

# Financial institutions and market

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For this report, my chosen financial institution is Halifax. I will report the general developments of the institution, analyse the environmental and competitive factors that have influenced the recent developments and examines the ways in which the institution has developed specific products and services to meet the requirements of its customers. General History Halifax was initially known as The Halifax Permanent Benefit Building and Investment Society.

Founded in West Yorkshire Halifax in 1835, it was one of the early permanent societies. During the first year of the society's existence, it decided to open branches that would change its future. By 1913 Halifax had become the biggest building society in the UK and in 1928, the merger between Halifax permanent and the Halifax Equitable (then the second largest building society in the country) produced the Halifax Building Society, five times larger than its nearest rival did.

On 1st August 1995, the merging of two strong societies Halifax and the Leeds Permanent Building Society, then the fifth largest building society resulted in an enlarged and strengthened financial organisation with assets currently at 154 billion. This would have given it a large market shares of customers and increased the funds of the organisation. The Head Office building has remained in Halifax, England and a further central base has been established in Leeds to house the Halifax's financial services businesses.

Halifax Direct, the 24 hour telephone banking service, opened September 1995 from offices at Westbank in Leeds. This showed that Halifax was

responding to the changing market, as people do not always have time to drop into a branch. This made it more convenient for the customer when requiring information or access to accounts. On 31st December 1996, Clerical Medical, the experienced fund managers, became part of the Halifax Group. Halifax, the nation's number one building society converted to plc status and was listed on the London Stock Exchange on 2nd June'97.

The company was valued at 18 billion at the time of conversion and issued free shares to some 7.6 million qualifying borrowing and saving members. The shares at the time were worth i?? 7 each. This raised a huge capital to Halifax. Its success clearly demonstrated the Halifax's ability to manage change. The conversion to a plc made a significant impact to the infrastructure of its branches throughout the UK. Inspired by the retail sector, each branch had more open space, freedom to browse and a more inviting, relaxed and friendly atmosphere.

This was done to the tastes of its customers so that they would not feel threatened. On 4th May 2001, the merging of Halifax and the Bank of Scotland created the HBOS Group. From the 10th September onwards the merger became effective. The new HBOS Group was now a major competitor in the UK financial services market that could go head to head with the "Big four" clearing banks. The merge gives it the scale and the expertise to do so. The combination of Halifax and the Bank of Scotland give HBOS a substantial customer base and the means of unlocking significant commercial opportunities. (www. halifax. co. uk)