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IMPACT OF MARKETING OF BANKING SERVICES ON THE PROFITABILITY OF NIGERIAN BANKING SECTOR 1990 – 2013

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Abstract

The banking industry renders variety of services to customers including deposit mobilization from various categories of accounts – demand deposit account, time deposit account, savings deposit account, etc. The effect of marketing of banking services in improving banking performance via deposit mobilization cannot be over-emphasized. This study therefore aims at investigating the impact of marketing of banking services on the profitability of Nigerian banks for the period 1990-2013. Secondary data sources from the CBN Statistical Bulletin were used. The Ordinary Least Square Technique (OLS) involving multiple regression analysis were used in the study. Earnings Before Tax and Interest (EBIT) was adopted as the dependent variable while Demand Deposit, Time Deposit and Savings Deposit were adopted as the independent variables. The empirical results show that Demand deposit has an insignificant impact on the profitability of Nigerian banks ($P > 0.05$), while both time deposit and savings deposit exerted significant impacts on bank profitability ($P<0.05$). Thus, it is recommended amongst others that interest paid to depositors on the different bank accounts should be enhanced to encourage more patronage. Banks should also engage in relationship marketing and should be encouraged to be more customer-focused and embrace relationship marketing rather than transaction marketing.

Keywords: Marketing, banking services, Nigeria

1.0 Introduction

The banking industry renders services to customers ranging from acceptance of deposits, opening various categories of accounts - deposit, current and savings account, etc. Afolabi (1988) posits that banks offer a wide range of financial services to personal and business customers; some of these services which are bank accounts, guarantorship and investment advisers are needed by an appreciable number of customers, but many other financial services such as import/export services, money transfers, credit cards etc. have to be brought to the attention of potential users, who must be persuaded to use them. The most important objective in any business organization is to identify and satisfy customers and therefore, marketing is central in any business firm. Marketing in any organization is to identify the most profitable marketing services now and in the future and assessing the present and future needs of customers. It involves setting business goals;

making plans to meet them and managing services in such a way that those plans are achieved (Nwite, 2011). A market-focused organization, first determines the potential customer's desire and then build the products or services. Marketing theory and practice are justified in the belief that customers use a product or service because they have a need, or because it provides a perceived benefit (Kotler, 1996). Uppal (2010) defined bank marketing as the process of providing services to satisfy customer's needs and wants financially. Marketing of banking services in any country lies on the hand of systematic and professional approach towards satisfying customer needs (Ojha 1997 in Uppal, 2010). The banking industry in Nigeria depends on the growth of interest rate that come from the services banks provide to maximize profit. Bank customers sometimes feel reluctant to make use of bank services or products as well as hand over their hard-earned money to the bank for safe keeping when they know that they have little or no interest that accrues on it, (Nwaeze, 2010). The difference between this interest rate, that is, the deposit interest, and that on loan which is the services bank provide becomes the interest rate margin. The bank thus, relies on the magnitude of this gap to make their profit. Marketing is a crucial aspect of human invention, which embraces the activities engaged in to satisfy economic needs and wants. Different individuals and organizations require different goods and services at different periods, places and occasions in order to satisfy their different needs and wants. These individuals make or are ready to make certain sacrifices in terms of money, time and human effort spent as long as they expect to get satisfied for these resources given out. In order to satisfy these individuals and organizations, different business enterprises go into the business of producing certain goods and services, selling them at specific points or markets where their customers could easily see or get them and promoting them intensively to create awareness and persuade and remind people to buy and buy more. This is the essence of marketing, an exchange relationship between producers of goods and services and receivers and/or customers of goods and services in the market place. The application of marketing strategy cuts across all business ventures, financial institutions like commercial banks inclusive. Banks are profit-oriented service rendering organizations with customers/consumers to satisfying their needs. These needs come in various forms like accepting deposits, giving credits, money transfers etc. Commercial banks should perform these functions to the satisfaction of their customers without prejudice to the organizational goal.

The big question remains to what extent do the commercial banks in Nigeria live up to their expectations in terms of customer satisfaction? The question becomes relevant because of the unethical way some banks operate and the uncourteous manner in which their officials treat their customers; the much emphasis on profit at the expense of their customers, the long queues of customers generally observed in the banking halls and above all, the mismanagement syndrome that has characterized commercial banks operation in Nigeria which has led to bank failure of many of such banks.

Profitability of Nigerian commercial banks expresses the gains made by banks from their operations, services or products. Profit is the essential prerequisite of a competitive banking institution and cheapest source of fund. This is why Ekerete (2005) observed that without profit, no firm can attract outside capital. Levine (1997) opined also that the outcome of investigations by financial experts on the services banks provide and profitability show a direct relationship between financial development, bank profitability and economic growth in both developed and developing countries.

The implication of the above exposition is that there are salient factors that influence the level of marketing of banking services and its impact on bank profitability. Thus, the motivation for the study stems from the fact that there is stiff competition in the banking sector, requiring banks to engage in aggressive marketing to share up deposits from the public.

1.1 Statement of the Problem

The effect of marketing of bank services in improving banks performance in Nigeria cannot be over emphasized. The major problem in the Nigerian banking industry is that bank services are still lacking in so many spheres in Nigeria. Yet, the bank's perception of marketing has not shifted from mere advertising until recently as a result of stiff competition among the banks due to recent reforms in the sector. Banks fail to focus on marketing research and new product development that could attract the unbanked thereby leading to inadequate exploitation of its benefits as well as not giving appropriate value to the banking public.

1.2 Objectives of the Study

Broadly, this study is intended to investigate the impact of marketing of banking services in terms of deposit mobilization on the profitability of Nigerian banks. Specifically, it aims at achieving the following objectives:

1. To identify the impact of Demand deposit on bank profitability.
2. To identify the impact of Time deposit on bank profitability.
3. To identify the impact of Savings deposit on bank profitability.

1.3 Research Questions

The following research questions are raised in line with the objectives of the study:

1. To what extent do Demand deposits impact on bank profitability?
2. How do Time deposits influence bank productivity?
3. To what extent do Savings deposits contribute to bank profitability?

1.4 Research Hypotheses

The following research hypotheses are formulated in the study based on the objectives of the study:

Ho_1: There is no significant impact of Demand deposits on bank profitability.

Ho_2: There is no significant impact of Time deposits on bank profitability.

Ho_3: There is no significant impact of savings of time deposits on bank profitability.

1.5 Scope of the Study

This study on the impact of marketing of banking services on the profitability of Nigerian banking sector focuses frontally on Nigeria and will cover the period 1990 – 2013.

2.0 Literature Review

2.1 Sources of Funds and Types of Bank Accounts

According to Nwankwo (1991), Nigerian commercial banks like their counterparts elsewhere in the world obtain their funds mainly from two sources. One is through capital funds and reserves;

the other is through deposits made by customers. Capital funds represent equity of the shareholders while deposits are the bank's liability to customers or depositors.

Capital usually make-up one of the major sources of funds at the disposal of the commercial banks and its adequacy according to Ekezie (1997), does not only safeguard the customer deposits but also help the liquidity position of commercial banks and, in most cases, determine their operating efficiency. He further emphasized that no bank can meet its obligation to the customers without having adequate equity base in the form of capital. This is more so as the banks cannot rely solely on the customers all the time and justified by banking regulations regarding minimum authorized capital of commercial banks.

Generally, banks mobilize deposits from the general public (individuals, businesses, governments, parastatals, non-profit making associations etc) as part of their intermediation roles. The general public believes that these deposits are safe and also has a high level of liquidity. This is principally because the deposits are insured with the Nigerian Deposit Insurance Corporation. The monetary authorities seek to control and regulate the conduct of banks in the mobilization of deposits from the public and in the competition for deposits. Such controls are in the area of regulating the mode and nature of advertisement for deposits.

Section 61, Banks and other Financial Institutions Acts (BOFIA), 1991 defines banking business as "the business of receiving deposit on current account or other similar account, paying or collecting cheques drawn by or paid in by customers, provision of finance or such other business as the Governor of the Central Bank may by order publish in the Gazette, designate as banking business". The Central Bank of Nigeria in adopting universal banking in 1999 defined banking as "the business of receiving deposits on current account, savings or other accounts; paying or collecting cheques drawn or paid by customers, provision of finance, consultancy and advisory services relating to corporate and investment matters; making or managing investments on behalf of any person; and the provision of insurance, marking services and capital market business; or such other services as the Governor of the Central Bank of Nigeria may by Gazette, designate as banking business".

Based on these definitions, bank deposits account according to Ujah (2007) can be classified into three categories, namely:

(i) Current (demand deposit) account
(ii) Savings deposit account
(iii) Time deposit (fixed deposit) account

2.1.1 Current (Demand Deposit) Account

Ujah (2007) posits that a current account or demand deposit account is a deposit account that is kept with the banker on the condition that it may be withdrawn by the depositor or transferred by him to some other persons without previous notice to the bank, at anytime during banking hours. The money is therefore repayable to the customer as soon as he demands for it or calls for it. The balance, on this account is always currently due for repayment on demand, hence the name, "demand deposit account. Current account appears to be the most popular of the various types of accounts to businessman and people with high earnings. This can be witnessed by the different cheque leaves circulating around us daily. Most commercial banks do not pay interest on credit balance on current account, rather they charge commission for services rendered to customers.

Statements of account are also made out periodically to show the customer's state of affairs with the particular bank. From the standpoint of withdrawals, deposits may be classified as demand and time. Demand deposit account may be withdrawn by the depositor or transferred to someone else at any time without previous notice to the bank. According to Uremadu (2000), they are maintained by depositors who need liquid balance.

2.1.2 Savings Deposit Account

Orji (1996) posits that savings deposit account become more and more popular among Nigerians especially since the currency exchange in 1984. Savings deposit accounts are accounts opened by customers to help surplus funds. This type of account is usually operated or opened by small savers, groups of individuals and unincorporated bodies like clubs, associations, etc. (Ujah, 2007). The customers keep money with the bank for some time before they come to withdraw it. For allowing the bank the use of the money for a period of time, savings account holders are paid interest. This is normally calculated on monthly basis and depending on the bank's policy, credited monthly or quarterly.

Legally, a period of seven days is required before withdrawals are made from a savings account. However, banks do not insist on such notice in practice. In fact, most banks no longer include such period of notice as part of the savings account contract. The effect is that in practice, both savings and current accounts are withdrawable on demand. Any bank that wishes can still insist on the period of notice; however, most banks have done away with the notice period because of the stiff competition in the sector. No cheque withdrawals are allowed on savings accounts. Savings deposit account is mainly operated to encourage savings and thrift.

2.1.3 Time (Fixed) Deposit Account

This form of deposit usually has definite tenure and specified interest rate which may be fixed or floating (Nzotta, 2004). Time deposit accounts are accounts into which customers deposit money on the condition that the money in such accounts would be left for a fixed period of time. Such a period of time varies from three months, six months, nine months, one year or more. The account is opened with a term in the contract between the bank and the customer that neither the whole, nor part of the deposit may be withdrawn before the maturity date. A time deposit account has an implied term in the contract that the account holder will give some days' notice to the bank before making withdrawals. However, banks no longer insist on such notice in practice because of competition for deposits. Thus, the amount deposited in fixed deposit account can be withdrawn without notice, but the account holder will be penalized. The penalty is normally part of the interest earned on the account.

Ujah (2007) sees time deposit accounts as ideal for customers who have surplus funds that they do not need for immediate consumption but on which they may wish to earn some interests. Since the bank will use the money deposited in this type of account for a longer period, the interest payable on them is usually higher than that payable on ordinary savings deposit account. In terms of size, the amount kept on time deposit accounts are also usually higher than those of ordinary savings account.

The bank normally acknowledges money kept in a time deposit account by issuing a certificate of deposit to the customer. The certificate of deposit contains the amount deposited, and the duration of the deposit. It is an evidence of debt. Some certificates of deposits may be described as "negotiable" while others are "non-negotiable". Negotiable certificates of deposits are those, which the holder can negotiate or transfer to another person, usually in return for an amount less than the original deposit. The difference between the amount originally deposited and what the transferee pays is called the 'discount'. For instance, a negotiable certificate of deposit of ₦5,000 due in six months time may be negotiated (discounted) now at ₦4,500. The transferee holds the certificate until maturity, presents it to the bank and collects the full value of ₦5,000. Discounting the negotiable certificate of deposit thus enables the customer to get the money he deposited before the fixed time, but he loses some part of it, such certificates can be traded in the secondary market.

2.2 Empirical Review

Scholars have made various attempts at x-raying the relationship between marketing of banking services and profitability through studies at different time periods. Some of these studies are presented below:

Employing Pearson's Correlation Matrix and Simple Linear Regression in a study of the relationship between marketing of financial services and bank performance in Malaysia, Selvan (2000) found that there is positive relationship or correlation between marketing of banking services and bank performance in terms of deposit from customers, loans and profit after taxation.

Using descriptive survey and regression analysis statistics in investigating the relationship between marketing and bank performance in Nigeria, Kosile and Ajala (2012) observed that there is positive and significant relationship between relationship marketing and bank performance indicators in Nigeria. It was also found that direct and internal marketing are insignificant predictors of bank performance in Nigeria.

Etuh (1998) in a study of marketing of banking services in a distressed economy like Nigeria using contents analysis. It was found that there is positive and significant effect of marketing of banking services on Nigerian economy in terms of lending tools such as loan and advances, overdrafts, other services such as insurance and insurance broken, pension scheme, personal and business advisory services.

Using simple percentage and chi-square methods in testing the hypotheses of the effect of marketing on bank performance in Nigeria, Yakubu (2012) found that marketing has positive impact on the performance of the banking industry in Nigeria.

Employing Herfindahl Hirschman in determining the relationship between marketing segmentation practices and performance of Nigerian commercial banks, Onadapo et al (2011) found that banks with high level of market share demonstrate high customer retention ability and lower overall unit operating expenses.

3.0 Methodology

3.1 Research Design

According to Amaechi and Amara (2005), research design is a blueprint which guides the researcher in his scientific inquiry, investigation and analysis. Research resign is a scheme of attack, a plan and a strategy designed for systematically solving research problems in interest to the researcher within his relevant circumstances (Osuala, 1991). In this study, *ex-post facto* research design shall be adopted in obtaining, analyzing and interpreting data relating to the objectives of the study. The choice of this type of design will allow the researcher the privilege of observing variables over a long period of time. For this reason both the dependent and independent variables was observed over the period 1990 – 2013.

3.2 Population and Sample Size

Population according to Onwumere (2009), represents a universe or elements with similar characteristics, hence it is a census of all relevant elements and may be finite or infinite while a sample is a group of variables or items derived from a relevant population for the purpose of examination or analysis. Based on this, the population of the study will comprise of all deposit taking financial intermediaries who engage in marketing such as banks, insurance companies, finance houses, etc. Sequel to the fact that there may be obvious difficulties in studying the entire population due to the pattern and size of distribution, sufficient knowledge of the entire population will be gotten from studying a sample of the population.

The sample of this study shall be the commercial banks. The choice of these banks is based on the fact that they are the dominant financial institutions in Nigeria which engage in marketing as a way of shoring up deposits, their generally numerous clientele and the relative ease with which people transact business with them and also based on availability of data.

3.3 Nature and Source of Data

Secondary data were used in this work. These data were sourced from published materials such as the Central Bank of Nigeria Statistical Bulletin and others – profit before interest and taxes (dependent) as well as deposit mobilization – savings deposits, demand deposits and time deposits (independent).

3.4 Description of Research Variables

Both dependent and independent variables were used in this research work.

3.4.1 Dependent Variables

Profitability constitutes the dependent variable in this study. Every business organization tends towards profit maximization. The banks are no exception. According to Ujah et al (2007), profitability as a portfolio management concept refers to the earnings of a firm from its operations in a given period of time. It has to do with the excess of earnings over costs. Thus, indicating the performance of a business. In this study, Earnings Before Interest and Taxes (EBIT) is adopted as the proxy for profitability.

3.4.2 Independent Variables

The major explanatory variables in this work are savings deposits, demand deposits and time deposits.

3.4.2.1 Demand Deposit

According to Ujah (2007), a current account or demand deposit account is a deposit account that is kept with the banker on the condition that it may be withdrawn by the depositor or transferred by him to some other persons without previous notice to the bank, at anytime banking hours. The money is therefore repayable to the customer as soon as he demands for it or calls for it. Demand deposit appears to be the most popular of the various types of accounts to businessmen and people with high earnings. This can be witnessed by the different cheques leaves circulating around us daily. Banks do not pay interest to customers but charge commission for services rendered to customers. They are maintained by depositors who need liquid balance (Uremadu, 2000).

3.4.2.2 Time Deposit

This form of deposit usually has a definite tenure and specified interest rate which may be fixed or floating (Nzotta, 1999). Time deposit accounts are accounts into which customers deposit money on the condition that the money in such accounts would be left for a fixed period of time. Such a period of time varies from three months, six months, nine months, one year or more. Since the bank will use the money deposit in this type of account for a larger period, the interest payable on savings deposit is usually higher than that paid on both savings deposit and demand deposits.

3.4.2.3 Savings Deposit

Orji (1996) posits that savings deposit account became more and more popular among Nigerians especially since the currency exchange in 1984. Savings deposit accounts customers keep money with the bank for some time before they come to withdraw it. For allowing the use of the money for a period of time, savings account holders are paid interest. This is normally calculated on monthly basis and depending on the bank's policy, credited monthly or quarterly.

3.5 Techniques For Analysis

The researcher made use of the Ordinary Least Square (OLS) technique to evaluate the relationship between marketing of banking services and profitability of banks. The adoption of this technique will be based on the premise that the Ordinary Least Square is assumed to be the best linear unbiased estimator (Osuala, 1991). It also has minimum variance according to Anyanwu (2000).

$$Y = \beta_o + \beta_1 x + \mu$$

Where:

Y = Dependent variable

X = Independent Variable

β_o β_1 = Regression Coefficient

μ = Error term or Stochastic term

(Amaechi and Amara, 2005).

Using data over the period 1990 – 2013, and in line with the methodology to be adopted, Bank profitability is regressed on a variety of independent variables – savings deposit, demand deposit and time deposit while holding constant other factors that may affect profitability, government policies, exchange rates, etc.

3.6 Model Specification

This study specifies a functional relationship between Earning before interest and taxes (EBIT) and Deposit Mobilization by banks.

Generally, the model is specified as:

EBIT = f (DD, TD, SD) …………………………………..……..1

Where:

EBIT = Earnings before interest and taxes proxy for profitability – Dependent variable)

$$\left.\begin{array}{lll} DD & = & \text{Demand Deposits} \\ TD & = & \text{Time Deposits} \\ SD & = & \text{Savings Deposit} \end{array}\right\} \quad \text{Independent variables}$$

Thus, the mathematical form of this model is:

$$Y = \beta_o + \beta_2 L_n X_1 + \beta_2 L_n X_2 + \beta_3 L_n X_3 + \mu \ldots\ldots\ldots\ldots\ldots\ldots 2$$

Where:

Y = Earnings Before Interest and Tax (EBIT)

$\beta_{o1,}$ β_1, β_2, & β_3 = Regression Coefficient

X_1 = Demand Deposit (DD)

X_2 = Time Deposit (TD)

X_3 = Saving Deposit (SD)

4.0 Data Presentation

4.1 Data Presentation

Data on Earnings Before Interest and Tax, Demand Deposit, Time Deposit and Savings Deposit

YEAR	EBIT (N'million)	DD (N'million)	TD (N'million)	SD (N'million)	LnEBIT (N'million)	LnDD (N'million)	LnTD (N'million)	LnSD (N'million)
1990	2473.9	15600	10200	1300	7.813551	9.655026	9.230143	9.472705
1991	2210.8	22000	1100	19400	7.70111	9.998798	9.305651	9.873028
1992	24196.2	33283.5	15713.1	26071.1	10.09395	10.41222	9.66225	10.16858
1993	35516.6	49923.6	23475.2	37054.8	10.47776	10.81825	10.0637	10.52015
1994	41588.5	65348.7	25889.5	49601.1	10.63558	11.08749	10.16159	10.81177
1994	47012.4	79469.4	29965.4	62135	10.75817	11.28313	10.3078	11.03706
1996	52802.3	95904	43997.8	68776.9	10.87431	11.4711	10.69189	11.13862
1997	50460.2	128163.9	52076.2	84099.5	10.82894	11.76107	10.86046	11.33976
1998	47144.1	1422522.1	61263.2	101373.5	10.76096	11.86536	11.02293	11.52657
1999	96630.1	202152.1	110765.1	128365.8	11.47865	12.21678	11.61517	11.76264
2000	132654.3	345001.4	154406	164624.2	11.7955	12.7513	11.94734	12.01142
2001	254151.4	448021.4	235453.7	216509.4	12.44569	13.0126	12.36927	12.28539
2002	245284.2	503870.4	300140.1	244064.1	12.41017	13.13007	12.612	12.40519
2003	272300.6	577663.7	324676.4	312368.9	12.51466	13.26675	12.69058	12.65194
2004	186507.3	728652	401080.6	359311.2	12.13623	13.49895	12.90192	12.79194
2005	120391.1	946639.6	498952.4	401986.8	11.6985	13.76067	13.12027	12.90417
2006	88806.4	1497904	852358	592514.8	11.39421	14.21958	13.65576	13.29213
2007	186407.3	237916	1465282	753868.8	12.13569	14.65186	14.19756	13.53297
2008	206507.3	3650644	2293606	1091812	12.23809	15.11041	14.64564	13.90335
2009	521798.2	3386527	3147266	1171918	13.16504	15.03532	14.96204	13.97415
2010	531404.9	3830282	2858794	1589175	13.18328	15.15845	14.86591	14.27873
2011	1222473	4920850	2704981	1861411	14.01639	15.40899	14.81061	14.43685
2012	5346678	19468900	12173400	5869300	15.49199	16.78433	16.31476	15.58525
2013	5567875	20536200	12684200	8722500	15.53252	9.929944	16.35587	15.98142

Source: *CBN Statistical Bulletin (Various)*

4.1 Empirical Results

Dependent Variable: LnEBIT
Method: Least Squares
Sample: 1990 - 2013
Included observations: 24

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
LNDD	0.091645	0.113386	0.808256	0.4285
LNTD	1.381804	0.587983	2.350075	0.0291*
LNSD	2.651724	0.692068	3.831593	0.0010*
C	-5.149125	2.168524	-2.374484	0.0277*

R-Squared = 0.900982
Adjusted R-Squared = 0.886130
F-Statistic = 60.66135
DW = 1.653853

Critical Values:
(a) t-statistic, $t_{0.05} = 1.71$
(b) F-statistic, $F_{0.05} = 3.13$

Note: *Implies significance at 5% level of significance.

The model for this study investigated the impact of marketing of financial services on profitability in the Nigerian Banking Sector. The result of the study tabulated above can be specified on:

LnEBIT =	-5.15	+	0.09LnDD	+ 1.38LnTD	+ 2.65LnSD	
S.E.	=	(2.17)	(0.11)		(0.59)	(0.69)
t-value	=	(-2.37)	(0.81)		(2.35)	3.83)

R-Squared	=	0.90
Adjusted R-squared	=	0.87
F-Statistic	=	60.7
DW	=	1.65

The results of the model are analyzed based on the economic criteria, statistical criteria and the econometric criteria. First, the study shows that the constant (intercept) term has a negative sign which is not consistent with economic a priori expectation. This implies that not all financial services of the banking sector aimed at deposit mobilization (or profitability) actually works in generating the desired deposit. Hence, while some of those services succeed in generating more deposits (or profitability), others may not be successful. However, the t-statistic shows that the constant term has a significant impact on profitability (proxied) by Earning before Interest and Taxes (EBIT). This is against the backdrop that the t-value computed (in absolute terms) 2.37 is greater than the critical value 1.71.

Second, the result shows that the coefficient of demand deposit has a positive sign. The positive sign conforms to economic a priori expectation. The result indicates that a unit increase in demand deposit leads to 0.09 units increase in profitability of the banks. By economic theory, the more enticing the packages associated with demand deposits are, the more likely the banks are to attract customers who will be eager to make such deposits in the banks. The ultimate result would be a rise in the banks' profitability. However, the result indicates that the computed t-value for demand deposit of 0.81 is less than the critical value 1.71 at 5% level of significance. Thus, demand deposit has no significant impact on profitability in the Nigerian banking sector.

Third, the result shows that time deposit has a positive and significant relationship with profitability of the banking sector in Nigeria. By its sign, this result conforms to economic theory as it indicates that the more the banks attract time deposit, the higher their profitability. From the result, a unit rise in time deposit leads to 1.38 units rise in profitability by the Nigerian banking sector. More importantly, the result indicates that time deposit has a significant impact on the level of profitability the Nigerian banking sector. This is against the backdrop that the t-value of the coefficient of time deposit 2.35 is greater than the critical value 1.71. As a confirmation, the probability value of time deposit 0.029 is less than 0.05 (5% level of significance) which establishes that time deposit has a significant impact on profitability in the Nigerian banking sector.

Fourth, savings deposit has a positive and significant relationship with profitability in the Nigerian banking sector. By the sign, this result is in conformity with a priori expectations. The result indicates that a unit increase in savings deposit leads to 2.65 units rise in the level of profitability in the banking sector. This result is not surprising as it is expected economically that the more people save in the banks, the higher the level of deposits / profitability / earnings at the reach of these banks. More so, the computed t-value of savings deposit 3.83 exceeds the critical value 1.71 thereby indicating that savings deposit has a significant impact on the level of profitability in the Nigerian banking sector.

The coefficient of determination (R-squared) indicates that 90 percent of the variables in profitability of the Nigerian banks are explained by changes in the explanatory variables (i.e. demand deposit, time deposit and savings deposit). The remaining 10 percent of the changes in profitability are explained by other factors not included in the model. This result shows that the estimated model has a 'goodness of fit'. Interestingly, the estimated F-statistics which is 60.7 exceeds the critical value 3.13 at five percent level of significance. This indicates that the entire model is statistically significant and reliable.

Finally, the estimated Durbin-Watson statistics 1.64 lies within the permissible level and shows that there is absence of positive autocorrelation. Most importantly, because DW > R^2, it further shows that the regression result is not spurious.

4.3 Test of Hypotheses

Three hypotheses were stated for this study and they are tested based on the results of the model upon which this study it anchored. They hypotheses are:

4.3.1 Hypotheses One

Ho: Demand deposit has no significant impact on bank profitability in Nigeria.

Decision: The decision rule follows that if t-value computed is greater than the t-value tabulated (critical value) i.e. $t^* > t^c$, then we reject the null hypothesis and vice versa. This is where t^* = t-value computed; t^c = t-value critical. Based on the result, we accept that demand deposit has no significant impact on banks profitability in Nigeria. This is because its t-value computed is less than t-value tabulated. P-value is also greater than 0.05 (P=0.4285)

4.3.2 Hypothesis Two

Ho: Time deposit has no significant impact on bank profitability in Nigeria.

Decision

As the result indicates, the null hypothesis rejected and the alternative hypothesis accepted. Thus, we conclude that time deposit has a significant impact on banks' profitability in Nigeria. This is because its t-value computed is greater than the t-value tabulated. P-value is less than 0.05 (p=0.0291).

4.3.3 Hypothesis Three

Ho: Savings deposit has no significant impact bank profitability in Nigeria.

Decision

Based on the result of the model, the study accepts the alternative hypothesis rejects the null hypothesis. Thus, we conclude that savings deposit has a significant impact on banks' profitability in Nigeria. This is evidenced by the fact that its t-value computed exceeds the t-value tabulated. P value is also less than 0.05 (P=0.001).

5.0 Conclusions and Recommendations

5.1 Conclusion

Broadly, this study examined the impact of marketing of financial services on the profitability of Nigerian banking sector. In order to achieve this objective, this study adopted demand deposit, time deposit and savings deposit as the explanatory variables to capture financial services while profitability was proxied by Earnings before interest and taxes (EBIT). To establish this relationship, the study used the Ordinary Least Squares (OLS) multiple regression technique in analyzing the data. From the empirical results, it is clear that time deposit and savings deposit have significant impact on banks' profitability in Nigeria whereas demand deposit does not have any significant impact on banks' profitability in Nigeria. With 90 percent of the variations in banks' profitability being explained by the model, it is only logical to summarize that other factors which may be qualitative, explain the remaining 10 profitability in Nigeria. The study has therefore brought to the fore the macroeconomic variables that impact on and those that do not impact on banks' profitability in Nigeria.

5.2 Recommendations

The following recommendations are made in view of the findings of this study:

1. Going by this, the study suggests that the banking sector in Nigeria should pursue services that would further boost time deposits and savings deposit as the duo seem to contribute more towards the profitability/earnings of the banks in Nigeria. Banks should therefore embark on aggressive marketing of the services to boost their deposit base.
2. Interest paid to customers on savings deposit, demand deposit and time deposits should be enhanced to encourage more patronage of bank services by the public.
3. The regulatory authorities such as the CBN, NDIC and Federal Ministry of Finance should exercise adequate control and monitor the activities of commercial banks especially in the area of bank charges on services rendered to customers.
4. Banks should embark from time to time on marketing research. This is because ineffective marketing strategies are a product of marketing research too. Marketing research will bring about innovation, better services far customers and better method of production and processing.
5. Banks should be encouraged to be more customer-focused and embrace relationship marketing rather than transaction marketing. This will enable them to gain customers' loyalty and maintain a long term relationship with customers.
6. Bank management should from time to time train their staff and customers with regards to services banks provide especially in the area of product development.

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