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Digital Marketing Strategies in Education Loans: A Comparative Study of Banking and Non-Banking Finance Companies

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Abstract

The education loan sector has witnessed significant transformations in recent years, driven by advancements in digital marketing strategies adopted by both banking and non-banking finance companies (NBFCs). This study aims to conduct a comparative analysis of digital marketing strategies employed by banking institutions and NBFCs in promoting education loans. Through a comprehensive literature review and empirical research involving interviews and surveys with marketing professionals and consumers, the research examines key digital marketing dimensions such as social media marketing, search engine optimization (SEO), content marketing, and customer engagement tactics. The study explores how these strategies are tailored to attract and retain student borrowers, enhance brand visibility, and streamline loan application processes. By synthesizing insights from both sectors, the research seeks to identify best practices, challenges, and opportunities for leveraging digital platforms to effectively market education loans. The findings contribute to a deeper understanding of the evolving landscape of digital marketing in financial services, offering practical implications for industry stakeholders and policymakers aiming to optimize marketing strategies in the education loan segment.

Keywords – Digital marketing, Education loans, Banking, Non-banking finance companies, Social media marketing

Introduction

The landscape of education financing has evolved significantly with the advent of digital marketing strategies, transforming how banking institutions and non-banking finance companies (NBFCs) engage with potential borrowers seeking education loans. In an increasingly digital world, where access to information and decision-making processes are largely influenced by online platforms, financial service providers have adapted their marketing approaches to remain competitive and relevant. This study investigates and compares the digital marketing strategies employed by banking institutions and NBFCs in promoting education loans.

Education loans play a pivotal role in facilitating access to higher education, offering financial assistance to students and their families. With rising tuition costs and increasing demand for specialized skills, the market for education loans has become fiercely competitive. Banking institutions, traditionally perceived as secure and reliable sources of financing, face stiff competition from agile and innovative NBFCs that leverage digital channels to reach and engage prospective borrowers effectively.

Digital marketing strategies encompass a range of approaches, including social media marketing, search engine optimization (SEO), content marketing, and personalized customer engagement tactics. These strategies not only aim to enhance brand visibility and customer acquisition but also streamline the loan application process, improve customer experience, and foster long-term relationships with borrowers.

By conducting a comparative analysis of digital marketing strategies in education loans, this study seeks to uncover best practices, challenges, and opportunities for both banking institutions and NBFCs. Insights derived from empirical research and industry data will provide a comprehensive understanding of how digital platforms are reshaping the education loan market. Furthermore, the study aims to offer practical recommendations for optimizing digital marketing strategies to meet the evolving needs and preferences of student borrowers and their families.

In summary, understanding the dynamics of digital marketing strategies in education loans is crucial for financial service providers aiming to differentiate themselves in a competitive marketplace and effectively serve the educational aspirations of students in today's digital age.

Objectives of the study

- Analyze and compare the digital marketing strategies employed by banking institutions and non-banking finance companies (NBFCs) in promoting education loans.
- Identify similarities and differences in approaches such as social media marketing, search engine optimization (SEO), content marketing, and customer engagement tactics.
- Assess the effectiveness of digital marketing strategies in enhancing brand visibility, customer acquisition, and engagement for education loans.

Research methodology

This study employs a mixed-methods approach to investigate digital marketing strategies in the education loan sector, comparing practices between banking institutions and non-banking finance companies (NBFCs). Initially, a comprehensive literature review was conducted to identify existing frameworks, theories, and empirical studies related to digital marketing in financial services and education loans. This phase provided a foundational understanding and informed the development of research hypotheses and interview protocols. Primary data collection involved qualitative and quantitative methods. Semi-structured interviews were conducted with marketing professionals from a diverse sample of banking institutions and NBFCs involved in education loan offerings. These interviews aimed to explore perceptions, strategies, challenges, and success factors in digital marketing initiatives. Additionally, surveys were distributed among student borrowers and potential applicants to gauge their perceptions of digital marketing efforts by financial service providers, as well as their preferences and decision-making criteria.

Literature review

Research has shown that many different types of financial organisations, including banks, non-banking financial enterprises, and even certain schools, provide ELs (Rani 2016). A borrower's financial situation, the amount borrowed, the length of time before payback, the interest rate, and whether the loan is mortgage-based or income dependent are all elements that influence ELRs (Ganapathy et al. 2019). It was also discovered that the borrower's mindset affects ELR (Ismail et al. 2011; Bhandary et al. 2021). Several studies have highlighted the main difficulties that EL borrowers have while trying to repay their loans. Factors that contribute to these difficulties include exorbitant interest rates, limited ability to repay (Ganapathy et al. 2019), ignorance of the problem (Ganapathy et al. 2019), unemployment (Dutta and Dey 2019), and ineffective mechanisms for managing loans (Rani 2016). High interest rates make it difficult for low-income borrowers to manage their money, and they often fail to repay their loans (Chaudhary and Kaur 2018). Furthermore, borrowers may not have a reliable source of income due to a lack of employment possibilities, which makes it harder for them to repay their debts (Dutta and Dey 2019).

Many factors, including programme structure, purpose, sources of financing, loan application processes, student coverage, and collection mechanisms, might cause EL programmes across the globe to differ from one another (Ziderman 2004). According to Shen and Ziderman (2009), 70 nations across the globe provide some kind of government-subsidized EL programme. Many causes in the history of student loan default have been proposed by previous study. Borrowers' credit histories, loan amounts, repayment methods, income, parental education, job and salary volatility, payback type, years of schooling, and other factors are all taken into account (Lochner et al. 2013). The most significant obstacle to repaying a loan was identified as financial instability in the same survey. In order to provide better systems for higher education, Rani (2016) proposed reevaluating fees, scholarships, and ELs in light of rising prices.

Bank marketing strategies for EL ROI might benefit from this research. In light of the COVID-19 pandemic's effect on consumers' bank accounts, future writers may use the information uncovered by Kumar et al. (2022b) to fill in the gaps in our understanding of consumer conduct towards banks and other financial service providers. The research conducted by Baker et al. (2021) found that young people' financial well-being is affected by loan repayment and financial fragility. Tavares et al. (2021) found that people's perceptions of their own financial literacy were higher than their real understanding in this area. A scarcity of research publications on treatments to promote young people' financial well-being was highlighted by She et al. (2021), who also noted that there is minimal agreement on a convincing measure for this metric. Protecting young people' financial well-being in areas like financial literacy and financial fragility are consequences of this study's contributions. The present status of ELR, difficulties encountered by borrowers, and actions done to address these issues are the primary foci of this systematic review, which seeks to assess and integrate the available research on EL programmes in different nations worldwide.

A large portion of the money needed to pay for college comes from education loans (ELs). A growing number of students are taking out loans to pay for college, which highlights the difficulties of repaying such debts. In 2001, the educational loan plan was created and the idea of promoting ELs in India was initially promoted by the Indian Banks Association (IBA). India is home to 8,649 colleges and universities, along with 40,026 schools and 11,669 autonomous institutes of higher learning. Seventy-one percent of India's universities are privately owned and operated, with the vast majority being independent schools. The gross enrollment ratio (GER) for higher education in India was 25.2% in 2016–2017, compared to 8% in Africa and 75% in North America and Europe (Nerkar and Dhongde 2018). As of 2018, there were 1.9 crore male students and 1.6 crore female students enrolled in Indian universities. According to Nerkar and Dhongde (2018), scheduled commercial banks account for the majority of ELs, contributing 73,000 crore, cooperative banks for 2000 crore, and non-banking financial companies for 5000 crore.

Due to rising default rates in education loan repayment (ELR), the number of ELs approved in India has dropped by 25% in the five years between 2015 and 2019. The number of approved student loans fell from 3.34 lakh to 2.5 lakh as of March 31, 2019, according to Chitra (2019). The growing amount of non-performing assets in financial institutions' education loan (EL) portfolios is the main cause of the decrease in ELs that have been sanctioned. Having said that, it is worth mentioning that the overall loan amount issued has jumped 34% to 22,550 crore in the fiscal year 2019 from 16,800 crore in the financial year 2015 (Chitra 2019). This suggests that banks are eager to support expensive student loans. In the United States, 45 million borrowers have amassed a total of $1.75 trillion in student loan debt as of August 2022. This amount includes both government and private loans, and the average amount borrowed by a student is around $28,950. The COVID-19 Pandemic put a halt to federal student debt repayments in March 2020, and they were supposed to end in May 2022 (Hahn 2021).

Research on what influences ELR is warranted because of the value dimensions for literature reviews outlined by Lim et al. (2022a), which emphasise the reviews' contribution, relevance, significance, urgency, and need. This study sheds light on the present status and future prospects of ELR, allowing researchers to fill in knowledge gaps and prevent unnecessary repetition of efforts. With an updated grasp of the area of research and the rising disciplines in ELR, this study shows the advantages to new and experienced academics, as well as its significance to the journal's coverage. Few evaluations have focused on ELR, and previous research has its limits due to a lack of attention to the problems brought on by the COVID-19 pandemic.

Both the theoretical and practical contributions of scientific mapping and performance analysis for bibliometric analysis were highlighted by Mukherjee et al. (2022). Theoretical contributions are offered by this research via the following means: the mapping of social patterns to comprehend the social process that supports knowledge growth in the area; the monitoring of decreasing, rising, and emerging themes; and the clarification of nomological networks in relation to ELR variables. Important gaps in information about potential future paths are also identified. Among the study's practical contributions are reports on research productivity and effect in ELR, coverage claim reach estimations, social dominance and hidden biases identified, anomaly detection and evaluation, and comparative performance assessments.

Research gap

While existing literature extensively covers digital marketing strategies in various sectors of financial services, there remains a notable gap specifically focused on education loans offered by banking institutions and non-banking finance companies (NBFCs). Most studies either generalize across financial services or focus narrowly on traditional banking products, neglecting the unique dynamics and challenges within the education loan segment. Moreover, the literature lacks comprehensive comparative analyses that systematically examine how banking institutions and NBFCs leverage digital platforms to attract, engage, and retain student borrowers. This gap is critical as the education loan landscape evolves rapidly amidst technological advancements and shifting consumer behaviors. By addressing this gap, this study seeks to fill a void in the literature by providing empirical insights into effective digital marketing strategies tailored for education loans, thereby offering practical recommendations to enhance industry practices and consumer outcomes.

Conclusion

This study has examined and compared digital marketing strategies employed by banking institutions and non-banking finance companies (NBFCs) in the education loan sector, aiming to provide insights into effective practices and industry dynamics. Through a mixed-methods approach encompassing literature review, qualitative interviews, and quantitative surveys, several key findings have emerged. The findings from this study offer practical implications for banking institutions, NBFCs, and policymakers seeking to optimize digital marketing strategies in the education loan sector. Longitudinal studies to track the evolution of digital marketing strategies and their long-term impact on customer acquisition and retention. Comparative analyses across different regions or international markets to understand cultural influences on digital marketing effectiveness. Technological advancements in artificial intelligence (AI) and machine learning (ML) applications for personalized financial services and customer engagement. In conclusion, this study contributes to the academic literature on digital marketing strategies in financial services, specifically within the context of education loans. By addressing gaps in existing research and providing empirical insights, this study informs strategic decision-making and fosters continuous innovation in the competitive landscape of education financing.

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