# On the History of Bank Marketing

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*The development of sophisticated marketing practice and thought by the financial industry is not a post-1960s phenomenon. As a case in point, the banking industry prior to 1930 provides compelling examples of modernity. Bankers acknowledged that services were intangible, heterogeneous, and perishable and based upon the distinction between products and services debated whether the marketing of the two were fundamentally different. Although they never created a classification of service quality determinants and cast it into a theoretical net, banks addressed confidence, security, service speed and accuracy, courtesy, and accessibility through promotions, employee training and tracking, customer feedback, innovation adoption, and physical structures, to name a few. Bankers also developed an array of new service offerings in response to felt consumer needs. Some of these were targeted to specific market segments, while others were more general. For example, banks starting programs for women during the 1840s. These developed into the "women's bank within a bank" by the 1900s. Christmas clubs and home safes were targeted primarily to moderate to low income households. Similarly, direct deposit of wages was initially targeted to blue collar workers during the 1920s. Safety deposit service was developed for high-income customers during the American Civil War. Originating in Europe during the early 1800s, school savings systems and related programs for children were adopted by banks during the late 1800s. Bank-by-mail was introduced at about the same time to capture distant customers, a form of geographic segmentation. While the vast majority of bank marketing effort during the period was directed to generating deposits, banks, especially from the 1910s onward, displayed increasing concern with individual customer profitability. Scoring systems were developed and programs were introduced to either cull customers or have them pay service charges. Around 1900, the task of advertising became sufficiently time consuming that banks underwent differentiation and the "advertising manager" title began to appear in the organizational structures of larger American banks. By 1910, advertising departments emerged and by the 1920s, they evolved into what came to be called the "new business department." In addition to having responsibility for standard advertising activities, some departments operated central information files, akin to manually operated databases, designed to track individual customer service usage. Others operated the new account and account closeout tellers, were responsible for aspects of employee training, and assembled and distributed various marketing-related reports. The sum total of the evidence suggests that the bank industry as a whole was very aware of what marketing was in its day. Of course, unevenness existed: some banks and bank associations resisted the push forward and sought to limit the competitive effects of marketing while others wholeheartedly embraced the surge. In any event, what is clear is that the origins of service marketing pre-date the 1960s by a wide margin.*