



საზოგადოება და ბანკები
SOCIETY AND BANKS



MONITORING OF ADVERTISING ACTIVITIES OF COMMERCIAL BANKS



Monitoring of Advertising Activities of Commercial Banks

Non-government Organization "Society and Banks" monitored advertising activities of commercial banks for the period of the last 3 months; monitoring included as traditional as well as internet media (including TV channels, Radio, printed press, social media, outdoor ads and various internet sites). It is notable that Banks push huge funds in marketing. Monitoring showed that consumers receive more information through ads than in previous years. For example, if only nominal interest rate was indicated before, now banks show effective interest rate as well (*effective interest rate - sum total of all operational and other expenses of the product*). Thereby, minimum interest rate is indicated, such as loans from 11%; effective interest rate from 14%, meaning that banks do not issue loans under the given rate. It should be noted that, sometimes minimum interest rate indicated in the commercial doesn't correspond with the reality, as at that rate loan is issued very rarely. Thus, when customers visit the bank, they encounter with different reality - they receive the loan with higher rate.

It is also very interesting that commercial banks attract their customers with various promoting activities. Such activities include various bonus programs, gift cards and other offers. For example, if a customer buys any product with plastic card, they receive bonus points or if they use some credit product, they will receive various insurance packages.

Monitoring also showed active advertising campaign of installment loan (the most active period is last one month), whereas banks together with domestic facility stores and construction companies offer their customers various installment loans.

Monitoring also showed that issuance of loan got simplified, only with ID card, in couple of minutes. Commercials also focus on 0% installment loan and no commission charges are indicated, which significantly increases effective interest rate and instead of 0% loan we receive one of the most expensive credit product. For example, let's discuss a commercial of one of the domestic facility store, with 0% installment loan. Customer feels that there is no additional expenses if he buys any product. This is not true as loan commission fee is to be paid. It is also important that if purchased in cash, price of the domestic facility is lesser than purchased in installment loan. Expectations of the customers fed by such commercials, is often far from reality and at the end customers become unsatisfied and lied.



Commercial banks use one more marketing tool for increasing number of their customers. For example, if a customer closes loan at one bank and moves to another, interest rate will be cut off. For summing up, we can say that there is positive tendency regarding informative advertising campaigns. In old ads only positive side of the product was depicted and presently all financial expenses of the product are listed. It is also positive that banks do not offer 0% installment anymore; such information now is spread by the stores and trap the customers in so called credit trap.

At first sight, commercial bank ads are really attractive, though they do not always protect the interests of the customers. It is possible that specific marketing trap is created intentionally for misleading the customers and information should be checked carefully. Banks have to take responsibility for the commercials they provide and protect the interests of the customers. Commercials must show reality and do not mislead the customers.











