.....] d) Decline [.....]
11. "A product marketer's goal should aim to build a sound image."  
 a) Strongly agree [.....] b) Agree [.....]  
 c) Disagree [.....] d) Strongly disagree [.....]
12. Has the bank used a tangible object to communicate the brand image or difference?  
 a) Yes [.....] b) No [.....]
13. To what extent you consider the following whole developing new product planning and development process?

	Minimum				Maximum
	1	2	3	4	5
Generation of new product ideas					
Screening of new ideas					
Concept development and testing					
Business analysis					
Product Development program					
Marketing testing					
Commercialization and evaluation					
Any other please specify					

14. Is the bank using the following steps at the time of product planning and development?  
 a) Evaluation of new idea, the product and market. [.....]  
 b) Evaluation of company resources. [.....]  
 c) Finding out customer specifications. [.....]



- d) Developing the product. [.....]
- e) Testing the product. [.....]
- f) Marketing the product. [.....]
- g) Evaluation the result. [.....]
15. Among the following which one will you think the most important during product planning stage? (Rank in order of relative importance a to f)
- a) Mission [.....]
- b) Corporate [.....]
- c) Business Objectives [.....]
- d) Functional and Departmental Objectives [.....]
- e) Operative, unit or submit objectives [.....]
- f) Searching new market potential ties, erecting new brand marketing & high advertising [.....]
16. Is there any system to monitor the product planning strategy offered by other financial institution?
- a) Yes [.....]                      b) No [.....]                      c) Partial [.....]
17. How often does your bank carry SWOT (S = Strength, W = Weakness, O = Opportunity, T = Threat) analysis:
- a) [.....] Monthly                      b) [.....] Quarterly                      c) [.....] Half Yearly
- d) [.....] Yearly                      e) [.....] Never
18. Do you have budget allocation practice for product planning and development?
- a) Yes [.....]                      b) No [.....]
19. If yes, how much percent of total budget is allocated for prodcuct planning? [....%]
20. Is there any way to collect information about the quality and standard of services?
- a) Yes [.....]                      b) No [.....]
21. Among the following, which one will you consider, more important to collect information about quality and standard of service provided?  
(Rank 1-5 in order of importance)
- a) Suggestion box [.....]
- b) Periodic interaction with the customers [.....]
- c) Computer-email [.....]
- d) Discussion [.....]
- e) Any other, please mention [.....]
22. To what extent, you consider the following determinants of product quality?

Determinants	Minimum				Maximum
	1	2	3	4	5

Reliability					
Responsiveness					
Assurance					
Empathy					
Any other, please Mention					

23. To what extent the following component of evaluation process are considered while delivery the service?

Components	Minimum				Maximum
	1	2	3	4	5
Relevance					
Adequacy					
Accessibility					
Effectiveness					
Efficiency					
Impact					

### III. Existing New Products

24. Would you please, specify the product those had been used before Re-structuring program?

- (a) E-banking [.....] (b) ABBS [.....]  
(c) ATM [.....] (d) SMS Banking [.....]  
(e) Deposit product [.....] (f) Loan product [.....]  
(g) Remittance product [.....] (h) Other [.....]

25. Would you please, specify the product those have been using within Re-structuring program?

- (a) E-banking [.....] (b) ABBS [.....]  
(c) ATM [.....] (d) SMS Banking [.....]  
(e) Deposit product [.....] (f) Loan product [.....]  
(g) Remittance product [.....] (h) Other [.....]

26. Would you please, specify the loan product those had been used before Re-structuring program?

Term Loan( )	Land purchase loan( )	Vehicle loan( )	Consortium loan( )	Home decoration loan( )
Time loan( )	Real estate loan( )	Working capital( )	Hypothecation( )	Loan against share( )
Trade loan( )	Service Loan( )	Long term loan( )	Import loan( )	Overdraft( )
Demand loan( )	Home loan( )	Education loan( )	Letter of credit( )	Hire purchase( )
Pledge loan( )	Personal Loan ( )	Social loan ( )	Project loan ( )	Deprive sector loan ( )

27. Would you please, specify the loan product those have been using within Re-structuring program?

Term Loan( )	Land purchase loan( )	Vehicle loan( )	Consortium loan( )	Home decoration loan( )
Time loan( )	Real estate loan( )	Working capital( )	Hypothecation( )	Loan against share( )
Trade loan ( )	Service Loan( )	Long term loan( )	Import loan( )	Overdraft( )
Demand loan( )	Home loan( )	Education loan( )	Letter of credit( )	Hire purchase( )
Pledge loan( )	Personal Loan ( )	Social loan ( )	Project loan ( )	Deprive sector loan ( )

28. Would you please, specify the Deposit product those had been used before Re-structuring program?
- (a) Saving account [.....] (b) Special saving account [.....]
- (c) Current account [.....] (d) Current call deposit [.....]
- (e) Fixed deposit 3 month [.....] (f) Fixed deposit 6 month [.....]
- (g) Fixed deposit 1 year [.....] (h) Fixed deposit 2 year [.....]
- (i) Fixed deposit 3 year [.....] (j) Fixed deposit more than 3 year [.....]
- (k) Other Deposit [.....]
29. Would you please, specify the Deposit product those have been using within Re-structuring program?
- (a) Saving account [.....] (b) Special saving account [.....]
- (c) Current account [.....] (d) Current call deposit [.....]
- (e) Fixed deposit 3 month [.....] (f) Fixed deposit 6 month [.....]
- (g) Fixed deposit 1 year [.....] (h) Fixed deposit 2 year [.....]
- (i) Fixed deposit 3 year [.....] (j) Fixed deposit more than 3 year [.....]
- (k) Other Deposit [.....]
30. Would you please, specify the Remittance product those had been used before Re-structuring program?
- (a) RBB Remit [.....] (b) WU money transfer [.....]
- (c) Express money service [.....] (d) EZ Remit [.....]
- (e) Instant cash [.....] (f) Others [.....]
31. Would you please, specify the Remittance product those have been using within Re-structuring program?
- (a) RBB Remit [.....] (b) WU money transfer [.....]
- (c) Express money service [.....] (d) EZ Remit [.....]
- (e) Instant cash [.....] (f) Others [.....]

#### IV. Existing Product Promotion Practice

32. Which channels of communication are in practice to promote the product?

- a) Newspapers Yes/ No/ Partial
- b) Television Yes/ No/ Partial
- c) Direct Mail Yes/ No/ Partial
- d) Radio Yes/ No/ Partial
- e) Magazines Yes/ No/ Partial
- f) Outdoor Yes/ No/ Partial
- g) Yellow pages Yes/ No/ Partial

- h) New letters Yes/ No/ Partial  
 i) Brochures Yes/ No/ Partial  
 j) Telephone Yes/ No/ Partial  
 k) Internet Yes/ No/ Partial  
 l) Any other, please Mention Yes/ No/ Partial
33. On the basis of your experience, how useful is communication is product marketing?  
 a) Greatly useful [.....] b) Considerably useful [.....]  
 c) Somewhat useful [.....] d) Little useful [.....]
34. Is there a public relation department within the organization?  
 a) [.....] Yes b) [.....] No
35. Which promotional tools, you feel, is convenient & effective for product marketing?  
 Rank them in order (1-5) of importance.  
 a) Word of mouth [.....] b) Public relation [.....]  
 c) Media through [.....] d) Trade exhibition [.....]  
 e) If others please mention [.....]
36. Is there a system of counseling to avoid negative publicity?  
 a) Yes [.....] b) No [.....]
37. What major tools are used to set public relation?  
 a) [.....] Publication b) [.....] Events c) [.....] New  
 d) [.....] Speeches e)[.....] Public Service Activities  
 f) [.....] Identify Media
38. Is there a system of such promotion methods?  
 a) Personal selling [.....] b) Advertising [.....] c)  
 Sales promotion [.....] d) Public relation [.....]

**V. Competitive Situation of Banking Products**

39. What type of market faced by the bank?  
 a) Monopoly Market [.....] b) Competitive Market [.....]  
 c) Monopolistic Market [.....] d) Oligopoly Market [.....]
40. To what extent, the following competitive forces are considered by the bank to develop competitive strategies.

Competitive Forces	Minimum				Maximum
	1	2	3	4	5
Threat of New Entrants					
Bargaining Power of Customers					
Rivalry Among Firm					
Bargaining Power Supplies					



a) Yes [.....]                      b) No [.....]                      c) Partial [.....]

49. Do you think the bank is facing problems due to act, rules, and regulations to banking product/services?

a) Yes [.....]                      b) No [.....]                      c) Partial [.....]

50. Any comments please,

.....  
.....

Thank You

## APPENDIX III

### Questionnaire for customer

Customer name:

Account No:

Branch Office:

Account Type:

Please tick with in bracket of your own answer

1. How long period transaction does you run with this bank?  
(a) Since 1 Year [.....] (b) Since 5 year [.....]  
(c) Since 10 year [.....] (d) Since more than10 year [.....]
2. Which product and services are used?  
(a) Deposit [.....] (b) Loan [.....]  
(c) Remittance [.....] (d) Others [.....]
3. What motivated to you to come to this bank?  
(a) Quality services [.....] (b) Reasonable price [.....]  
(c) Near to home [.....] (d) Government bank's [.....]
4. Would you please, specify about customer care taken by the bank?  
(a) Very good [.....] (b) Good [.....]  
(c) Satisfactory [.....] (d) Dissatisfactory [.....]
5. To what extent you find the employee's behavior towards you?  
(a) Very good [.....] (b) Good [.....]  
(c) Satisfactory [.....] (d) Dissatisfactory [.....]
6. To what extent, you consider the office decoration and attraction?  
(a) Very good [.....] (b) Good [.....]  
(c) Satisfactory [.....] (d) Dissatisfactory [.....]
7. Product and service quality provided by bank.  
(a) Very good [.....] (b) Good [.....]  
(c) Satisfactory [.....] (d) Dissatisfactory [.....]
8. What you think about service slowness or quickness of the bank?  
(a) Slow [.....] (b) Quick [.....]  
(c) Moderate [.....] (d) Very slow [.....]
9. In your opinion, what you think about availability of services provided by bank?  
(a) Very good [.....] (b) Good [.....]  
(c) Satisfactory [.....] (d) Dissatisfactory [.....]
10. Would you like availability of other services?  
(a) Water [.....] (b) Rest chair [.....]

- (c) Fan [.....] (d) Toilet [.....]
11. Which new products are used?  
 (a) E-banking [.....] (b) ABBS [.....]  
 (c) ATM [.....] (d) SMS Banking [.....]  
 (e) Pay Bill [.....] (f) Others [.....]
12. What time to be waited for product and service in the bank?  
 (a) 1 minute [.....] (b) 2 minute [.....]  
 (c) 5 minute [.....] (d) 10 minute [.....]  
 (e) More than 10 minute [.....]
13. What do you think about banking competition in the market?  
 (a) Very high [.....] (b) High [.....]  
 (c) Low [.....] (d) Very low [.....]
14. Do you satisfy with the product promotion practice of RBB?  
 (a) Yes [.....] (b) Partial [.....] (c) No [.....]
15. What should be the product promotion practice for RBB?  
 (a) National daily [.....] (b) Television [.....]  
 (c) Local media [.....] (d) Others [.....]
16. Do you really feel about bank slogan "Your own bank"?  
 (a) Yes [.....] (b) Partial [.....] (c) No [.....]
17. What are you expecting from the RBB?  
 .....  
 .....
18. What are the suggestion from your side for improvement of product and services?  
 .....  
 .....

Thank You