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SOCIAL-ETHICAL MARKETING IN BANKING: A FRAMEWORK FOR SUSTAINABLE GROWTH AND SOCIAL RESPONSIBILITY

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Abstract

The relevance of the social-ethical marketing concept in banks is increasingly significant in today's competitive and changing global environment. With heightened competition, economic crises, and global financial shifts, commercial banks must not only focus on their financial gains but also embrace their social responsibilities. Implementing marketing strategies that prioritize social benefits is crucial for sustainable development in both the banking sector and society. Banks are expected to contribute not only by providing financial resources but also by actively promoting social well-being and improving the overall welfare of the population.

The social-ethical marketing concept is an approach that aligns bank activities with societal needs, emphasizing social responsibility and the greater good. The core principle of this concept is that a bank's goals, philosophy, and strategy should prioritize societal interests. By integrating this concept into their business models, banks can achieve long-term economic stability while enhancing their competitive edge. Banks must not only aim for profit generation but also focus on contributing to social development and fulfilling their social obligations.

Emerging in the 1980s, this concept encourages banks to build long-term, sustainable relationships with customers, rather than chasing short-term profits. In the face of economic crises and political changes, this approach helps banks not only increase their internal profits but also contribute to the broader economic stability of society. Banks should focus on more than just generating profit through loans; they must also offer services that align with the interests of their customers and the society at large.

In addition, the social-ethical approach in banks' marketing strategies must be reflected not only in advertising but throughout all customer interactions. Banks should adapt their products and services to meet the social needs of their customers, ensuring that these offerings not only generate financial profit but also fulfill broader social goals.

To successfully apply the social-ethical marketing concept, banks need to develop strategies that promote both economic and financial stability. By offering innovative services and terms, banks can increase their competitiveness and attract more customers. Socially responsible banks direct their activities towards not only financial gain but also societal development, further boosting their competitive position. Fulfilling social responsibilities enables banks to build long-term, sustainable relationships with existing customers while attracting new ones. The marketing strategies of such banks should benefit all segments of society, not just their commercial interests.

Furthermore, adopting the social-ethical marketing concept can enhance a bank's reputation, reinforcing its commitment to social responsibility. When establishing relationships with customers, banks must account for their needs and concerns, fostering trust and strengthening long-term, stable relationships. Through continuous improvements in marketing activities, banks can grow both their business and contribute to societal development. Adhering to this concept creates new opportunities for banks and ensures sustainable economic growth.

The formation and implementation of the social-ethical concept in banks, especially in commercial banks, is of great importance because this concept is based on the bank's target philosophy, ideology, strategy, and the prioritization of universal human values. This concept is sometimes referred to as the "human-centered" approach. According to this concept, in our opinion, the most promising approach for banks is to establish credit and account relationships with enterprises while considering the contribution to the overall well-being of society. This concept emerged in the 1980s. It aims to achieve a balance between the interests of consumers, producers, and society as a whole through marketing tools.

In this direction of bank marketing, banks should not only focus on increasing profits quickly but also consider the benefits of society. This is an integral part

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of the bank's business model. As part of the concept, commercial banks should not only sell bank products but also identify the pain points of customers and tailor bank products to the buyers' needs. Moreover, the idea of social and ethical bank marketing should be followed not only in advertising but throughout all stages of customer interaction. To implement this model, it is necessary to study customers from various ownership backgrounds and their concerns. This will facilitate the identification of social issues within these customers.

In such a context, attracting funds and offering them as credit is very important for banks. The volume of commercial bank loans is directly related to customer credit operations. In turn, the effective distribution of credit resources helps increase profitability and ensures the liquidity, economic independence, and stability of commercial banks. Mobilizing funds to support credit and investment activities in banks is related to solving a dual task. First, it involves finding sources of resources with minimal costs, and second, it ensures the managed stability of balance. These tasks are directly related to marketing research, and a special marketing concept has been developed for banks, which is considered crucial to fully implement.

Banks and consumers meet in the market. The uniqueness of the financial market lies in the close relationships between its key participants, where the interactions are very clear but depend on numerous factors. To this end, banks conduct a thorough analysis of their customer base, particularly examining the core activities and financial indicators, payment ability, and studying the customer's credit history.

The increasing competition between banks requires special attention to the organization of relationships with each customer, as well as the establishment of cooperative relationships between the bank and its clients.

The role of information in the formation of credit-account relationships between banks and enterprises is of great importance. Information serves as a means to convey the bank's core ideas and specific rules regarding its services to the consumer. Information tools include television, radio, the internet, and other mediums. Consumers, contractors, and clients may also manifest as partners in financial relations. For them, it is essential to provide complete information on the subject of the contract, the bank service, its characteristics, and the procedure for providing the service.

Moreover, there is a key principle that helps attract potential clients to the bank: the bank employees must first define the lower boundaries of the benefits that can be offered to the client. In forming credit-account relationships, especially when concluding a contract with a client, bank specialists must agree on certain benefits, such as the minimal acceptable prices, conditions, and the terms of various services, which may be adjusted according to the bank's commercial policies. The greater the variety of innovative services, the more diverse the options that can be offered to the client. Additionally, the richer the content of these options, the higher the likelihood of successfully concluding the transaction.

When negotiating with an important client, the marketing department and employees from commercial divisions responsible for personal sales of bank services should be involved. This approach ensures clarity and specificity in goal setting, cost-effectiveness, and enhances the efficiency of the bank's operations. Banks following this concept develop marketing activity models, particularly for shaping credit-account relationships. These models create a socially-oriented approach that incorporates both quantitative and qualitative indicators. As a result, there arises a need to formalize these indicators within certain rules and frameworks.

Such indicators should be formalized based on various expert evaluation methods. The methodology for analysis using expert evaluations involves selecting the optimal method in each specific situation to convert factors and processes that cannot be directly measured into quantitative assessments. Expert evaluations can be formed either individually or through group processes.

Commercial banks in Western countries place significant emphasis on analyzing their operations. As a result, the concept of "highly profitable bank activities" is widespread in the banking industry, with its core principles consisting of the following: maximizing income—by maximizing profits from loans and securities; adjusting interest rates according to changes in the financial market; minimizing expenses—by optimizing the composition of liabilities, reducing loan losses, and controlling operating expenses.

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In a competitive environment, effective bank management involves strategic and tactical planning, analysis, regulation, control of bank operations, financial management, marketing activities, and managing human resource relations. The social-ethical marketing concept is important for banks, not only for generating economic profit but also for contributing to the sustainable development of society. This concept encourages banks to consider not only commercial interests but also social and ethical responsibilities in their operations. By meeting the needs of their customers, banks should aim to improve their lives and contribute to the overall well-being of society.

The social-ethical marketing concept, in turn, intensifies competition between banks, as banks must diversify their services not only to compete with rivals but also by considering societal benefits. This helps banks not only expand their customer base but also enhance their reputation and ensure economic stability. Additionally, the marketing strategies of banks should be aligned with social benefits, focusing on tailoring their services and products to meet the needs of their customers. Transparency, ethical approaches, and sustainability in customer relationships will ensure the long-term success of banks.

Banks must develop modern marketing strategies to attract customers with innovative services and terms, fulfill social responsibilities, and ensure sustainable economic growth. As a result, banks should base their marketing activities on the social-ethical concept, thinking beyond financial profit and considering the broader societal benefits. This not only enhances the competitiveness of banks but also helps strengthen their reputation in society.

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