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## **MARKETING ASPECTS OF PROFITABILITY MANAGEMENT OF THE BANKING BUSINESS**

*The role and importance of marketing aspects of management improving and efficiency of banking in conditions of market competition has been considered. The detailed analysis of the marketing activities of domestic banks is carried out. The author researched marketing activities that have to be carried out by banks to ensure business profitability. It has been determined the key areas of banking profitability ensuring and their quality and quantity.*

*Keywords: profit banks, profitability of the banking business, ensuring the profitability of the banking business, bank marketing.*

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## **МАРКЕТИНГОВІ АСПЕКТИ УПРАВЛІННЯ ПРИБУТКОВІСТЮ БАНКІВСЬКОГО БІЗНЕСУ**

*Розглянуто роль і значення маркетингових аспектів вдосконалення управління та підвищення ефективності банківської діяльності в умовах складної конкурентної боротьби. Здійснений детальний аналіз маркетингової діяльності вітчизняних банків. Досліджено маркетингові заходи, що мають проводитися банками задля забезпечення прибутковості бізнесу. Визначено ключові напрямки забезпеченням прибутковості банківського бізнесу, а також їх якість та кількість.*

*Ключові слова: прибуток банків, прибутковість банківського бізнесу, забезпечення прибутковості банківського бізнесу, банківський маркетинг.*

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## МАРКЕТИНГОВЫЕ АСПЕКТЫ УПРАВЛЕНИЯ ПРИБЫЛЬНОСТЬЮ БАНКОВСКОГО БИЗНЕСА

*Рассмотрены роль и значение маркетинговых аспектов совершенствования управления и повышения эффективности банковской деятельности в условиях сложной конкурентной борьбы. Осуществлен детальный анализ маркетинговой деятельности отечественных банков. Исследованы маркетинговые мероприятия, которые должны проводиться банками для обеспечения прибыльности их бизнеса. Определены ключевые направления обеспечения доходности банковского бизнеса, а также их качество и количество.*

*Ключевые слова: прибыль банков, доходность банковского бизнеса, обеспечение прибыльности банковского бизнеса, банковский маркетинг.*

**Introduction.** Functioning of the banking business is very important, comprehensive and systematic financial and economic phenomenon, since almost any financial transactions of entities, businesses, institutions, organizations, people in most countries of the world are somehow mediated by the activity of financial and credit intermediaries, among which banks take special place. From this perspective, financial sustainability, stability, reliability and security are the foundation of maintaining proper financial and economic climate in the country and in the world space. This means that any aspects of the commercial banks activity are extremely important issues both of theoretical scientific research and practical aspects of their work.

Since the primary purpose of commercial enterprise is getting the profit, and the profit, in its turn, is the basis of their stable performance, profitability of the banking business and the aspects associated with its security are extremely important issues.

**Analysis of key publications.** Various aspects of the profitability of the banking business are widely reflected in both the foreign and the domestic scientific literature. Among foreign studies the works of such scholars as A. Berger, E. Brigham, R. Deyang, P. Drucker, R. Kaplan, T. Copeland, H. Leybenstein, L. Mester, A. Peresetskyi, A. Rappaport, J. Sinckie, D. Hempfree and others deserve special attention. As part of national publications the works of such scientists-economists as Azarenkov G.M., Vasyl'chenko Z.M., Vovchak O.D., Didenko O.M., Ivasiv I.B., Karcheva H.T., Kostyuk O.M., Leonov S.V., Prymostka L.A., Salo I.V., Shulga N.P. and others are worth mentioning.

**Unsolved aspects of the problem.** However, despite the significant scientific popularity of the problem the profitability of the banking business, the nature of marketing activities that are to be carried out by banks to ensure business profitability, as well as their quality and quantity are today rather controversial issues and therefore unsolved.

**The purpose of the article.** The aim of the paper is to examine the marketing aspects of profitability of the banking business, and research the main directions of its support.

**The main material of research.** Modern conditions of tough competition require from commercial banks systematic market research to identify those areas of banking business, strengthening of which can provide additional benefits and increase the profitability of their business.

This market research today is not limited to finding some slogans by which banks hoped to increase its customer base in the past, they cover a range of economic, financial and psychological aspects with the help of which it is possible to convince customers in existence of certain advantages to using a specific type of bank services in a separate bank. As part of these studies as a rule the wrong areas in which the bank may be more effective than its competitors appear, and those in which the competitors operate fairly limited or don't function at all.

As a result, banks sponsor various sports events, large and small businesses, products or services of which are popular among people or entities, invite to cooperate popular personalities etc.

The effectiveness of such measures is often doubtful, because it depends on what size is the bank that has these marketing tools [2].

In this context, it is appropriate to give an example from the practice of the Ukrainian banks of the 2nd and 3rd group by the classification of NBU, on advertising posters where celebrities are depicted indicating the maximum amount of the guaranteed loan. In our view, this practice cannot be considered to be effective enough for these banks, since only a small portion of fans of these individuals is ready to receive loans from banks in general, even fewer amount of people would like to receive loans in these banks and much fewer people receive them, let alone those categories of people who are not admirers or fans of these individuals. As a result of such marketing activities, a reverse reaction can often arise, that is where your advertising solutions will not work.

Obviously, the occurrence of such a situation is extremely negative for the process of increasing or ensuring the profitability of each bank, which raises some doubts about the feasibility of implementing these marketing tools at all.

Another example of marketing activities practice of Ukrainian banks is a continuous advertising their services in different types of media. And if in some cases advertising posters, slogans, commercials, messages are created quite efficiently, then in most cases, such advertising is performed not quite qualitatively using inappropriate images to advertise banking services the purpose of which is not convince the customer in the benefits of such services but their imposition. These advertisements often serve on the contrary to reduce the bank's image, its costs, despite this, it remains quite significant, and efficiency, as part of ensuring profitability is quite low.

It is also quite questionable practice of inheritance by banks of certain aspects of the large multinational, investment banks functioning, that often invest extremely large sums of money to attract additional, sufficiently large by volume of entrepreneurial activity and popular in business circles, partners. If this practice for Megabanks is quite effective, because in this situation the image works for the image, and hundreds of millions of costs gradually are transformed to billions of income. If small banks wish to be involved in such a process to ensure profitability, in this case

a different situation may occur - financial resources will work for the image, while the expenditure of such amounts of financial resources actually for advertising can be disastrous for these banks, but at times less than the resources that invest big banks.

In this context, there is a paradox - in order to keep significantly increasing profitability of business, the bank must already be large and quite popular.

We believe that in conducting market research, banks need not only to analyze the practices of competitors, but also clearly establish those activities that:

- firstly, can ensure the profitability of the banking business;
- secondly, have real for the bank conditions for implementation and use;
- thirdly, will not have extreme financial losses only if the selected measures will not work.

So, in other words, the cost of conducting market research to be co shutters with implementation costs of marketing tools, such as the approach will provide the required quality of these instruments, and establish that the number that will be effective for the purposes of ensuring the profitability of the banking business [1].

It should be noticed that this does not mean that some marketing tools cannot be used by banks in principle. This means that the use of certain instruments should be appropriate and consistent with the main objectives of the bank, rather than conflict with them [3]. An effective management of profitability of the banking business will be carried out in the same way.

**Conclusions.** Thus, the marketing aspects of the commercial banks activity within the control problem of profitability of the banking business and its ensuring are extremely essential and urgent scientific issues of today, and the formation of an effective and appropriate marketing policy is the basis for maintaining financial stability of commercial banks, even in times of financial and economic downturns.

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