

**N. Shlafman,**  
*DrHab (Economics),*

**V. Hudkov,**  
*Odessa I.I. Mechnikov National University*

## BANK MARKETING AT THE PRESENT UKRAINIAN BANKING SERVICES MARKET

**Relevance of the problem.** Introduction of Bank marketing is an essential part of the life cycle of bank services, because, along with already stable large banks and fast elimination of small ones, effective strategic and operational planning is the Foundation of a stable existence and development of banking.

**Analysis of recent research and publications.** Various aspects of Bank marketing are considered in the researches of such foreign experts as I. Ansoff, E. P. Golubkov, J. Evans, A. Enders, E. V. Egorov, F. Zhukov, R. Maborn, G. L. McNaughton, D. Makarov, V. T. Sevruk, A. Floh, Frost Steven J.

In Ukraine, the question of development of marketing activities in commercial banks is studied by the following scholars: I. Alekseev, V. Alyoshin, L. Balabanova, Bushueva, V. Gerasimchuk, B. Zavadskaya, I.I. Kacheva, A. Kirichenko, V. Lysytskyi, O.I. Lutyi, A. Moroz, A. Nikitin, A. Poltorak, L.F. Romanenko, O. Tkachuk, A. Stein and others.

**The Aim** of this article is to consider the relevance of the use of Bank marketing in today's market of banking services and its functioning features; detection of marketing strategy development methods, which will allow the Bank to achieve wanted goals at the Ukrainian market.

**Main material exposition.** For the development of any market it is typical to experience increasing competition, and Ukrainian market of bank services is no exception. Unlike most of the Central and Eastern European markets, where local banks are competing with Western ones, Ukrainian banks must reconquer their market place in dealing with European ones, which also want to get profits in Ukraine. In such conditions, it is very important for local banks to choose the right marketing strategy: strengthening positions in dealing with competitors, strengthening the prospect of becoming a leader or preparing an entry into the market. To obtain the expected profit, banks are forced to spend big, and sometimes even huge amounts of money for marketing researches and activity strategy development, however, spending does not always lead to choosing of truly effective strategies.

Thereby, marketing – is the concept that is based on system approach and which is oriented on the consumer and is about management of production and marketing of goods and services, providing responding to market needs, acceleration of goods distribution, increasing of profitability of production and trading [1].

It is known that the factors that led to the emergence and development of Bank marketing are the following ones [1, p. 11; 3, p. 26]:

- liberalization and universalization of banking activities;
- internationalization of the banking industry, the result of which is globalization;
- development of the interbank market;
- the emergence of Bank-type-financial and credit institutions, which had opportunities for the further development in specific sectors of the economy;
- development of competition between banks and non-bank credit institutions;
- changes in the banking technology, especially in private customers servicing;
- increasing of significance of bank service quality.

Modern commercial bank can be considered as a company that manufactures special services on the financial and monetary and credit markets [5], that deeply penetrates in all spheres of the economy, actively serves and affects all economic and social processes in the country.

A. Nikitin and L. F. Romanenko emphasize that the specifics of banking and banking product (an abstraction, a monetary form of expression, contractual nature of the relationship with buyers, the length of time of banking product or service use) put a mark on marketing in banking that «...appears as a special branch of marketing services which creates, forms and develops its product» [7, 10].

From a marketing perspective, services offered by the Bank can be divided into two groups [10]:

- those that bring the Bank profits (issuing loans, trust operations, consultation and mediation services, etc.);
- related to the involvement of temporarily free funds of people, enterprises and organizations (deposit services, accounts management, etc.).

Homogeneous bank services, that provided for customers and that united by certain signs and which formed based on banking technologies and operations, constitute the banking product [5]. It is often that use of one banking service makes it necessary to consume additional service offerings. When acquiring the product form, the banking product, does not isolate itself in the market environment, and thus, banks are interested in opportunities to provide a full range of services to meet the demand of customers, and sometimes outperform

and even create this demand, which requires additional activity on the market.

Quality of banking products (services) – is a set of properties of the conditions for their purchase and sale (interest rate, granting orders, refunding, repayment, withdraw), that distinguish them for the customers while there is the same destination of such products and amount of money [12].

Factors that determine quality of banking product [2]:

- consumer loyalty;
- market share;
- higher dividends to investors;
- loyal employees;
- lower costs;
- less vulnerability to price competition;
- acceptance of service terms.

Attracting customers, expansion of the sales of its services, conquering of the market and profits increase – all these are important tasks of any bank. Because of this, marketing activities of the Bank are very important while the content and objectives of them are substantially changing these days. The reason for this is increased competition in the financial markets and the ever-changing relationships between banks and their customers [2].

An important aim of commercial bank marketing, per I.O. Luty and A. Solodka [4], is formation and support of the desired image among target clients, business partners, authorities and the Government, and of the public. Attracting customers should be the aim of Bank and all its services policy which is possible by winning clients' trust, through participation in professional organizations and institutions, social responsibility, information transparency and profits increase.

At the same time the low level of bank's reputation capital or its negative business reputation give rise to reputational risk, that is very dangerous for banks' activities, since it can lead to other types of risks occurrence, it is the liquidity risk, which is one of the most dangerous for banks [10].

In the conditions of competition, the best results will belong to those, who would precisely consider all the factors of interaction between Bank and client, and in the first place – a variety of customer's needs, which requires constant information update of changes in his preferences and needs, which creates the «synthetic approach». The essence of this approach is that the sphere of bank's operating activities must fulfill not only the user functions, but also it must be a source of information: any contacts and agreements with the customer must be logged to a database, which already contains a particular history of the client that the compounded in the process of marketing research. Moreover, the new data should flow to the information system not automatically (immediately), but by the defined sets (lots), after processing and the proper control. In addition to the or-

ganizational changes, banks must also implement a scorecard, that reflects the degree of customer satisfaction [11].

When implementing the purpose of forming and maintaining the desired image, the Marketing component will be the creation and maintaining of effective communication that allows to constantly be in the interaction with users of banking services. The use of the BTL-technologies is a modern direction in the Bank advertising. Advertising, besides its traditional meaning, – it is the ATL- technology (above the line) – traditional ways of selling (direct advertising), includes so-called BTL- technology (below the line), which belongs to the non-traditional methods of sales (indirect advertising). BTL- technology includes direct marketing measures, sales promotion, event marketing and others [9].

The Reasons of growing popularity of BTL-technologies are:

- the drop of efficiency of the traditional ways of promotion services;
- changes of the sales structure (self-service development). In the areas of sales, it is taken from 60 to 80% of the all consumers' decisions about purchases. When using a VTL technology, the sales grow from 2-4 to 10 times;
- compared with traditional advertising, BTL-communications are taken much more positively [7].

BTL – is a relatively new, additional, unique instrument of advertising strategy of the Bank realization, with the aim of raising consumer's awareness about the banking products and involving the customers into a communication. It is necessary to strive to that the traditional advertising (direct advertising) or BTL and PR-promotion would mutually complement one another [12].

From the study of existing State of the economy, there always will be major changes in the credit sector in Ukraine, there will be changes in its priorities, aims and tasks. Many of the commercial banks will not be able to fully guarantee clients' demand satisfaction, mainly, because of the limited joint-stock and limited equity capital.

In the current economic and political situation of Ukraine it will be noticeable decline of public funding, and therefore, the funding will be implemented through commercial structures that will lead to wide coverage of commercial banks of significant enterprises number which possess strong financial base. Now, the creation of new banks is becoming more protracted and difficult process. Consequently, there is occurring an extension of accessing services of existing major banks. Systematic implementation of comprehensive market researches make major banks to have their activities done on a quite broad range of market segments [4].

An example of wide use of marketing in a banking sphere at contemporary stage and of working out of proper strategy are banks such as «Ukrsibbank» and

«Raiffeisen Bank Aval». Their strategy is based on that banks focus their attention on accepting of small deposits and small depositors, which is usually denied by many of Ukrainian commercial banks [3].

Medium and small banks, unlike large ones, do not have a broad clientele, that is a source of increasing of credit resources, because they (banks) are specialized on a particular market segment.

Nowadays, on Ukrainian banking services market the process of absorption of small banks by bigger and more powerful ones is becoming real. Nowadays, on Ukrainian banking services market the process of devouring of small banks by bigger and more powerful ones is becoming real. As example, there was the very first acquisition of insolvent bank from The Guarantee Fund of Supporting Deposits of Individuals that took place in July 2015: The Agro Holdings (Ukraine) Limited, subsidiary company of Investment Fund running by NCH Capital (USA), had acquired 100% of shares of insolvent JSC «Astra Bank». And of the older examples - absorption of Dongorbank by PUMB bank, which happened on 16 July 2011 [8].

In conditions of trust decline to small banks, many of them begin to lose clients, and it is getting hard for them to attract new clients that strive to cooperate with, first, credit agencies that have nice image, large reserves and wide net of affiliates [2].

In modern banking business, in conditions of banking competition strengthening, to attract new clients and to financially support the development of banks' own activities, it can be recommended to apply the following marketing concepts [2, p. 65]:

1. *Service concept*. Per it, when choosing a bank, the customers are oriented on the services, which have low price. In this regard, banks, that adhere to this concept, offering mostly traditional services, which have high performance (profitability). Thus, this concept creates the conditions for the formation of financial security of further bank development. This concept is chosen by banks during the following conditions: the main part of the real and potential clients of the Bank have low income; the demand for banking services is equal to the offer or exceeds it; the Bank's customer base is growing and on this basis - its conditionally fixed costs are shrinking, that allows to provide funds to increase the share of separate bank services on the market.

2. *Parametrical concept*. The basic principle of this concept is attracting clients to Bank's services that are superior by their characteristics and quality to similar ones which offered by their competitors, and therefore, those services give consumers bigger benefits. In this case banks make great efforts to improve the quality of their services. Most frequently the parametric concept is followed by the banks and financial-credit institutions which provide services that are unconventional, individual, and sometimes even unique and high-priced ones (leasing, audit services), that allows the Bank to increase

its profitability. It's important to note some factors on which the parametric marketing concept is based: qualitative characteristics of provided banking services level; political and economic conditions analysis that influence on services quality; reducing risks when providing banking services and Bank's profit increase.

3. *Commercial concept or the commercial effort intensification concept*. It is based on the active information and advertising services which are based on marketing research, to ensure required level of customer engagement and grow of the volume of implementation services. Active establishment of insurance companies, pension funds, leasing companies, to reach the clients by complex service, including non-traditional services, «know-how», providing consulting in various fields of business, etc. by banks – these is a typical ploy of using this concept. For successful realization of this concept, banks create multifunctional service of marketing. Its purpose is mainly medium-term – is to gain the attention of banking services' consumers, especially by conducting more aggressive, than competitors have, advertising campaign and active personal sales.

4. *Address marketing concept*. Per it growth of banking services consumption can be provided mainly after analyzing the needs and motivation of demand of particular social groups of the population on these services and by development of address propositions regarding to promotion of banking services on this basis. In other words, marketing should begin with analysis of demand and supply of different banking services and continue through analysis of financial security of their implementation and results of marketing researches. And only after that proposals and programs of Bank services promotion should be formed.

5. *Socio-political concept* since target philosophy, ideology, strategy and policy of the Bank are oriented on the priority of universal, but not the narrow-business, interests. More detailed further development of marketing strategy happening in planning marketing process, the so-called marketing-mix, which is developed in the following main directions: productive strategy; pricing strategy; the strategy of distributing banking products (services); complex of consumer's stimulation. The marketing program of Bank must consider not only the prospects of getting future profits, but also the possibility of various risks occurrence in the process of marketing program implementation. In this case, each bank shall determine methods of risks limitation, as well as specific responsibilities for bank managers and its structural subdivisions in this process (organization of risk-marketing). Bank's risks limitation, in the end, relates to structure and consistency of banking operations and with sufficient level of their diversification. Development of a risk management strategy is based on results of the situation analysis (analytical marketing), in process of which potential threats are being determined, those that threaten banking activities stability [4, c. 457].

Analytical marketing is an inbound link of marketing strategies in a bank. To this link belongs the holding of external and internal analysis of Bank activities, which combine management and marketing – activates financial management to the creation of a single process of making of profits. This process is carried out by the Marketing Department, with the further development of marketing strategy, which is the original element of the marketing mechanism (marketing management), that makes significant efforts to implement the Banking product (services) in order to meet the needs of consumers and receiving of profits, further development of the Bank, enhancing of its financial strength, making prospect of getting competitive positions at the market, improving the quality of Bank management, i.e. – combining different tools of banking practice into a holistic mechanism of Bank marketing [12].

**Conclusions and suggestions.** Because of conducted research, it is proposed to use in practice the following tools which would allow to increase implementation effectiveness of bank-marketing strategies. Those are:

- regular use of benchmarking, both within the internal market and with orientation onto the best world players;
- research of the markets of Central and Eastern Europe to consideration of potential possibilities and risks on the Ukrainian market;
- expansion of the traditional set of models to develop strategies and to consider that the majority of such models are more likely designed for industrial companies and for service companies of non-financial sector;
- creation of as clear as possible marketing service organization with effective communication systems. Orientation to the «studying organizations».

To occupy a strong position on the market of banking services, while designing a model of bank's competitive development it is recommended to integrate the strategy of maximal satisfaction of customers' demands.

Despite all the competitive advantages, which may have banking institutions, they are not immune from changes of the external environment, political instability and of economic policy of the State. In this regard, banks are recommended to use SWOT-analysis to evaluate the extent of influence of bank's strengths and weaknesses on their market prospects.

The necessity of improvement of banks' ways of interacting with customers, to maximize the volume of banking services sales and increasing of their share of market, as well as improving of operating efficiency, - that is considered in prospect of further studies. Especially it is related to interaction of banks with individuals, because «...The increase in the number of Internet users, the propagation of smartphones and other modern means of communication, - these have utterly reduced the distance between retail banks and individuals, repeatedly increased the amount and the intensity of the

mutual informational exchange, the newest technologies have been created which became the most perspective channel of retail banking services» [12, p. 91]. Systematic work of banks in this direction will provide to prospect of building more resultative relationships with the clients.

Thus, particularity of bank services sale requires designing of special techniques and methods of Bank marketing. Introduction of marketing techniques in all the departments of a Bank's work will allow to see new ways of providing services and receiving profits. So, that, banks which have 'modest' capacity are objectively forced to maximize marketing opportunities in order to maximally increase their competitiveness on the market and to use all of their chances in any situation.

### References

1. **Balabanova L.V.** Marketing: schoolbook / L.V. Balabanova – The Ministry of education and science, youth and sports of Ukraine, Donetsk National University of Economics and trade, caf. marketing. management. ed.3rd, redesigned and supplemented. – Donetsk: DonNUET, 2012. – T.1. – 348 p.
2. **International** experience of Bank marketing [Electronic resource] – Access mode: <http://pidruchniki.com>.
3. **Frost Steven M.** Desk book of banking Analyst: the money, the risks and the professional techniques / Frost Steven M. – Dnipropetrovsk: Balance Business Books, 2013. – 672 p.
4. **Karcheva I.Y.** Theoretical and Practical aspects of Effectiveness of Banks' Innovations / I.Y. Karcheva // BUSINESSINFORM – 2014. – № 6. – P. 343–347.
5. **Kirichenko O.A.** Strategical Management in the Bank / O.A. Kirichenko– K.: Libid, 2012. – 653 p.
6. **Lutiy I.O.** Bank Marketing: schoolbook / I.O.Lutiy, – K.: Center of educational literature, 2011. – 776 p.
7. **Nikitin A.V.** Marketing in the Bank: Educational method: guide for self-studying / A.V. Nikitin, K.: KNEU, 2014. – 170 p.
8. **Poltorak V.A.** Marketing research: studying guide / V.A. Poltorak – K. : Center of educational literature, 2013. – 387 p.
9. **Romanenko L.F.** Bank marketing: lections course / Romanenko L.F., Open international University of Human Development «Ukraine». – K. : «Ukraine» University, 2007. – 170 p.
10. **The Main** Trends in Mergers and Acquisitions M&A in Ukraine [Electronic resource] — Access mode: <http://inventure.com.ua>.
11. **The Ministry** of Finance of Ukraine [Electronic resource] – Access mode: <http://www.minfin.gov.ua>.
12. **Tkachuk V.O.** Marketing in the Bank: studying guide / V.O. Tkachuk – Ternopil: Synthez-Poligraph, 2013. – 225 p.
13. **Zavadzka Z.V.** The Formation of Bank Marketing System / Z.V. Zavadzka – Odessa: ONPU, 2013. – 77 p.

**Шлафман Н., Гудков В. Банківський маркетинг на сучасному українському ринку банківських послуг**

Високий ступінь політизації економіки України призвів до загострення проблем в банківському секторі, який сьогодні практично припинив виконувати свою функцію кредитування бізнесу. Для ефективного функціонування банківської системи в умовах зростаючої конкуренції і комерціалізації банківської діяльності, її управління передбачає: об'єктивне визначення поточного і бажаного стану, скоординоване управління фінансовими ресурсами, розробку гнучких стратегій, вибір інноваційних управлінських рішень, розвиток нових сегментів, банківських послуг і методів обслуговування. Західні фахівці і експерти вказують на нагальну потребу підвищення стратегічної й організаційної ролі банківського маркетингу, що базується на ефективному використанні нових інформаційних технологій. Основою сучасного банківського маркетингу є стратегія максимального задоволення потреб клієнтів, що, у свою чергу, призводить до істотного підвищення рентабельності діяльності банків.

У статті розглядаються досі недостатньо розкриті окремі аспекти даної наукової проблематики, зокрема: аналіз сучасного стану маркетингової діяльності банків України; аналіз організації маркетингової служби у банках України; визначення маркетингових досліджень, пріоритетних для українських банків; виявлення проблем маркетингової діяльності українських банків та трансформаційних ринкових факторів.

Також розглянуто основні тенденції та особливості розвитку банківського маркетингу у сучасних умовах, визначено основні види та інструменти маркетингу відносин.

*Ключові слова:* банк, банківський маркетинг, маркетингова стратегія, конкурентоспроможність, концепції маркетингу, синтетичний підхід.

### **Шлафман Н., Гудков В. Банковский маркетинг на современном украинском рынке банковских услуг**

Высокая степень политизации экономики Украины привела к обострению проблем в банковском секторе, который сегодня практически прекратил выполнять свою функцию кредитования бизнеса. Для эффективного функционирования банковской системы в условиях растущей конкуренции и коммерциализации банковской деятельности, ее управление предусматривает: объективное определение текущего и желаемого состояния, скоординированное управление финансовыми ресурсами, разработку гибких стратегий, выбор инновационных управленческих решений, развитие новых сегментов, банковских услуг и методов обслуживания. Западные специалисты и эксперты указывают на настоятельную необходимость повышения стратегической и организационной роли банковского маркетинга, основанной на эффективном использовании новых информационных технологий. Основой

современного банковского маркетинга является стратегия максимального удовлетворения потребностей клиентов, что, в свою очередь, приводит к существенному повышению рентабельности деятельности банков.

В статье рассматриваются до сих пор недостаточно раскрытые отдельные аспекты данной научной проблематики, в частности: анализ современного состояния маркетинговой деятельности банков Украины; анализ организации маркетинговой службы в банках Украины; определение маркетинговых исследований, приоритетных для украинских банков; выявление проблем маркетинговой деятельности украинских банков и трансформационных рыночных факторов.

Также рассмотрены основные тенденции и особенности развития банковского маркетинга в современных условиях, определены основные виды и инструменты маркетинга отношений.

*Ключевые слова:* банк, банковский маркетинг, маркетинговая стратегия, конкурентоспособность, концепции маркетинга, синтетический подход.

### **Shlafman N., Hudkov V. Bank marketing at the present Ukrainian banking services market**

The high degree of Ukrainian economy's politicization led to an aggravation of problems in the banking sector, which virtually ceased to perform its function of lending business these days. For an effective functioning of the banking system in the face of growing competition and commercialization of banking activities, the system's management must include: objective determination of the current and desired state, which is coordinated by the management of financial resources, development of new flexible strategies, innovative management solutions choice, new segments, banking services and service methods development. Western specialists and experts point to the urgent need of improving of strategic and organizational roles of Bank marketing, that is based on effective usage of new information technologies. The basis of the modern Bank marketing is a strategy of maximal customer satisfaction, which, in turn, leads to a significant increase in bank's profitability.

The article considers several still not enough revealed aspects of this scientific problems, especially: analysis of current state of Ukrainian banks' marketing activities; analysis of marketing service organization in Ukrainian banks; determining of marketing studies, which are preferable for Ukrainian banks; detection of marketing activity problems in Ukrainian banks and determination of transformational market factors.

Also, the main trends and development of Bank marketing features are considered, basic types and relationship marketing tools are described.

*Keywords:* Bank, Bank marketing, marketing strategy, competitiveness, marketing concepts, the synthetic approach.

Received by the editors: 17.10.2016  
and final form 28.12.2016