MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
V.N. KARAZIN KHARKIV NATIONAL UNIVERSITY

Name of the faculty	**EDUCATION AND RESEARCH INSTITUTE "KARAZIN BANKING INSTITUTE"**
Name of the department	**Management, Business and Professional Communications**
Specialty:	**073 Management**
Educational program:	**Management of Organizations and Administration**
Group:	**AM-25M (full-time mode of study)**

QUALIFYING MASTER'S THESIS

on the topic:

MANAGEMENT OF THE COMPANY'S STRATEGIC DEVELOPMENT IN THE CURRENT BUSINESS ENVIRONMENT

student of higher education **Zhang Lei**

The work is accepted for defence in the EC

Head of Department
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Kharkiv 2024

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25 September 2024

TASK
FOR A QUALIFYING MASTER'S THESIS
Zhang Lei

1. Topic of work: "MANAGEMENT OF THE COMPANY'S STRATEGIC DEVELOPMENT IN THE CURRENT BUSINESS ENVIRONMENT".
Scientific adviser Timur Malafieiev, PhD in Public Administration, Associate Professor
(full name, academic degree, academic title)
Approved by order of the university dated September 17, 2024 № 4601-5/1025.

2. The deadline for student submission of work November 18, 2024.

3.List of topics to be developed:

• In Chapter 1: to systematize theoretical approaches to the definitionthe essence of the concept of "management of the bank's strategic development"; to reveal the essence and place of the bank's strategic development in accordance with the life cycle theory; to study regulatory support for managing the bank's strategic development.

• In Chapter 2: to investigate the history of development and general characteristics of JSC "PUMB"; to analyze the financial indicators of JSC "PUMB" and their impact on the bank's strategic activities; to justify the choice of development strategy of JSC "PUMB".

• In Chapter 3: to determine the organizational and economic aspects of strategic management in banking institutions; justify the sustainable development strategy of JSC "PUMB" as a factor of business growth; to provide recommendations on improving the development strategy of JSC "PUMB".

4. Plan of qualifying master's thesis

№	Names of work sections
1	THEORETICAL ASPECTS OF MANAGEMENT OF THE STRATEGIC DEVELOPMENT OF THE BANK IN MODERN CONDITIONS
2	CURRENT STATE AND DEVELOPMENT STRATEGIES OF BANKING INSTITUTIONS OF UKRAINE
3	WAYS OF IMPROVING MANAGEMENT OF STRATEGIC DEVELOPMENT OF BANKING INSTITUTIONS

5. Date of issue of the task September 25, 2024.

Student zhang lei Zhang Lei
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Scientific Adviser ____________ Timur Malafieiev
signature, full name

ABSTRACT

The qualifying master's thesis contains 73 pages, 7 figures, 20 tables, and a list of 38 references.

The object of research is the economic relations that arise in the process of comprehensively solving the tasks of managing strategic development in banks under modern conditions.

The subject of research includes the scientific and methodological foundations, as well as practical recommendations, for managing the strategic development of banking institutions in contemporary conditions.

The purpose of the master's thesis is to substantiate theoretical and methodological approaches to improving the management of the strategic development of banking institutions in modern conditions.

Tasks of a qualifying master's thesis include:

- to systematize theoretical approaches to defining the essence of the concept of "management of the bank's strategic development";
- to reveal the essence and role of the bank's strategic development through the lens of life cycle theory;
- to study regulatory frameworks supporting the management of the bank's strategic development;
- to investigate the history of development and provide general characteristics of JSC "PUMB" (First Ukrainian International Bank);
- to analyze the financial indicators of JSC "PUMB" and assess their impact on the bank's strategic activities;
- to justify the choice of the development strategy for JSC "PUMB";
- to identify organizational and economic aspects of strategic management in banking institutions;
- to justify the sustainable development strategy of JSC "PUMB" as a driver of business growth;

- to provide recommendations for improving the development strategy of JSC "PUMB".

The implementation of the proposals and recommendations provided in the research will enhance the management of strategic development processes in banks, contributing to their financial stability and competitive advantage. The findings emphasize the importance of aligning strategic management practices with a bank's life cycle stage and adapting to the dynamic economic and regulatory environment. An analysis of JSC "PUMB" highlights key financial and organizational factors influencing its strategic activities, providing a basis for the development of tailored strategies.

The practical value of this research lies in its applicability to enhancing the strategic development frameworks of JSC "PUMB" and other banking institutions, ensuring long-term growth and financial stability while addressing modern economic challenges.

Year of completion of the qualifying master's thesis: 2024.

Year of defense of the qualifying master's thesis: 2024.

CONTENT

INTRODUCTION

Management of the bank's strategic development is one of the key components of the successful operation of a financial institution in modern business conditions. In the conditions of dynamic changes in the market, increasing competition, digital transformation and the influence of global economic factors, banks are faced with the need to adapt their business models, processes and strategies to ensure long-term sustainability and competitiveness. Strategic development includes market analysis, identification of key growth areas, development of new products and services, and optimization of internal processes to increase efficiency. Effective management of these aspects allows banks not only to respond to external challenges, but also to proactively form strategies for sustainable development and satisfaction of customer needs.

The purpose of the qualifying master's work is to substantiate the theoretical and methodological approaches to improvement management of strategic development of banking institutions in modern conditions.

The tasks of the qualifying master's thesis are:

- to systematize theoretical approaches to definition the essence of the concept of "management of the bank's strategic development";
- reveal the essence and place of the bank's strategic development according to the life cycle theory;
- study regulatory support for managing the bank's strategic development;
- to investigate the history of development and general characteristics of JSC "PUMB";
- to analyze the financial indicators of JSC "PUMB" and their impact on the bank's strategic activities;
- justify the choice of development strategy of JSC "PUMB";
- determine the organizational and economic aspects of strategic management in banking institutions;
- justify the sustainable development strategy of JSC "PUMB" as a factor of

business growth;

− to provide recommendations on improving the development strategy of JSC "PUMB".

The object of the study is economic relations that arise in the process of comprehensively solving the tasks of managing strategic development in the bank in modern conditions.

The subject of the study is scientific and methodological principles and practical recommendations for managing the strategic development of banking institutions in modern conditions.

When solving the tasks, such general scientific methods of research were used as: logical generalization, comparison and systematization - when substantiating the main theoretical propositions and categorical apparatus; synthesis, comparative and statistical analysis - in the study of information support of strategic management; methods of financial and strategic analysis - for evaluating the bank's financial indicators and justifying the choice of strategy its development.

The information base of the scientific research was made up of legislative and regulatory acts on the regulation of banks, statistical and analytical data of the State Statistics Service of Ukraine and the National Bank of Ukraine; financial reporting data of banks; analytical information of the Independent Association of Banks of Ukraine, rating agencies and consulting companies; scientific publications of experts on strategic bank management.

The theoretical basis of the work is the scientific works of scientists and specialists on the issues of ensuring the management of the strategic development of the bank, namely: T. Vasylieva, V. Vinokurova, V. Vovk, O. Vovchak, O. Dzyublyuka, O. Kyrychenko, V. Kovalchuk, S. Leonova, Yu. Maslenchenkova, O. Pushkar, L. Primostki, T. Savchenko,N. Tereshkina, I. Chmutova, I. Chernyavsky and others.

The implementation of the proposals and recommendations provided in the work will improve the process of managing the strategic development of each bank as a component of ensuring its financial stability.

The qualifying master's thesis consists of an introduction, three sections, conclusions, and a list of used sources.

Key words: bank, strategy, strategic development, management, strategic analysis, sustainable development goals, personnel, KPI.

CHAPTER 1
THEORETICAL ASPECTS OF MANAGEMENT OF THE STRATEGIC DEVELOPMENT OF THE BANK IN MODERN CONDITIONS

1.1. Theoretical approaches to definition the essence of the concept of "management of the bank's strategic development"

The historical emergence of the concept of strategic management was facilitated by numerous changes in the external and internal environment, as well as challenges and threats that these processes created in the future for economic entities. Institutions of various forms of ownership sought to achieve the goals set for themselves despite increasing instability in the internal and external environment, intensifying competition on the market, and the development of globalization and integration processes.

Among the main factors determining the application of strategic management, the following should be highlighted: the variability and complexity of the external environment used by the enterprise; understanding of insufficient effectiveness of strategic planning; new methods of solving strategic problems used by leading Western firms.

The key concept in strategic management is strategy, its main goal is to achieve long-term competitive advantages that will ensure the survival, sustainable functioning and development of the bank in the long term. In order for the strategy to be effective and efficient, it must be clear and provide not only a clear setting of priorities, but also the distribution of available resources and responsibilities among the executors. Strategy is a connecting link between the bank's goals and existing problems, and strategic development management is designed to formalize the procedure for achieving goals, to attract all the necessary resources, taking into account the requirements of the external environment.

The concept of "strategy" used in economic science was borrowed from the military sphere. The term "strategy" comes from the ancient Greek language: "stratos" - army, troop and "agos" - I rule, that is, the skill of management or the art of being a commander.

We will analyze the views of various scientists regarding the understanding of the essence of the concept of strategy and different approaches to the characteristics of the classification of strategies (Table 1.1.)[1-6]

Table 1.1

Analysis of the main views of scientists on the concepts and types of basic strategies

Author, source	Concept of "Strategy"	Types of basic strategies
I. Ansoff	A set of rules for making decisions by which the enterprise is guided in its activities. The method of establishing the long-term goals of the enterprise, its program of actions and priority directions for the allocation of resources	1. Ways to ensure growth; 2. Market differentiation; 3. Product differentiation
M. Porter	A way of reacting to external opportunities and threats, internal strengths and weaknesses	1. Leadership strategy in minimizing production costs; 2. Strategies of specialization in the production of products; 3. The strategy of focusing on a certain segment of the market and concentrating efforts on its effective development
O. S. Vikhanskyi	Strategy is this long-term, qualitatively directed direction of the organization's development, which concerns the scope, means and form of its activity, the system of relationships within the organization, as well as the organization's position in the environment, which lead the organization to its goals	1. Strategies of concentrated growth; 2. Integrated growth strategies; 3. Strategies of diversified growth; 4. Reduction strategies

V.O. Vasylenko, T.I. Tkachenko	Strategy is the concept of an integrated approach to the enterprise's activities, and is such a combination of resources and skills of the organization, on the one hand, opportunities and risks coming from the external environment, on the other, operating in the present and future, in which the organization hopes to achieve its main goal	1. Differentiation strategies; 2. Cost leadership strategies; 3. Focusing strategies
L.G. Miller	Enterprise strategy - long-term, most principled, important instructions, plans, intentions of enterprise management regarding production, income and expenses, capital investments, prices, social protection	By type of economic activity: 1. Production strategies; 2. Strategies of competition; 3. Marketing strategies; 4. Sales strategies; 5. Pricing strategies
I. I. Thompson, A. J. Strickland	Strategy is a company management plan aimed at strengthening its position, meeting needs and achieving set goals	1. Cost leadership strategy; 2. Broad differentiation strategy; 3. Strategy of optimal costs; 4. Focused (niche) strategy based on low costs; 5. Focused (niche) strategy based on product differentiation

In the economic dictionary, strategy is considered as the art of managing socio-economic processes, determining the main direction in achieving the final result.

In the dictionary of terms, concepts and definitions from economics, finance and business, strategy is presented as a general plan for achieving the main goal, which involves determining the directions where limited resources (people, organizations) will be used. The result of strategic decisions should be the emergence of long-term competitive advantages (in the individual, the company).

Having analyzed the theoretical and practical approaches to the definition of strategy, it can be argued that most often it is understood as a generalized model of long-term actions of the organization, which must be carried out to achieve the intended strategic goals with the help of the distribution and coordination of resources.

In our opinion, the strategy can be understood as a long-term development plan of the bank, a method of achieving goals that it determines for itself, guided by its own considerations within the limits of its policy in the conditions of dynamic changes in the external and internal environment.

In foreign and domestic literature, the basic (reference) strategies of enterprise development are widely covered, which are based on four approaches to growth and are associated with changing the existing state to the desired one or more of five elements: market, product, technology, industry, position firms within the industry.

Therefore, without a flexible strategy that can change depending on the conditions of the external and internal environment, it is impossible for banks to take competitive positions in the market. Note that the need for strategic management arises when new goals arise that cannot be achieved within the current strategy. The reasons for this are the fact that often, in the conditions of rapid changes, which they have not encountered before, it is quite difficult for banks to determine exactly which area of activity needs improvement and reform and in what way.

There are a significant number of approaches to the definition of the concept of "strategic management" formed by foreign and domestic scientists (Table 1.2)[5-8].

Table 1.2

Scientific approaches to defining the concept of "strategic management"

Author/source	Definition
I. Ansoff	Strategic management as an activity related to defining the goals and objectives of the organization and ensuring the relationship between the organization and the external environment, which corresponds to its internal capabilities and allows it to remain receptive to external requirements
Vikhansky O. S.	Strategic management is the management of an organization that relies on human potential as the basis of the organization, that orients production activities to customer requests, flexibly responds and makes timely changes in the organization that correspond to disturbances from the environment and allow to achieve competitive advantages, and this enables organizations to survive in the long term and achieve their goals at the same time
V. O. Vasylenko, Tkachenko T. I.	Strategic management is not only a set of concepts, approaches and methods, it is a complex system that is a dynamic process of analysis, selection of strategies, planning, provision and implementation of developed plans by the organization, which consists in a repeated cycle of solving five main tasks (stages).

I.Thompson, A. J. Strickland	Strategic management is a multifaceted, formally behavioral management process that helps to formulate and implement effective strategies that contribute to the balancing of relations between the organization, including its individual parts, and the external environment, as well as the achievement of established goals.
Kozmenko S. M.	The process of determining key priorities in activities and the corresponding development and implementation of development scenarios and action plans that contribute to the fulfillment of the bank's mission and the successful achievement of established goals
Mizyuk B. M.	A rather complex system, which is a dynamic process of analysis, selection of strategies, planning, provision and implementation of plans developed by the organization.
Z. E. Shershnyova, S. V. Oborska	Strategic management is the implementation of a concept that combines target, system, situational and integrated approaches to the enterprise's activities, which makes it possible to set development goals, compare them with the existing capabilities of the enterprise and bring them into line with the latter, developing and implementing a system of strategies.
Shmorhun L. G.	Implementation of a concept that combines targeted and integrated approaches to the organization's activities, which makes it possible to set development goals, compare them with the existing capabilities of the organization and bring them into line by developing and implementing a system of strategies

In the economic literature, strategic management is also characterized as a special type of activity (or relationship) management, or it is defined as the implementation of a concept that combines targeted and integrated approaches to the organization’s activities, which makes it possible to set development goals, compare them with its existing capabilities and lead to compliance by developing and implementing a system of strategies. At the same time, a critical analysis of the literature proves that the most common interpretations of strategic management are as a process or a system.

Summarizing the given definitions, we understand strategic management as a process based on the use of the bank's potential, aimed at obtaining long-term competitive advantages in the market with timely adjustment of operational goals through innovative orientation, growth of business volumes, bank restructuring or anti-crisis management.

The goal of strategic management is to build a dynamic system that would allow for timely determination of mission, goals and strategies, development and implementation of a system of plans, while ensuring long-term competitive advantages of the enterprise in the market.

Strategic management of a bank/enterprise is a concept that has the following characteristic features:

1) is based on a certain combination of management theories regarding the enterprise's activities (in particular, on system and situational analysis, targeted and innovative approaches to management, etc.); the enterprise is considered as an open socio-economic and material system. The use of only one of the specified principles does not make it possible to achieve the desired results - the development of the enterprise in the long term;

2) focuses on the study of the conditions in which the enterprise operates. Thanks to this, it is possible to create strategic management systems adequate to the existing conditions, which will differ from each other depending on the characteristics of the enterprise and the characteristics of the external environment;

3) focuses attention on the need to collect and use strategic information bases. Analysis, interpretation and application of information for making strategic decisions make it possible to determine the content and sequence of actions regarding changes in the enterprise thanks to the reduction of the uncertainty of the situation;

4) helps predict the consequences of the decisions made, influencing the situation by appropriate distribution of resources, establishment of effective connections and formation of strategic behavior of personnel;

5) provides for the application of certain tools and methods of enterprise development (goals, "goal tree", strategies, "strategic set", strategic plans, projects and programs, strategic planning and control, etc.);

6) creates prerequisites for the creation of such a management system that enables the organization to function in a strategic mode, which, in turn, ensures its existence in the long term, etc.

Strategic management is an important factor for successful survival in a difficult competitive struggle, however, in practice, one can constantly observe a lack of strategicness in the activities of enterprises, namely: the influence of environmental factors is not taken into account; no strategic analysis is conducted, directly analysis of the business environment, opportunities and threats of the enterprise on the market; the level of development of the enterprise/bank is not assessed. Development is one of the important categories of the methodological basis of the strategic development of any enterprise.

Raevneva O. V. under the development of the enterprise is a unique process of transformation of an open system in space and time, which is characterized by a permanent change in the global goals of its existence through the formation of a new dissipative structure and its transfer into a new attractor (one of the alternative trajectories of the development of the enterprise) of functioning. Such an interpretation of the concept of "development" made it possible to make a number of important theoretical assumptions:

1) the development of an individual socio-economic system (SES) of any level of the hierarchy, in particular an enterprise, is a process of dynamic changes in the global goals of the system, which determine the vitality of the SES over a fairly long historical period. In this regard, within the framework of enterprise development management, it is expedient to talk only about its strategic outline.

2) determination of the global goal of development is the result of diagnosing the internal marginal capabilities of the enterprise, the competitive external national and global environment, as well as the existing development paradigm of related (comparable in any respect) enterprises. The correct choice of the global goal determines the success of the system's existence, as it stands at the head of the enterprise's target pyramid, forming the goals of its operation.

3) the goals of the enterprise's functioning must be considered as the main tool of the system development management control circuit. With the help of timely adjustment of the objectives of the operation, the attractor of the development of the enterprise is supported, which is justified by the choice of a defined global goal of its development. Within the framework of the enterprise development management system, the goals of functioning can be strategic, tactical, and operational in nature and act as tools of the economic management unit.

4) the priority vectors of the enterprise's functioning can have an upward, downward, or neutral (stagnant) orientation, which is, on the one hand, the result of the combined influence of various factors of the enterprise's life, and on the other, a source of contradictions as a basis for managing its development.

5) the processes of SES development and the processes of its operation assume the emergence of new dissipative structures. The enterprise is considered as a dissipative structure, since it has a dual nature: on the one hand, it acts as a system that consumes resources, on the other - as a system that creates resources. Thus, the exchange of matter, energy and information between the external environment and the enterprise is supported [9].

According to Gaponenko A. L., Pakrukhina A. P. "development - forward movement, the formation of new features, the formation of new structural characteristics of the object, its evolution, improvement, improvement, progress, as well as growth and expansion."

Summarizing the conducted research, the following approaches to the definition of the concept of "development" can be distinguished [11]: development is considered as a set of changes, quantitative and qualitative, aimed at growth, leading to an increase in the scientific and technical level, the quality of management, economic and social efficiency enterprise activities; development is a system allocated within the enterprise, which combines innovative processes that lead to quantitative and qualitative changes in all functional branches of the enterprise, as well as contours of its management based on feedback, in which the tasks of strategic and tactical management and self-organization mechanisms of operational development management are launched; based on the model of the life cycle of the organization, the development of the enterprise is considered as a life cycle, which involves the passage of a number of time stages and has the following stages of the development of the organization: birth, childhood, adolescence, early maturity, heyday, full maturity, aging, renewal; development is considered in the context of enterprise flexibility.

Development management is the process of either supporting the enterprise in the planned attractor of development, or artificially changing the evolutionary vector of the enterprise's development in order to achieve the mega-goal of the system's existence – the formation of a level of competitiveness adequate to stochastically changing conditions and ensuring the long-term presence of the enterprise in the economic space of the national or world economy. The need to manage the development of the enterprise arises in the following cases: - a radical change in the chosen trend of the development of the enterprise (the direction of the development vector), which is accompanied by an unexpected transition to another development attractor. Necessary actions: review of the guidelines for the development of the enterprise, full diagnosis of the enterprise in order to identify potential and real resources for the diffusion of the enterprise into the new market space and adaptation to the conditions of the internal and external environment that have changed; – deviation from the company's development benchmarks (set of indicators) within the framework of the existing development attractor. Necessary actions: review of the purpose and tasks of the enterprise's functioning, accompanied by diagnostic analysis and adjustment of the enterprise's resources; – radical change in the downward development vector of the enterprise based on the emergence of an artificial bifurcation point (radical change in the main development vector). Necessary actions: a comprehensive assessment of the potential and real opportunities of the enterprise to get out of the bifurcation point, development of a crisis management mechanism.

The mechanism of managing the development of the enterprise is the most active part of the management system, which provides the possibility of purposeful development of the enterprise and is a set of: management tools, which include tools and levers that correspond to guidelines, expected consequences, selection and evaluation criteria, limitations and requirements of the enterprise development process with taking into account a certain stage of its development cycle; organizational and economic methods of management, which are methods, techniques and technologies for implementing and using management tools.

In the economic literature, taking into account the existing scientific approaches to the definition of strategic management in general, the concept of "strategic management of a bank" is usually considered from the following positions: 1) as a process of determining key priorities in activities and the corresponding development and implementation of development scenarios and action plans that contribute to the implementation the bank's mission and successful achievement of established goals; 2) as a management process of maintaining correspondence between the bank's goals and available resources in the conditions of constant changes in the market and state regulatory rules.

At the same time, the authors in the work [10] characterize "strategic management of the bank's activities" as a certain type of management activity aimed at forming the desired economic state of a specific object in the considered area, achievable in the long-term (but accessible for review) perspective and such that allows a significant (significant) change in the qualitative characteristics of its development, which has irreversible or long-term consequences.

Thus, the bank's development strategy is an integrated concept that includes strategic directions of development (alternatives) and functional management strategies, and represents a long-term set of norms, guidelines, directions, spheres, methods and rules of activity that ensure the bank's reliable movement , its growth and high competitiveness, which strengthens the market position, increase the ability to survive in a specific situation [11]

Therefore, after considering the content of the concepts "strategy" and "development", we can conclude that these categories are closely related to each other, on the one hand, development is considered as a result of strategy implementation, and on the other hand, strategy is defined as a tool for ensuring development of the bank.

"Management of the strategic development of the bank" is characterized as a certain type of management activity, aimed at forming the desired economic state of a specific object in the considered area, achievable in the long-term (but accessible for review) perspective and such that allows for a significant (significant) change qualitative characteristics of its development, which has irreversible or long-term consequences. Scientific approaches to the definition of the concept of "management of the bank's strategic development" are given in Table 1.3 [11]

Table 1.3

Scientific approaches to defining the concept of "management of the bank's strategic development"

Author	Definition
Teryoshina N.E.	The process of determining key priorities in activities and the corresponding development and implementation of development scenarios and action plans that contribute to the fulfillment of the bank's mission and the successful achievement of established goals
Vinokurov V.O.	A system of management decisions that determine the prospective directions of the bank's development, spheres, forms and methods of its activity in environmental conditions and the procedure for distributing resources to achieve the set goals
Ponomarenko V. S., Pushkar O. I., Tried O. M.	The business concept of the bank's development for a defined strategic perspective, presented in the form of a long-term program of specific actions capable of realizing this concept and providing competitive advantages in achieving goals

Thus, under the management of the bank's strategic development, we will understand the management process of maintaining the correspondence between the bank's goals and available resources in the conditions of constant challenges of the external and internal environment in order to strengthen and develop its strategic positions.

1.2. The essence and place of the bank's strategic development according to the life cycle theory

To design a management model of the bank's strategic development, it is necessary to consider the theory of life cycles of socio-economic systems. After all, the life cycle model is a useful method of researching the processes of changes in the external and internal environment of the organization, technological development, as well as their impact on the level of bank competitiveness.

In addition, the frequency of crises is closely related to the cyclical processes of the development of the bank as an open socio-economic system, which necessitates the study of existing approaches to the characterization of the process of strategic development of socio-economic systems and the justification of the model of life bank cycle. Like any other enterprise, a bank in the process of strategic development goes through several stages of the life cycle: birth, growth, maturity, aging, liquidation or revival.

Based on the analysis of the economic literature, several approaches to the characterization of the life cycles of socio-economic systems can be distinguished. Proponents of the first approach when evaluating the stages of an enterprise's life cycle use volumetric cost indicators that characterize certain aspects of its production and economic activity and operational efficiency [12].

E. O. Smirnov suggests using the sales volume indicator (Fig. 1.1) as a criterion for evaluating the stage of the organization's life cycle to characterize the company's life level [12].

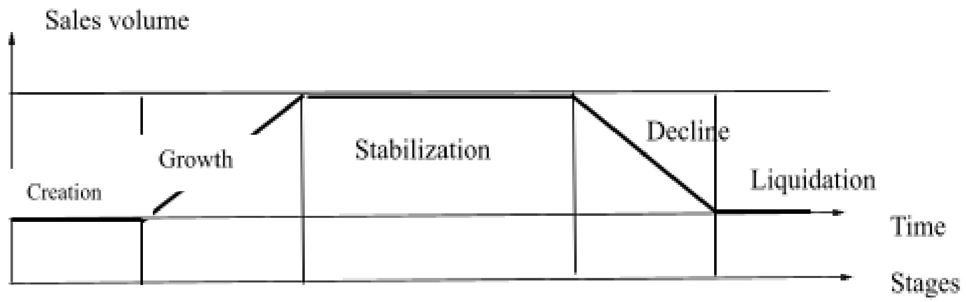

Fig. 1.1. Life cycle of the organization

However, we note that this indicator has a narrow focus, characterizing neither the competitiveness of products, nor the technical level of production, nor the competitive position of the enterprise, but only short-term cyclical fluctuations in the volume of product sales. In addition, such a model cannot be used to characterize the life cycle of a bank, because according to the Law of Ukraine "On Banks and Banking Activities" banks are prohibited from trading (except for the sale of commemorative jubilee coins).

L. Ligonenko suggests using "quantitative and qualitative signs of enterprise functioning" to assess the stages of the microeconomic system's life cycle. At the same time, the author proposes to distinguish the following stages of the enterprise's development [35]: - the rise stage, which is characterized by quantitative growth and improvement in the quality of the enterprise's functioning. Violation of the state of equilibrium at this stage leads to the transition of the enterprise to a new state of equilibrium with higher quality parameters or is of a short-term nature and does not affect the "parameters of the enterprise's vital activity"; - the stage of inhibition of development, which is characterized by the relative stability of quantitative and qualitative indicators of functioning. As a rule, the enterprise maintains the reached state of equilibrium or ensures minor and restorative fluctuations in it; - the stage of the crisis, the manifestation of which is a decrease in the quantitative and qualitative signs of the functioning of the enterprise, which leads to the violation of the "viability indicators" first, and then gradually the "viability parameters" of the enterprise as a microeconomic system. This leads to a violation of the state of equilibrium, which the company is no longer able to independently restore; - the revitalization stage, the manifestation of which is the slowdown of the recession and the gradual growth of the company's activity indicators, which is considered as the first step towards overcoming the crisis phenomena from the crisis state.

The second approach includes the firm's life cycle model developed by A. Yudanov, taking into account changes in its profile, size, stability, R&D expenditures and factors of strength in the competitive struggle (Fig. 1.2) [11-12].

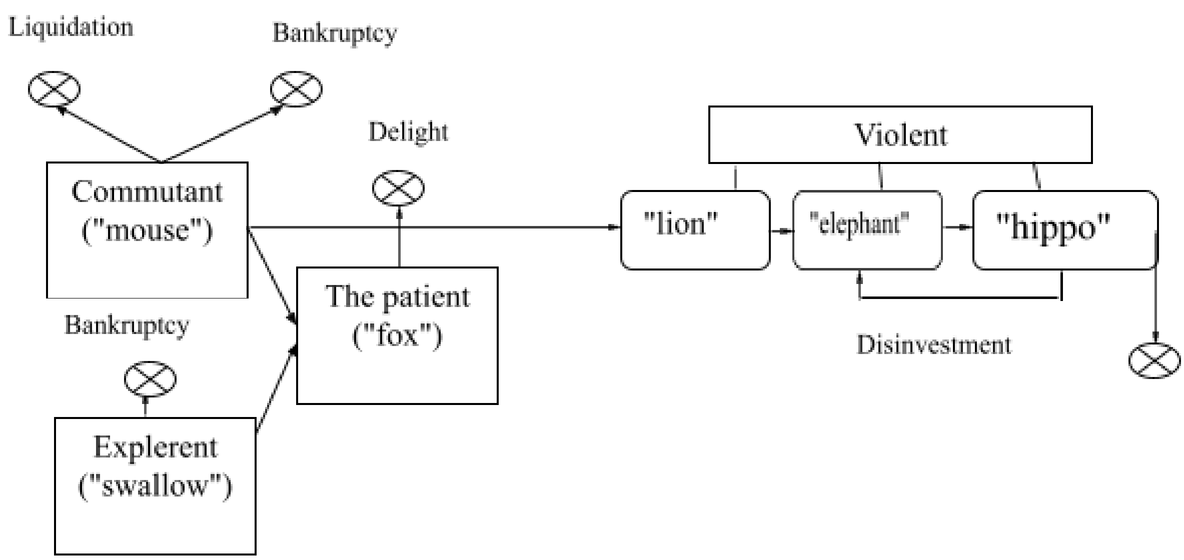

Fig. 1.2. Model of the life cycle of the firm.

Characteristics of types of firms are given in table 1.4. However, it should be noted that the given model does not allow us to assess whether the firm's business is growing or is in a state of decline. In addition, the model does not take into account that both a commuting firm and a violent firm can be bankrupt, regardless of its status. The given model is focused on the assessment of the stages of the life cycle of a firm engaged in production activities, and does not take into account the specifics of banking activities, and therefore it is difficult to apply it to the assessment of the stages of a bank's life cycle. Proponents of the third approach consider large-scale economic and production systems as the object of research and propose to evaluate the stages of their life cycle taking into account the following patterns and features:

- to build a model of the development of individual elements of the ЭВС, not the system as a whole;
- to make attempts to link the development of any elements of the EBVS and types of strategies for their development;
- to build development models of individual elements of the EBVS both in relation to the stages of the organization's life cycle and without it.

Table 1.4

Characteristics of types of firms

Characteristic	Company type			
	Mutants ("mice")	Patients ("fox")	Violenti ("lions", "elephants", "hippo")	Explerents ("swallows")
Production profile	universal, small	specialized	mass	experimental
Size of companies	-	big	big	-
	-	average	-	average
	small	small	-	small
Sustainability of companies	-	high	high	-
	descent	-		low
R&D expenditures	-	-	high	high
	low	average	-	-
The power factor in competition	flexibility, number	adaptability to a special market	high performance	advance in innovations

For example, I. Adizes assumed that the dynamics of organizational development, like the functioning of most physical, biological and social systems, is cyclical in nature. He made this idea the basis of the theory of organizational life cycles. According to the model I. Adizes, in the life process of the organization, ten logical consecutive stages can be distinguished [13]:

1) exit. This first (if not zero) stage boils down to the fact that the founder of the company gathers around him people who gradually understand his idea, accept it and agree to openly (or secretly) take risks and try to implement it.

2) childhood. At this stage, the company does not yet have a clear structure and system of distribution of powers and responsibilities, but in this period the process of organization begins, the transition from pure ideas to practical actions. Much attention is paid to the production results and satisfaction of the needs of end consumers.

3) childhood ("come-come"). The company is starting to work more and more productively, overcoming the first obstacles, including the main one - the lack of liquidity.

4) youth. The company changes a lot at this stage. The most significant event in her life is that the founder realizes the impossibility of managing a growing business alone.

5) flowering. At the stage of flowering, the organization has a relatively clear structure, prescribed functions, incentive and punishment systems. The success of the organization's activities is evaluated by the factors of meeting the needs of customers and achieving the set goals.

6) stabilization. This is the first stage of the aging of the organization, when the company gradually moves away from the policy of rapid development, capture of new markets and expansion. The company does not strive for change, giving more importance to interpersonal relations in the team than to the risks associated with doing business.

7) aristocracy. The company has significant financial resources, which are spent on strengthening the existing control system and arranging its own activities. The

company seeks to "buy" innovation, new products and ideas by acquiring (absorbing) other companies that are in the early stages of development.

8) early bureaucratization. The organization gradually plunges into a series of complex and sometimes intractable structural conflicts, which it tries to solve by firing people, but not changing the structure. Gradually, internal problems increasingly distance the company from meeting the needs of the end consumer.

9) late bureaucratization. The company is completely focused on itself, on internal intractable problems, trying to follow all procedures, processes and orders in the hope that this will help in solving them. The company is dominated by result-oriented structures that increasingly confuse the internal organization.

10) death. The death of a customer-centric organization occurs immediately after customers stop using the company's services en masse. If this does not happen due to the fact that the organization provides a monopoly product or is supported by the state, then its death can be delayed in time. In this case, the degree of bureaucratization will increase and, as a result, will still reach its peak, which will lead the organization to its inevitable demise.

In practice, the theory of I. Adizes gives very tangible results. First, it allows you to predict the development of events and the emergence of critical situations, which means that it gives the opportunity to prepare for them properly. Secondly, this model describes in sufficient detail what is happening inside the organization, thereby revealing regular, natural phenomena and deviations, pathologies, which helps the manager to focus on solving real problems, and not waste efforts on "temporary difficulties", violating the natural the course of things or by entrusting the organization with overwhelming tasks that do not correspond to its age and level of development.

In the business growth model proposed by D. Churchill and R. Lewis identified 5 stages of a firm's life cycle: existence (formation), success-freedom, success-growth, take-off and maturity of resources (Table 1.5) [12].

Table 1.5

Business growth model

Characteristic	Degree of growth					
	Existence	Survival	Success is freedom	Success-gro wth	take off	Maturity
Age of the firm	bride				mature	
Development of formal management systems	practically absent	minimum	basic	those that are developing	mature	those that expand
Basic strategy	Existence	Survival	Normalization of profitability	Obtaining resources for developme nt	Growth	Profit on investment
Management (style)	Direct managemen t	Which is controlled	Functional		Partition is not	Communications and personnel

The model shows the impact of changes in strategy, systems, mechanisms, and management styles of the enterprise over time.

L. In his research, Greiner proposed a model that considers the organization's life cycle (Life Cycle) as a set of five stages of development (evolution), each of which ends with a revolutionary crisis (Table 1.6) [12].

Table 1.6

Characteristics of the stages of the company's development according to L. Greiner

Stages of life support	Characteristics of development stages
Stage 1 Creating a business (creative part)	The phase is characterized by the concentration of efforts on the development of business technology and the market, the expectation of reward in the future, and the control of immediate feedback. Success leads to a leadership crisis (the founder of the business cannot cope with the problem of growth)
Stage 2 Management (formalization and construction of	Building formal management systems: organizational structure, reporting and control systems, standardization of business processes, procedures and rules, establishment of more formal relationships, development of management personnel. Success leads to a crisis of autonomy (crisis of governance)

management structures and systems)	
Stage 3 Delegation	There is a need to decentralize functions of delegation of authority. Profit centers are created, the motivation system is based on performance, and centralized management is focused on strategy development. Success leads to a partial loss of control
Stage 4 Coordination	Implementation of corporate planning procedures. New product groups are considered as investment centers, technical functions (logistics, automation) and PR are shifted to the center. Success leads to a crisis of bureaucracy (people lose entrepreneurial and creative interest)
Stage 5 Cooperation	Creation of a structure based on independent business units, redistribution of functions and roles between divisions and the center. There are increased requirements for managers, motivation is focused on the final result. There is a high probability of a crisis of synergy in the group.

The main criterion for the company's development stages is the organizational structure of management.

According to the proposed model, the first stage - the stage of "creativity" - begins from the moment of the birth of the organization to the emergence of the first "leadership" crisis. The main focus in this period of the organization's activity is product development and marketing research. Therefore, the organizational structure is not always clearly formalized. A consequence of the rapid growth of the organization, which does not correspond to the level of knowledge and skills of managers, is a crisis of "leadership".

After its elimination, the organization moves to the stage of development based on "management". It is characterized by a clearly planned organization of work and a professional approach to management. However, the bureaucratic structure and strong centralization of management limit the creativity of the middle level. Thus, the management system becomes a source of contradictions, which leads to a crisis of "autonomy".

The next stage, "delegation", is characterized by structural restructuring of the management system and decentralization of functions. A crisis of "control" occurs when control over the organization as a whole is lost. After overcoming this crisis, the organization develops in a stage based on "coordination". Systems of coordination of the functioning of subdivisions are changing, strategic objects with a high degree of independence are being singled out. Therefore, obstacles between such units and the coordination center give rise to a "border" crisis.

The stage of development of the organization, based on cooperation, is characterized by the unification of the collective into a team of like-minded people, the establishment of common interests and values, and the birth of a new impetus for development. However, in the future, there is a threat of psychological fatigue, when the collective cannot work as a single team, characterized by a crisis of "trust". This stage indicates the logical completion of the organization's development cycle.

Such a model differs from others in that it considers the probability of a crisis from the moment the organization was born, and not from the moment the efficiency of its activity decreases.

On the basis of the considered methodical approaches to the assessment of the stages of the life cycle of socio-economic systems, taking into account the specifics of the bank's activity as a specific enterprise, it is appropriate to consider the bank's development model (Fig. 1.3) [12].

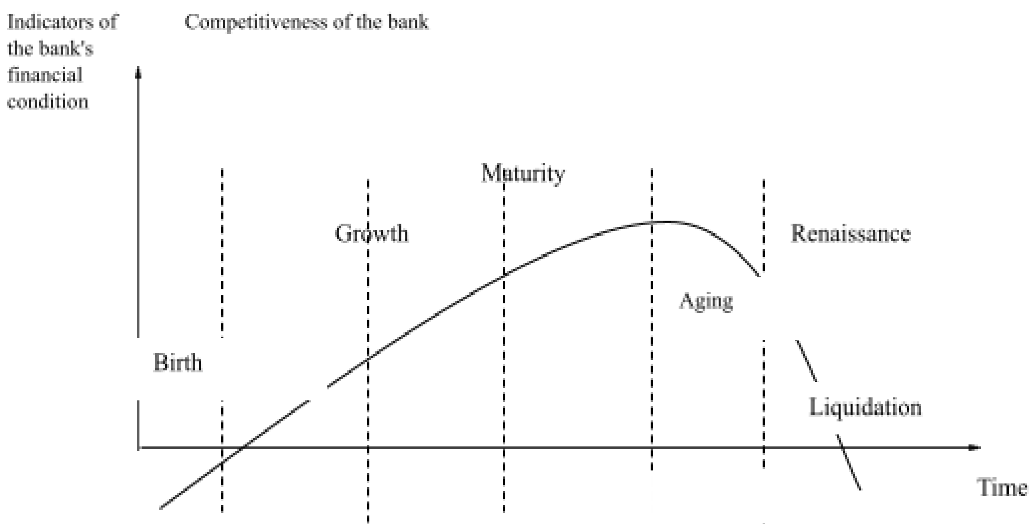

Fig. 1.3. Bank life cycle model

According to the proposed model, the stage of the life cycle of the bank's development is contained in the coordinates - indicators of the bank's financial condition, the bank's competitiveness (the degree of financial stability of the bank in an unstable external and internal environment compared to other banks) and time.

In the process of its development, the bank goes through several stages of its development (birth, growth, maturity, aging, liquidation or revival at a new, higher quality level), while the transition to each new qualitative level (new level) is characterized by a qualitative leap of the system, which is a consequence nonlinearities of the system.

An example of such behavior of the system is the model of innovative development with corresponding phase transitions.

Thus, in the process of its development, the bank goes through several stages of the life cycle, each of which can be characterized by changes in the financial indicators of the bank's activity and its competitiveness.

1.3. Regulatory support for the management of strategic development of banking institutions

The main strategic goal of the banking system of Ukraine is to ensure the sustainability of its development by achieving systemic stability, reducing the vulnerability of the banking system to external and internal destabilizing factors, and improving the quality and efficiency of its activities. One of the goals of the National Bank of Ukraine (NBU) is to form a systemic approach to legislative support for the functioning of the banking system of Ukraine. The state and prospects of the functioning of financial institutions and capital markets are important for the national economy. That is why the credit and banking sphere is the object of meticulous supervision and regulation by the legislative and executive authorities of Ukraine. Each country has a system of legal acts that regulate various aspects of banking, the work of non-bank credit and financial institutions, stock exchanges, etc. The peculiarities of historical development and the action of a complex of political and economic factors determined the specificity of the national banking and financial legislation of Ukraine, forms and methods of supervision of the work of banks. Banks work as part of the financial system of the state, trying to mobilize funds and issue loans available to consumers. They are forced to obey regulatory rules, the purpose of which is to protect the interests of bank depositors and, first of all, the population living in the country. The need for legislative regulation of the banking system and close attention to it by state regulatory bodies is determined by the nature of citizens' savings, which mostly take the form of relatively short-term, highly liquid deposits. In turn, loans issued by banks generally have a longer repayment period, which necessitates a high level of trust in the country's banking system and a specific bank.

In recent years, the NBU has achieved significant results in the development of the banking supervision system. However, the banking system is growing and developing. This requires improvement of regulation methods. The NBU actively directs bank policy to the requirements of the Basel Committee on Banking Supervision.

The state and prospects of the functioning of financial institutions and capital markets are important for the national economy. That is why the credit and banking sphere is the object of meticulous supervision and regulation by the legislative and executive authorities of Ukraine. Legislative support for the management of the bank's strategic development includes a system of legislative and regulatory documents that regulate banking activities in general, as well as the activities of a specific bank. The state of legislation is often characterized not only by its complexity, but also by mobility, and sometimes even uncertainty.

The basis of legislative support for the management of the bank's strategic development is laid down in the Law of Ukraine "On Banks and Banking Activities", which actually started the formation of the banking system in Ukraine. This law provides a number of definitions that determine the framework and provide the basis for the formation of the bank's strategic management system. Namely: a bank is a legal entity that has the exclusive right, on the basis of a license from the National Bank of Ukraine, to carry out the following operations in aggregate: attracting funds of individuals and legal entities into deposits and placing said funds on its own behalf, on its own terms and at its own risk, opening and managing bank accounts of individuals and legal entities.

The banking system of Ukraine consists of the NBU and other banks established and operating on the territory of Ukraine in accordance with the provisions of this law. Banks in Ukraine can function as universal or specialized. By specialization, banks can be savings, investment, mortgage, settlement (clearing).

In May 2023, in response to Russia's military aggression against Ukraine, the Financial Stability Board decided to develop a new strategy for the further development of the country's financial sector. For this, an interdepartmental working group was created, and already on July 19, 2023, the new strategy was approved. It outlines priority directions for the development of the financial sector aimed at sustainable resistance to Russian aggression and reconstruction of the country. The creation of this strategy was provided for in the Memorandum on Economic and Financial Policy concluded between Ukraine and the International Monetary Fund.

Table 1.7 shows the directions of the New Strategy for the Development of the Financial Sector of Ukraine [14,15].

Table 1.7

Priority areas of the New Strategy for the Development of the Financial Sector of Ukraine

New Financial Sector Development Strategy (indefinite)
ensuring macroeconomic stability;
strengthening of financial stability and stability;
stimulating the work of the financial system in the context of the country's recovery;
development of innovative financial services;
growth of the institutional efficiency of regulators and the Deposit Guarantee Fund of individuals

Under the new strategy, financial sector regulators, the Ministry of Finance and the Individual Deposit Guarantee Fund will work together to achieve five key strategic goals. The strategy does not have a clearly defined period of validity. Regulators will regularly analyze external factors, improve strategic plans and make necessary changes. The financial system should become a driving force for economic recovery after the war, which involves the implementation of relevant strategic initiatives and measures in accordance with the new strategy.

The main directions of the development strategy of the financial sector of Ukraine are summarized in Table 1.8 [14,15].

Table 1.8

The main directions of the development strategy of the financial sector of Ukraine

Directions	Activities
Restoration of the country	supporting the economy through military risk insurance, business credit programs, infrastructure upgrades, and investor protection.
Sustainable development	updating the sustainable financing strategy to ensure long-term economic stability.
Capital markets	improvement of market infrastructure, development of alternative financing methods, introduction of new financial instruments.
Inclusive market	ensuring access to financial services for all segments of the population, increasing financial literacy
Innovative services	development of the digital economy, paperless technologies, automation of financial operations, regulation of virtual assets and ensuring cyber security.
Restoration of the financial sector	creation of mechanisms for compensation for war damage and provision of services in de-occupied territories.

Therefore, the strategy for the development of the financial sector of Ukraine is aimed at ensuring the stability and recovery of the economy in the conditions of war. It covers key areas such as supporting the economy through risk insurance, credit programs, rebuilding infrastructure, developing innovative financial services and improving the inclusiveness of the financial market. Special attention is paid to creating conditions for sustainable development, strengthening cyber security, regulation of virtual assets and restoration of financial infrastructure in the de-occupied territories. The strategy is flexible and takes into account the need to adapt to changes in the external environment, contributing to the economic stability and integration of Ukraine into global financial markets.

CHAPTER 2
CURRENT STATE AND DEVELOPMENT STRATEGIES OF BANKING INSTITUTIONS OF UKRAINE

2.1. Development history and general characteristics of PUMB JSC

JOINT STOCK COMPANY "FIRST UKRAINIAN INTERNATIONAL BANK" was founded on November 20, 1991. The bank started its activities in April 1992. The bank provides a full range of banking services, including attracting deposits and providing loans, investing in securities, payment services in Ukraine and transferring funds abroad, currency exchange operations, issuing and processing transactions with payment cards [16].

In 1993, PUMB issued its own payment card, one of the first in Ukraine.

1998 - PUMB creates its Processing Center and begins cooperation with world rating agencies.

2002 - PUMB opens its own depository, and 2 years later the reserve center begins its activities.

2005 - almost all shares of the bank (99%) were consolidated into the SCM group through the SCM Finance investment group.

The year 2007 was marked for JSC "PUMB" by the record issue of Eurobonds, the amount of which at that time was 275 million dollars. These bonds had a maturity of 3 years.

On October 18, 2006, PUMB Bank and other partners, thanks to the work of the bank's Processing Center, formed a joint network of self-service terminals called "Radius", which was constantly expanding and by 49 July 1, 2018, twenty-three partner banks had more than 2,300 ATMs [16].

2011 - "Dongorbank" operationally joins PUMB bank. After 4 years, in March 2015, the bank "Renaissance Capital" ceases to exist and merges with the bank PUMB. He, in turn, takes over all the rights and obligations of the Renaissance Capital bank in relation to its clients and partners, becoming a legal representative.

The Bank has been a member of the Individual Deposit Guarantee Fund since September 2, 1999 (registration certificate No. 102 dated November 6, 2012), which operates in accordance with the Law of Ukraine No. 2740-III "On the Individual Deposit Guarantee Fund". Starting from April 13, 2022, during the period of martial law in Ukraine and three months from the date of its termination or cancellation, the Deposit Guarantee Fund of individuals reimburses each depositor of the bank in full [16].

As of February 23, 2024, the shareholders of the Bank are "SCM FINANCE" (100% of the share capital), the actual control of the Bank is carried out by a citizen of Ukraine, Mr. R.L. Akhmetov.

PUMB is a universal bank that provides a wide range of banking services to large and medium-sized enterprises, small and medium-sized businesses, and private individuals with high and medium income levels.

In accordance with the Law of Ukraine "On Banks and Banking Activities" and on the basis of banking licenses and written permits received from the National Bank of Ukraine, PUMB carries out the following types of activities:

- accepts contributions (deposits) from legal entities and individuals;
- opens and supports current accounts of banks and clients;
- places the raised funds on his own behalf and at his own risk;
- provides guarantees, sureties and other obligations from third parties;
- provides services for responsible storage and rental of safes for storing valuables and documents;
- issues, buys, sells and services checks, promissory notes and other negotiable payment instruments;
- issues bank payment cards and carries out transactions using these cards;
- carries out transactions with currency values;
- carries out transactions of purchase and sale of securities on its own behalf and on behalf of clients;
- issues its own securities;
- makes investments in statutory funds and shares of other legal entities;

- carries out depository activities and activity of keeping registers of owners of registered securities.

The focus of the bank's constant attention is determining customer needs, providing various services, improving internal business processes and creating the most comfortable conditions that will be able to satisfy the most demanding customers.

The strategy of PUMB is based on the existing experience of the bank in the corporate and retail markets (Table 2.1)

Table 2.1.

JSC "PUMB" strategy in the corporate and retail markets

Direction	Characteristic
Corporate market	In the corporate business, PUMB plans to further strengthen its high status in the segment of large corporate clients and actively expand its presence in the segment of small and medium-sized businesses. The expansion of the range of products and services adapted to the needs of medium and small-sized enterprises should ensure a deeper promotion of the Bank into this market segment, and therefore, an increase in sources of income.
Retail market	In the retail business, work with clients will be based on a comprehensive, in-depth study of their needs and the best adaptation to these needs of the services provided and planned to be provided by the Bank. PUMB plans to increase the share of sales and attract new customers thanks to remote channels of service provision, primarily Internet Banking.

The management bodies of JSC "PUMB" are:

1. General Meeting of shareholders.

2. Supervisory Board.

3. Board.

The Supervisory Board is a collegial body of the bank that protects the rights of shareholders, supervises the activities of the Management Board and regulates its activities.

The Bank's Supervisory Board, whose members are elected by the General

Meeting of Shareholders, meets in accordance with the approved schedule of meetings or at the initiative of any member of the Supervisory Board or the Management Board. The Supervisory Board performs the following functions: appoints and dismisses the Chairman and members of the Management Board, determines their powers, approves the working conditions, remuneration and material incentives of the members of the Management Board (terms of contracts with them); supervises the activities of the Bank's Management Board; approves, within its competence, provisions governing issues related to the Bank's activities; determines the external auditor, the terms of the contract with him, sets the amount of payment for his services; establishes the procedure for audits and control over the financial and economic activities of the Bank; appoints the head of the Internal Audit Service, approves the Regulations on the Internal Audit Service and the plan (schedule) of audit inspections, as well as regularly, at least once a year, listens to the report on its activities, etc.

The Management Board is the executive body of the Bank, manages the current activities of the Bank, carries out the formation of funds necessary for the statutory activities of the Bank and is responsible for the efficiency of its work in accordance with the principles and procedures established by the legislation of Ukraine, the Articles of Association, decisions of the General Meeting of Shareholders and the Supervisory Board.

The powers and responsibilities of the Board include: preliminary consideration of all issues that, according to the Charter, must be submitted to the Meeting or the Council and prepares relevant documents and draft decisions on these issues; preparation of proposals for further development of the Bank, opening of subsidiary companies, branches and representative offices and organization of implementation of plans approved by the Board; development of the organizational structure of the Bank, its branches, representative offices, branches and divisions of the head office, solving general issues of their management and preparation of relevant regulations; ensuring (in the process of operational management of the Bank's activities) compliance by the Bank with legislation and compliance of the Bank's activities with regulatory acts and regulations; organization of the development, consideration and preliminary approval of the financial, marketing and credit plan (credit policy), the estimate of income and expenses, the annual report of the Bank; monitoring the work of the Bank's committees; making decisions on general issues of the Bank's operations, accounting, concluding interbank agreements and other issues of the Bank's activities; establishment of general conditions and procedure for issuing obligations to the Bank, signing settlement and monetary documents and correspondence; solving general issues related to human resources management: selection, training, payment and work with personnel; concluding a collective agreement in accordance with the legislation of Ukraine; consideration of issues that the Chairman of the Management Board or other members of the Management Board consider appropriate or necessary to refer to the collegial decision of the Management Board or other issues that are not within the competence of the Meeting or the Council; making decisions on all issues within their competence, which are formalized by the relevant minutes of the Board meetings and enforced by the orders of the Chairman of the Board and other internal regulatory documents; making decisions on the write-off of receivables recognized as bad.

JSC "PUMB" also has the following executive committees:

1) Assets and liabilities management committee, which performs the following functions: - analysis of factors affecting the profitability and risks of the Bank's operations; - development of the Bank's asset and liability management policy to achieve the optimal ratio of income and risks; - implementation of the Bank's asset and liability management policy by making decisions within the Committee's powers; - control over the implementation of the Committee's decisions by the Bank's divisions.

2) The Credit Committee, which was created to perform the following functions: - consideration of proposals regarding acceptance of credit risks by the Bank; analysis of the quality of the credit portfolio and formation of reserves for credit risks; - analysis of the state of work with the Bank's problematic assets and their quality; - reporting to the Bank's Management Board and the Credit Council regarding the state of the bank's credit operations (quarterly for one month from the end of the reporting quarter, or at the request of the Credit Council).

3) The Tariffs and Conditions Committee, which performs the following

functions: - analysis of the ratio of the cost of products, services and the market competitiveness of the Bank's current tariffs. Comparison of indicators of tariff rates and quality of services of competitors with similar indicators of the Bank; - review and approval of all changes and additions to the current system of tariffs and services offered by branches and divisions of the Head Office; - the selection of the optimal system of tariffs and services that ensures customer satisfaction with the Bank's service, to obtain the Bank's competitive advantage in all regions where the Bank's branches are located, as well as to achieve the financial and economic indicators provided for in the business plan, the planned structure of income and expenses and the Bank's balance sheet; - analysis of ensuring the actual achievement of the goals established during the formation of the Bank's tariff policy for the planned period; - prompt response to changes in demand and the competitive environment in the regions where the Bank's branches are located, preparation of proposals for changing tariffs for certain types of services and submission to the Chairman of the Management Board for approval; - review and approval of proposals to grant managers of branches and heads of structural subdivisions of the Bank's Head Office the power to independently make decisions regarding permissible deviations from approved transaction tariffs and their size; - control over compliance with the tariff policy in the Bank's structural subdivisions.

4) Budget Committee, whose competence includes the following issues: - formation of the draft budget of the Bank; - consideration of the expediency of adjusting the budget and preparation of possible adjustment options; - monthly control of the implementation of the budget by the Bank's departments and branches; - development of general recommendations regarding the implementation of planned budget indicators; - consideration of the results of the activities of the Bank's divisions; - review and preliminary approval of systems of material and moral stimulation of the Bank's divisions; - preparation of proposals for encouraging or punishing the Bank's divisions within the limits of material and moral incentive systems approved by the Bank's Management Board; - development and discussion of strategic planning materials; - other issues within the framework of budget formulation and implementation, which are submitted for discussion by the Chairman of the Board.

Therefore, the formed corporate culture of JSC "PUMB" contributes to the implementation of strategic plans. The main features of the bank's corporate culture are healthy conservatism in behavior, combined with maximum encouragement of business initiative aimed at the final result. Special attention is paid to maintaining professional banking ethics. Bank employees are motivated by the final result and understand how they influence it. This is an important part of the bank's corporate culture. Provisions of corporate culture are reflected in the Bank's Corporate Code. On the one hand, the Corporate Code regulates the actions of employees in various situations, on the other hand, it guarantees compliance with the rules by all parties and sets transparent, understandable for everyone, criteria for evaluating activities and behavior.

2.1. Analysis of financial indicators of JSC "PUMB" and their impact on the bank's strategic activities

During the war in the country, the management of the bank takes permanent measures to ensure the uninterrupted operation of branches, provided there is no threat to the life and health of employees and customers.

The bank has a long history of profitable activity and successful experience of recovering from losses incurred in the crisis of 2008-2009 and 2014-2015, successful experience of adapting activities and crisis management during the COVID-19 pandemic. After the unprofitable year of 2022, according to the results of 2023, the bank resumed profitable activity (Fig. 2.1) [16].

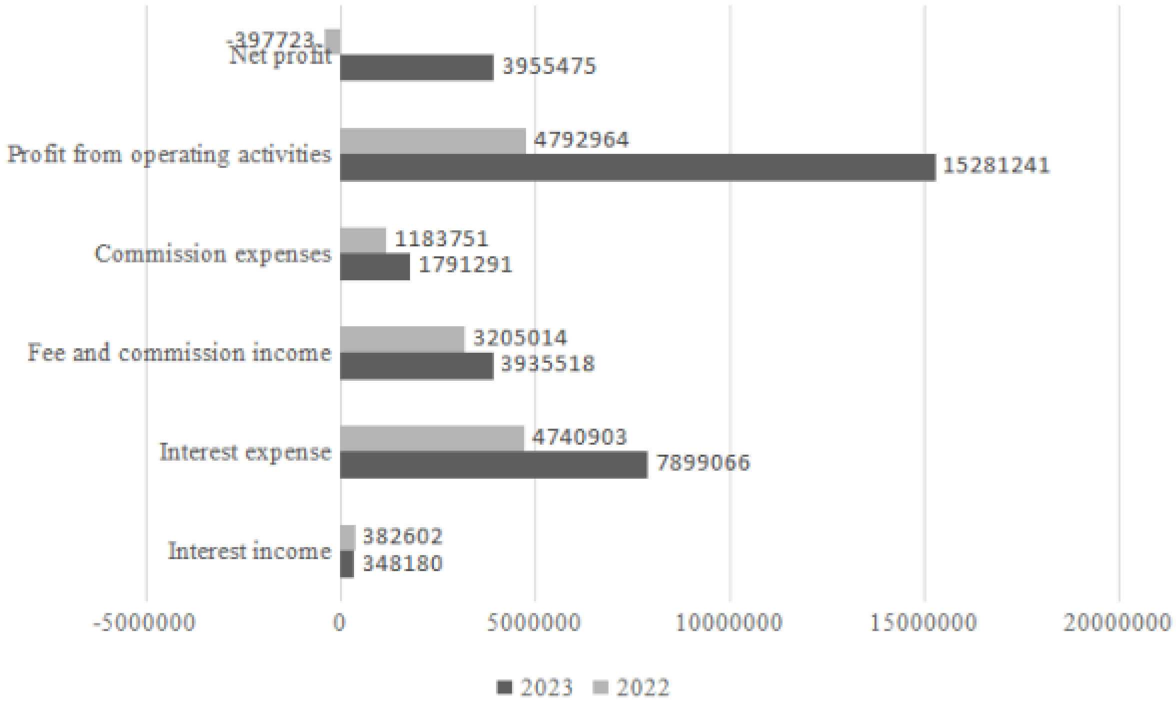

Fig. 2.1. Dynamics of profitability and profitability indicators of JSC "PUMB", thousand UAH for 2022-2023

INIn 2023, there was a significant increase in key indicators of the bank's activity compared to 2022. Although interest income decreased slightly, interest expenses increased significantly (up to UAH 7.9 billion in 2023 against UAH 4.7 billion in 2022). Commission income showed positive dynamics, increasing to UAH 3.9 billion in 2023, while commission expenses also increased.

Operating profit increased more than three times, reaching UAH 15.3 billion in 2023 compared to UAH 4.8 billion in 2022, which indicates a significant improvement in operational efficiency. The net profit was also marked by a sharp improvement - UAH 3.9 billion in 2023 against a loss of UAH 397.7 million in 2022, which testifies to the positive dynamics of the bank's financial results and its ability to generate profit even in war conditions.

Next, we will analyze the balance sheet indicators of the bank (Fig. 2.2) [16].

In 2023, the company's financial performance improved significantly compared to 2022. The total amount of assets increased to UAH 153.3 billion against UAH 112 billion in 2022, which indicates a significant increase in capital investments and financial stability. Investments in securities increased more than four times to UAH 58.2 billion in 2023, compared to UAH 12.6 billion in 2022. The volume of loans issued to clients also increased, reaching UAH 52.1 billion, which exceeds the figure of 2022 (UAH 43.8 billion).

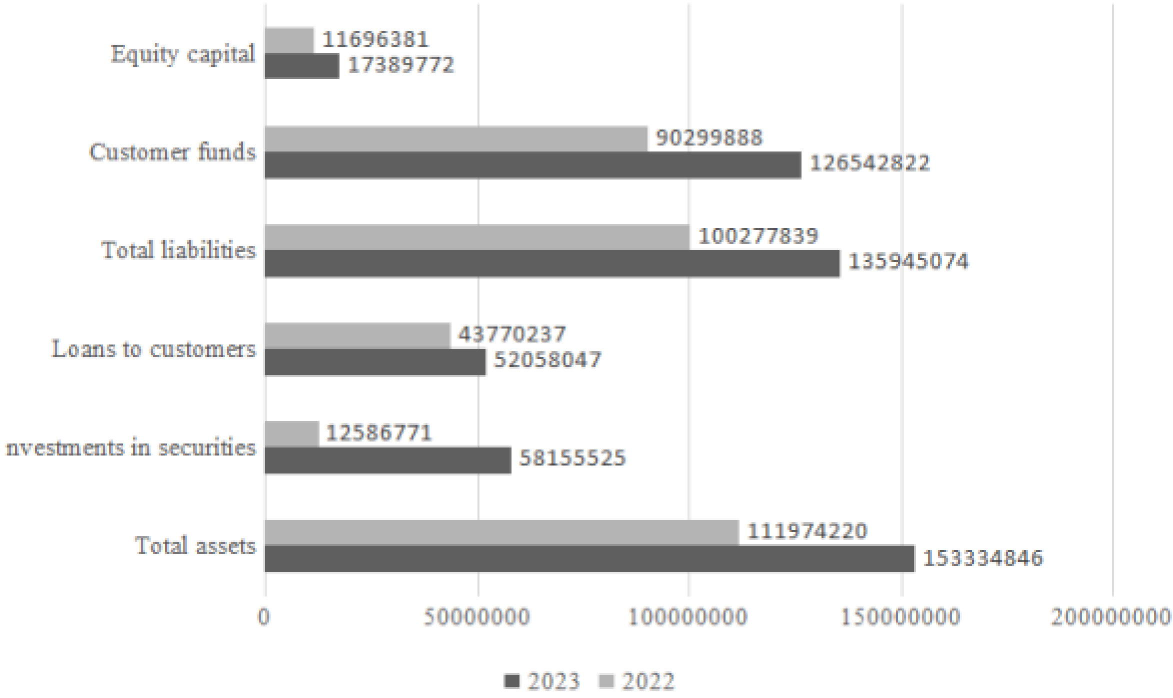

Fig. 2.2. Dynamics of balance sheet indicators of JSC "PUMB" for 2022-2023, thousand UAH

The company's liabilities also increased, reaching 135.9 billion. UAH in 2023, compared to 100.3 billion. UAH in 2022. The increase in customer funds is especially noticeable - up to 126.5 billion. UAH in 2023, which is 36.2% more than in the previous year. The company's equity also increased — up to UAH 17.4 billion in 2023 against UAH 11.7 billion in 2022, which indicates an increase in financial stability and the ability to use resources effectively.

We will also consider how effectively the bank fulfills the requirements regarding financial stability and liquidity established by the National Bank of Ukraine (Fig. 2.3) [17-18].

Based on the above indicators, the bank demonstrates good financial stability and liquidity. The regulatory capital adequacy standard of the bank as of October 1, 2024. is

16.72%, which significantly exceeds the 8.5% standard established by the NBU, which indicates the bank's ability to effectively cover risks and ensure stability in its activities.

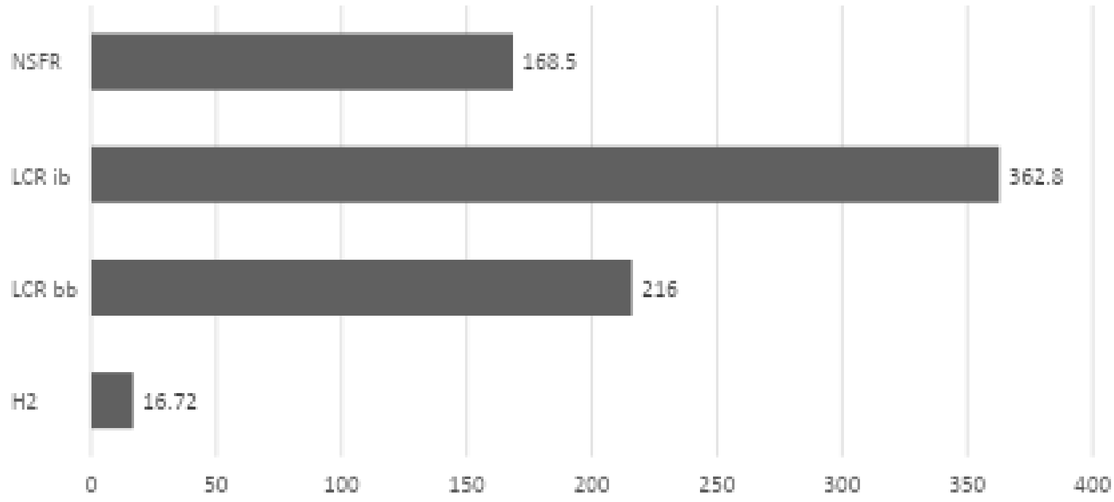

Fig. 2.3. Economic standards of JSC "PUMB" as of October 1, 2024, %

The liquidity coverage ratio of LCR (bb) is 216% and LCR (ib) is 362.8%. Both values significantly exceed the NBU standard set at 100%, which indicates the bank's ability to cover short-term obligations in stressful situations. The value of the NSFR (Net Stable Funding Ratio) is also high at 168.5% at 100%, which indicates an adequate level of stable funding to support assets. The indicators indicate effective liquidity management and the bank's ability to cope with financial risks.

Therefore, JSC "PUMB" demonstrates a stable financial position and efficiency in risk management. In recent years, the bank has demonstrated significant growth in assets, liabilities and equity, which demonstrates its ability to adapt to changes in the market environment. High liquidity indicators, such as LCR and NSFR, exceed NBU standards, which confirms the bank's ability to maintain its obligations and ensure financial stability. In addition, the positive results of operating activities and net profit testify to the effectiveness of the bank's business model. Thus, PUMB has every chance for further development and strengthening of its positions on the financial market of Ukraine.

2.3. Justification of the choice of the development strategy of JSC "PUMB"

In order to obtain the expected profits, banks are forced to constantly conduct marketing research and develop bank development strategies. This can be achieved only by systematically analyzing one's own opportunities and problems using matrix methods of strategic competitive analysis.

Thus, the PEST analysis is an expert analysis of the external environment, in which four main groups of influencing factors are distinguished, namely political (the political situation in the country, changes in legislation, state regulation in the industry, etc.), economic (upturns or downturns in the economy, the level inflation, hryvnia exchange rate to other currencies, export-import policy), social (changes in basic values, lifestyles, demographic changes, changes in income structure, etc.), technological (state technological policy, new patents, new products, technological changes in certain industries). After conducting such an analysis, the bank can clearly determine which of the existing factors of the external environment have a significant positive and negative impact on its current and future activities [20].

The PEST analysis matrix of the bank under study is shown in Table 2.2.

Table 2.2

Matrix of PEST analysis of JSC "PUMB"

Factors	Opportunities	Threats
Political	Government stability, state regulation of competition in the banking sector, antitrust legislation.	Tax policy of the state regarding the banking sector, changes in legislation regarding banking institutions, bureaucracy and the level of corruption.
Economical	Reduction of the NBU discount rate	A high level of inflation, a high level of unemployment, changes in resource prices that affect the cost of a banking institution, exchange rates.
Social	Consumer activity, improvement of the demographic situation in the country, social mobility of the population,	Ignorance of the population regarding financial services, decline in material well-being of the population, negative influence of mass media, low level of trust, religious factors, rapid changes in the needs of the population.

	requirements for the quality of banking products and the level of service.	
Technological	Development of technologies, factors of using innovative potential.	High costs for the implementation of innovative technologies, low level of information security of banking institutions.

After determining the main opportunities and threats of the bank's external environment, it is necessary to evaluate the significance of each of the factors (it is carried out by assigning each of the factors a certain weight from one to zero, but the total amount of the weight indicator must be equal to one) and to rate the factor on the bank's strategy on a five-point scale . Next, it is necessary to calculate the total score by multiplying the weight of the factor by the strength of its influence. The total score indicates the degree of readiness of the bank to respond to the current and forecast factors of the external environment. The calculations of the significance of the factors are presented in Table 2.3.

Table 2.3

Analysis of the influence of external factors on the activities of JSC "PUMB"

External factors	Weight	Rating	Weighted assessment
Threats: Tax policy of the state regarding the banking sector	0.04	4	0.16
Changes in legislation regarding banking institutions	0.06	3	0.18
Bureaucratization and level of corruption	0.04	4	0.16
High level of inflation	0.1	5	0.5
High level of unemployment	0.06	4	0.24
Changes in prices for resources that affect the amount of banks' expenses	0.07	2	0.12
Exchange rates	0.12	5	0.6
Ignorance of the population regarding financial services	0.09	3	0.27
Negative influence of mass media	0.06	3	0.18
Low level of trust in banks	0.1	4	0.4
Religious factors	0.02	1	0.02
Rapid changes in the needs of the population	0.03	1	0.03
Large costs for the implementation of innovative technologies	0.08	3	0.24
Low level of information security of banking institutions	0.05	4	0.2
The decline in the material well-being of the population under war conditions	0.08	4	0.32

Together	1		3.62
Opportunities: Government stability	0.09	4	0.36
State regulation of competition in the banking sector	0.09	4	0.36
Anti Monopoly legislation	0.07	4	0.28
Changes in the NBU discount rate	0.12	5	0.6
Economic stability in the country	0.11	4	0.44
Consumer activity	0.08	3	0.24
Improvement of the demographic situation in the country	0.04	2	0.08
Social mobility of the population	0.07	2	0.14
Requirements for the quality of banking products and the level of service	0.11	4	0.44
Development of technologies	0.1	5	0.5
Active use of innovative potential	0.12	4	0.48
Together	1		3.92

The data in Table 2.3 indicate that JSC "PUMB" is ready for the influence of positive and negative factors of the external environment. Since the bank has already investigated them, it will be able to effectively manage these factors in the future.

One of the matrix methods of strategic analysis is the SWOT analysis, the methodology of which is based on an approach that allows studying the external and internal environment of the bank together. Taking into account the internal opportunities and the external situation that has developed in the market, makes it possible to establish relationships between the strength and weakness inherent in the bank and external threats and opportunities.

SWOT analysis makes it possible to form a general list of the bank's strategies, taking into account their features in accordance with the content of the strategy, namely adaptation to the environment or the formation of influence on it [21].

To analyze the position of JSC "PUMB" in the market of banking services, as well as the state of its internal environment in more detail (to identify directions for improving the development strategy), the methodology of assessing competitiveness was used and a SWOT analysis of the bank's activities was carried out (Table 2.4).

Table 2.4

SWOT analysis of JSC "PUMB"

Strengths (S)	Weaknesses (W)
Highly qualified staff Loyal customers A wide range of services Technological innovations and developments Stability of the bank, trust of customers A wide network of branches Effective management apparatus	Staff turnover in lower positions Higher % / commission than some competitors ATM failures and system failures. Low quality of service at some branches High costs of maintaining branches Stop lending in regions close to the war zone
Opportunities (O)	**Threats (T)**
Support of the banking sector of the NBU Reduction of competition due to reviews of licenses from competing banks Growth of population incomes, improvement of the state of the economy Increasing demand for banking services Development and implementation of artificial intelligence in the bank's activities	Changes in legislation that will negatively affect the bank's activities Growth of inflation, strengthening of the financial crisis Low solvency of the population Decrease in demand for banking services Replacing banks with fintech companies Increasing cyber attacks Emergence of new competitors Improving the positions of other banks

Thus, an analysis of the current position of JSC "PUMB" in the market of banking services was carried out, which made it possible to conclude that in order to maintain leading positions in the banking sector, the banking institution should develop online services and reduce the costs of maintaining branches in order to transfer part of the customers to the mobile bank on remote service. Applying artificial intelligence to bank operations will also help reduce costs and increase employee efficiency, as AI applications are able to perform the routine work of bank employees, leaving them time for important tasks. Also, the bank should take into account the possibility of deterioration of the solvency of the population and the possibility of a protracted financial crisis, therefore, in order to attract customers, the rates for banking products should be reduced to attract more consumers, as well as advertising in social networks should be increased.

On the basis of the conducted research, in accordance with the stages of the bank's life cycle, in our opinion JSC "PUMB" is at the stage of growth (Table 2.4.)

Table 2.4.

JSC "PUMB" development strategy

Bank life cycle stage	Type of strategy	Characteristics of the development strategy
Growth	Expansive growth and diversified growth	Increase net profit and improve the quality of the loan portfolio. Support and develop retail and small businesses. Increase the client base. Improve and introduce innovative products.

Therefore, at the stage of growth JSC "PUMB" implements an expansive and diversified development strategy. The main goal of this strategy is to increase net profit and improve the quality of the loan portfolio. The bank focuses on the support and development of retail and small businesses, which contributes to the expansion of the client base. In addition, PUMB actively introduces innovative products, which increases its competitiveness on the market. Reasoned choice of strategy contributes to the minimization of strategic gaps, as well as the stabilization of the current stage of the bank's development, which allows determining the necessary measures for the further effective operation of the bank.

CHAPTER 3
WAYS OF IMPROVING MANAGEMENT OF STRATEGIC DEVELOPMENT OF BANKING INSTITUTIONS

3.1. Organizational and economic aspects of strategic management in banking institutions

In modern economic, political, and social conditions, effective functioning of the banking system is possible only on the basis of the use of new forms, methods and principles of management. Thus, the management strategy in the banking sector should define both the concept and priorities of development (prospects and principles of behavior), and the program of actions (plan and means), which act as a connecting link of the system.

The main goal of strategic management of banks is the creation of a management system of the bank's activities [22]. This system should allow formulating the mission and goals of the financial institution, developing and improving the development strategy to improve economic and social results, taking into account the internal and external environment.

The concept of "strategic management" is based on the following approaches: process, target, system and complex. The process approach considers strategic management as a certain process consisting of a sequence of interrelated actions. With the process approach, the bank's activities are focused on monitoring the results of actions. There is a direct relationship between process and system approaches, because the process presupposes the existence of a system. System theory is responsible for the study and analysis of system characteristics, and process theory studies the functioning of the system, that is, only the change in properties. According to the system approach, the main features of the system depend on the composition and properties of its structural elements and ensure consideration of all factors that influence management decisions. Violation of the characteristics of one of the elements affects the activity of others. The development of a banking institution goes through various stages of the life cycle, during which progress or regression may occur, which requires constant and effective improvement in management (Fig. 3.1) [22]. Therefore, it is necessary to control and influence changes in management.

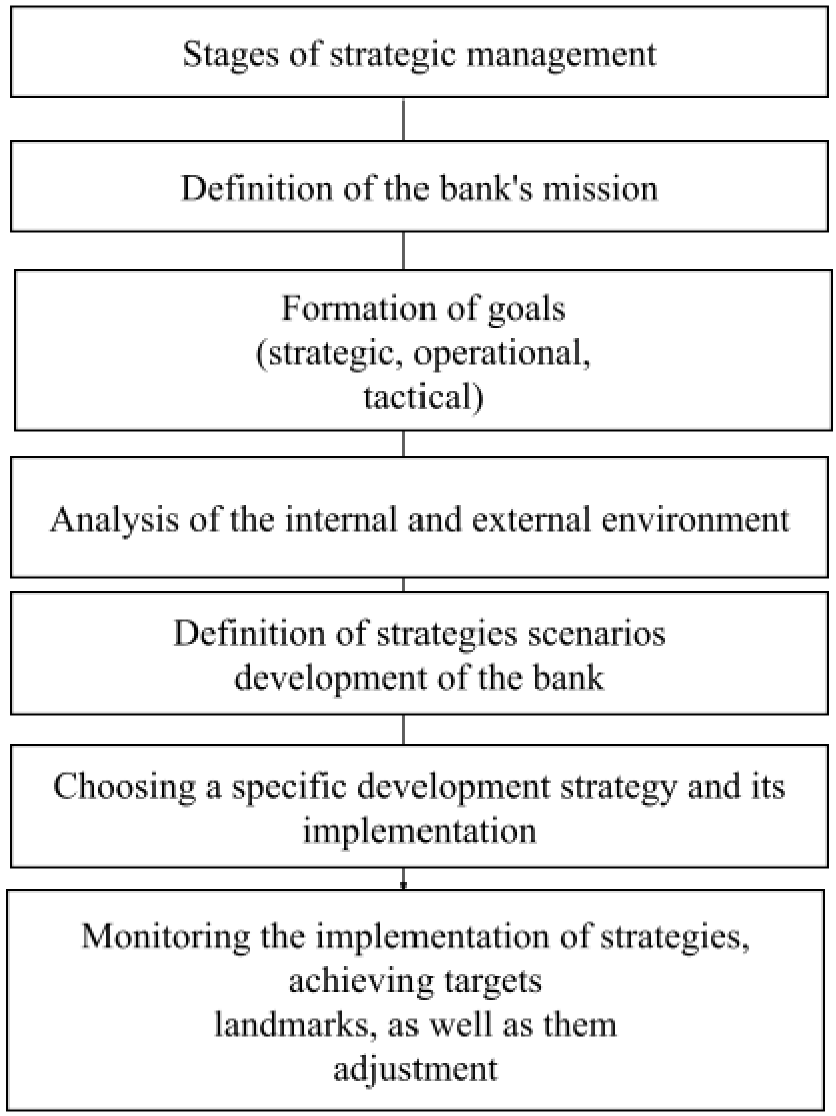

Fig. 3.1. Stages of strategic management in the bank.

The main goals set by banks are [23]: full satisfaction of customer needs; increase in market share; high quality of banking services; high reputation among customers; achieving leadership positions in the industry; favorable price for services compared to competitors; a wide range of services offered by the bank; high quality of service; increasing competitiveness on the international market; increasing the possibility of growth of financial indicators of activity.

Strategic management is considered as a certain sequence of actions.

In general, this process consists of three stages: strategic analysis, strategy development and its immediate implementation.

At the first stage, during the implementation of strategic analysis, an assessment of the degree of influence on the current and future level of development of the financial and credit institution by external and internal factors is made, and their influence on strategic planning is formed. During the strategic analysis, the formation of the goal and determination of the long-term goals that the banking institution sets for itself takes place; determination of the volume and structure of the institution's needs to provide it with the financial resources necessary for the forecasted period; analysis of the stages of object development and determination of the achieved level of activity.

The next stage is the development of scenarios, which is carried out on the basis of strategic planning. Strategic planning consists in the development of current and prospective plans, the implementation of control over their implementation. It has the following features: focus on solving the key goals of the banking institution to ensure its social and economic progress; long-term orientation; taking into account the maximum number of factors influencing the financial and credit institution; development of measures and methods aimed at avoiding and neutralizing the effects of negative factors; anticipation of changes in the internal and external environment, adaptation to them.

The last stage of strategic management is the direct implementation of the chosen strategy, which has a long-term strategic nature. The current state of the economy requires ensuring flexible management, because certain changes are constantly taking place in the banking system, there are numerous influencing factors that require prompt intervention, timely decision-making, and the use of necessary measures.

The target approach involves the determination of targets, the achievement of which determines the specifics of the financial institution's activity. To do this, it is necessary to determine long-term and medium-term development goals and ways to achieve them.

Summarizing these approaches, the main characteristics of the bank's strategic management are: implementation by the bank's top management with the agreement of strategic decisions with the bank's shareholders; determination of human potential as a system-forming element of the bank's development; quick and flexible response to changes in the external and internal environment and management decision-making; constant development and improvement of the management strategy; determination of the main areas of bank breakdown in accordance with strategic goals.

The principles of strategic management in the bank are the basis for building long-term plans, improving efficiency and ensuring competitive advantages. They determine the approach to the formation, implementation and control of the strategy, ensuring the stability of banking activity in the conditions of market changes. The main principles of strategic management in the bank are summarized in table 3.1.

Table 3.1.

Principles of strategic management in the bank

Principles	Value
The principle of integrity and comprehensiveness	Strategic management covers all aspects of the bank's activities: finance, operational processes, innovation, risk management, customer relations, etc. This principle provides an integrated approach to management, where each component of the strategy is interconnected and aimed at achieving common goals.
The principle of orientation towards long-term results	The bank's strategy should be aimed at achieving sustainable long-term results, not immediate profit. This includes the formation of financial reserves, investment in innovation and development of human capital, which allows the bank to remain competitive in conditions of changing market conditions.
The principle of flexibility and adaptability	Since the banking industry is constantly changing under the influence of economic, political and technological factors, strategic management must be adaptive. The bank has the ability to quickly respond to new challenges, introduce adjustments to the strategy and adapt to new conditions.
The principle of risk management	The ability to effectively identify, assess and manage risks is a key component of strategic management in the bank. It is important to anticipate possible threats to financial stability and operational activity and take timely measures to minimize them. This includes analysis of macroeconomic

	risks, market changes and regulatory requirements.
The principle of customer orientation	A modern banking strategy should be focused on the needs of customers, providing a high level of service, providing innovative products and supporting the customer experience. Banks strive to personalize services and build long-term relationships with customers, which ensures their loyalty and the growth of the customer base.
The principle of innovation	In the conditions of rapid technological development, banks must constantly implement innovative solutions to increase efficiency, automate processes and improve the customer experience. Strategic management involves investing in new technologies such as digital banking services, fintech solutions, artificial intelligence and blockchain.
The principle of responsibility and sustainable development	Banks are increasingly integrating the principles of sustainable development, social responsibility and environmental initiatives into their strategy. This includes managing environmental and social risks, investing in "green" projects and supporting local communities, which helps build trust with stakeholders and enhance the bank's reputation.
The principle of corporate culture and personnel development	Strategic management is also aimed at forming a strong corporate culture and personnel development. The success of the strategy depends on the competence and motivation of employees, so banks invest in their training, development of leadership qualities and support of innovative thinking.
The principle of constant monitoring and evaluation of results	Effective strategic management involves constant monitoring of the implementation of strategic goals, assessment of key performance indicators (KPI) and making adjustments to plans. Regular monitoring allows you to identify problem areas and quickly respond to changes in the external environment.

Thus, these principles ensure the integrity, adaptability and sustainability of the banking business, which allows not only to achieve financial goals, but also to effectively respond to market challenges.

During the implementation of the strategic management process, the bank, in order to achieve the planned long-term goals, must adhere to aspects such as organizational, financial and economic, legal and social.

The organizational aspect ensures the accuracy of predicting the deviation of the banking institution's performance indicators, adaptation to changes in the external environment, the competitiveness of the provided goods and services, which affects financial and economic indicators.

The financial and economic aspect ensures the achievement of a certain level of economic indicators of the bank's potential, in particular the net financial result, the share of the institution in the market of banking services, the market value of the company.

The legal aspect characterizes the compliance of certain management decisions, regarding banking activity, with legal norms that regulate the functioning of financial and credit institutions.

The social aspect regulates the strategic possibilities of banks' functioning in the future and aligns them with the needs of service consumers in order to achieve the appropriate level of profitability and satisfy the needs of customers.

There is a system of criteria by which it will be expedient to evaluate the effectiveness of strategic management in the bank and determine the necessary changes. This includes: formalization of the strategy, maintaining the balance of interests, realization of public interests, management of the uncertainty of strategic management, the quality of the bank's performance of its functions in the economy, implementation of its functional strategies by financial institutions.

The study of the evolution of the development of the theory of strategic management and the concepts of banking management allows us to assert the transformation of scientific views. Depending on the internal and external environment in which the bank operates, the formation and implementation of the strategic management concept should be based on taking into account transformational changes in the internal and external environment in which the financial institution operates.

Thus, all stages of managing the process of strategic management by a commercial bank should be closely interconnected, providing a systematic approach to decision-making. This allows you to quickly respond to changes in the external and internal environment, which require quick and effective management actions. Coordination of actions of strategic management subjects is critically important for timely intervention in situations that may affect the stability of the bank. Thanks to such interaction, the bank has the opportunity not only to maintain its financial stability, but also to effectively manage risks, adapt to market changes and ensure long-term competitiveness. In addition, strategic management should take into account the prospective development of the bank, with an emphasis on flexibility in decision-making and readiness for innovation. This includes regular analysis of key indicators, planning and implementation of corrective measures to achieve strategic goals and support sustainable growth of the banking institution.

3.2. Sustainable development strategy of JSC "PUMB" as a basis for business growth.

Sustainable development has become a key aspect for the successful operation of financial institutions in the modern world. JSC "PUMB" actively implements the strategy of sustainable development, focusing on long-term stability and social responsibility. This strategy not only meets the requirements of the modern market, but also creates a foundation for business growth, increasing the bank's competitiveness.

In the context of the growing importance of environmental, social and corporate factors, JSC "PUMB" strives not only to achieve financial success, but also to positively influence the community and the environment. The implementation of innovative solutions and responsible practices allows the bank to satisfy the needs of customers, while simultaneously supporting the economic development of the country.

The Bank supports 17 UN sustainable development goals and implements them in its activities by integrating these goals into three main components: environmental, social and governance (ESG).

The goals of implementing ESG standards, which are a powerful tool for impact-driven business:

1) increase in brand value, reputation and customer loyalty;

2) new "green" segments for investment and targeted financing;

3) increasing attractiveness for investors (from 2020, this is part of the mandatory assessment when assigning a credit rating);

4) attraction and retention of effective employees. Modern specialists pay attention to working conditions, care for nature and the environment, social values, corporate culture, etc.;

5) simplified access to financing, both debt and equity. Fewer risks and lower volatility of the bank's profit;

6) development of stable banking and ethical corporate activity (business transparency);

7) assistance in solving environmental problems;

8) investing in innovative solutions;

9) a strong innovative culture and educational activities for clients and counterparties.

The principles of JSC "PUMB" in the field of sustainable development are summarized in Table 3.2 [24-26]

Table 3.2

JSC "PUMB" principles in the field of sustainable development

Principles	Key tasks
Act systematically	The concept of sustainable development is integrated into the business strategy and is taken into account in the planning and implementation of all our projects.
Work effectively	We apply modern approaches to business, constantly improve business processes and methods, efficiently use resources and look for new opportunities for business development, minimizing the use of exhaustible resources. .
Respect the interests of partners, clients and society as a whole	We respect the interests of partners, clients and society as a whole and build relations with them based on the principles of decency, honesty, openness and mutual trust.
To ensure decent and safe working conditions	We recognize employees as our most important asset, we provide safe working conditions for them, a decent level of wages and social benefits.
Respect human rights	We respect and observe human rights and freedoms, we do not accept discrimination.

Improve the quality of life in the regions of presence	We are a responsible corporate citizen, we invest in improving the quality of life in the regions where we operate, and we contribute to the sustainable development of Ukraine.
Strive to prevent and reduce the impact on the environment	We strive to constantly reduce our negative impact on the environment and carry out responsible financing.

Over the next five years, PUMB JSC plans to focus on the development of innovative products that will contribute to environmental sustainability, improve social responsibility, and strengthen long-term relationships with customers. The bank strives not only to achieve financial goals, but also to implement projects that have a positive impact on society and the environment.

The tasks of sustainable development of JSC "PUMB" for 5 years are summarized in table 3.3

Table 3.3

Objectives of sustainable development of JSC "PUMB" for 5 years and ways of their implementation

Problems of sustainable development	Ways of implementation
Contribution to the victory of Ukraine	Support of initiatives aimed at solving social problems Helping our workers who protect our country Funding of state security and demining projects Volunteering
Recovery of the economy of Ukraine	Lending to agriculture is a priority in the fight against world hunger Crediting of small and medium-sized businesses - support and development of Ukrainian entrepreneurship. Crediting of projects for the reconstruction of Ukrainian industry
Promoting the growth of the economic level of the population	Lending to the population for housing reconstruction Lending to small and medium-sized enterprises Participation in state support programs
Providing the best and most reliable financial services	We continue the digital transformation of the bank's services to maintain a high level of customer experience We invest in the development of technologies and systems We optimize the work of divisions and provide convenient digital solutions that will improve the customer experience

Inclusivity in doing business	We train and employ employees with disabilities We create conditions for customer service "without barriers" We help soldiers adapt to peaceful life
Unconditional respect for human rights and decent work	Respect and observance of human rights and freedoms without any discrimination, regardless of gender, race, nationality, language, age, place of residence and religion. Fulfillment of all requirements of the labor legislation of Ukraine, including the provision of social guarantees to employees. Charitable assistance, activities of the mutual aid fund
Development of future generations	Investing in employee training aimed at developing professional skills and self-realization. Financing of educational projects Support of young specialists Projects to improve financial literacy
Environmental protection and responsible financing	Crediting of "green" projects Lending of projects aimed at minimizing the negative impact on society and the environment
Environmental protection and responsible use	Reducing the use of paper processes Reducing the use of plastic cards Increasing recycling Development of the concept of "Green offices"
Combating economic crimes	Cooperation with the National Bank of Ukraine and banks of Ukraine on the "Fraud Goodbye" program Cooperation with law enforcement agencies in solving crimes Anti-corruption and money laundering

Over the past two years, JSC "PUMB" has made investments in sustainable development in the following amounts: in 2021 - 84 million UAH, and in 2022 - 260 million UAH. For 2024, a budget for investments in sustainable development is planned, which will amount to at least 1% of the bank's authorized capital, i.e. UAH 47.8 million [24-25].

Adherence to the principles of sustainable development and the implementation of the Environmental and Social Risks Policy (which the bank does not yet have) are critically important for forming a positive image, increasing competitiveness and ensuring long-term financial stability.

Building a system for monitoring compliance with these principles allows banks to effectively assess their actions, identify possible risks and opportunities, and take measures to improve their environmental and social practices. In particular, this monitoring provides an opportunity to assess the impact of banking activities on the environment, analyze customer and employee satisfaction, and manage risks related to environmental and social factors.

In the face of global challenges, such as climate change and social inequalities, the implementation of effective monitoring mechanisms becomes the key to responsible and transparent management of banking resources. In this context, it is important to develop clear indicators that will reflect the bank's efforts in the field of sustainable development, and to implement systems for their regular evaluation and analysis (Table 3.4).

Table 3.4

ESG Implementation Evaluation Metrics JSC "PUMB"

Environmental indicators	Social indicators	Economic indicators
Number of "green" loans -volumes of loans issued for sustainable development projects and environmentally friendly initiatives. CO2 emissions from operations-assessment of the carbon footprint created as a result of the bank's activities. Energy consumption in offices-total energy consumption (electricity, heat) and share of renewable sources. Waste management-volumes of paper and electronic waste and the level of their processing. Use of ecological technologies-the share of electronic services and products in the total volume of services provided (reduction of paper use).	Customer satisfaction-results of customer surveys regarding service quality and service availability. The level of employee engagement-survey results regarding satisfaction with working conditions and corporate Support programs for local communities-the number of initiatives and investments in social projects and charity. Diversity and inclusion-the percentage of women and representatives of different national groups in management and among employees. Training and development-the amount of investment in training employees on issues of	Profit from stable financial products-the share of income received from environmentally friendly and socially responsible investments. Risk management costs-volumes of investments in environmental and social risk management systems. Level of reputational risks-the number of negative publications or complaints related to environmental or social aspects of the activity.

	sustainable development and social responsibility.	

Therefore, JSC "PUMB" is a key bank in Ukraine that reliably supports its clients, both private individuals and companies. Even in the conditions of war, the bank fully fulfills its obligations to partners, customers, employees and the state, providing support to its stakeholders in difficult times. The sustainable development strategy of JSC "PUMB" will act as a basis for business growth and ensure its stability in the conditions of rapid changes in the market.

3.3. Recommendations on improving the development strategy of JSC "PUMB"

As a result of the analysis of the strategic development of JSC "PUMB", the main competitive advantages of the bank in the financial services market were identified, namely:

1) the bank belongs to the leaders of the banking sector based on profitability and the level of assets;

2) the bank has a wide range of services for all categories of consumers;

3) a large number of branches throughout the country are represented;

4) a convenient range of online services (corporate website, PUMB-online internet banking, transaction banking, etc.);

5) development of strategies is carried out in accordance with the development trends of banking institutions.

However, the bank, which occupies a leading position among banking institutions, also has room for improvement. For this purpose, it is advisable to develop a number of recommendations for improving the bank's development strategy (Table 3.5).

Table 3.5

Recommendations regarding the improvement of the strategic directions of JSC "PUMB"

Strategic direction	Strategic goals	Measures for improvement
Financial performance	Reduction of bank costs	The development of digital channels for the provision of banking services, which will reduce the need for branch employees Study of the successful experience of global fintech companies and its transfer to the bank's activities Reducing the number of branches
Increasing the quality of intellectual capital	Increasing the efficiency of employees	Development of effective motivation systems Spreading the principle of working in teams to all regions
Increasing the efficiency of regional offices	Changing the flexibility of the organizational structure - improving the speed of decision-making and implementation	The possibility of adapting banking products for each region, decentralization Increasing the independence of regional branches in decision-making
Improving the customer experience	Increasing the number of customers	Attracting clients of banks that have ceased their activities (license revoked) Increasing the attractiveness of deposits and deposits for retail customers

The further development of digital channels and internet banking will allow attracting a large number of customers, as currently there is a need for bank customers in the convenience of receiving banking services, in which to receive the service it is enough to have a smartphone with access to the Internet. Transferring customers to remote channels of interaction will reduce the cost of maintaining the least efficient branches and offices of the bank. Thus, the development of modern online services will reduce bank costs and satisfy consumers. In order to improve the customer experience, along with improving the quality of services, the tariffs of banking products should be reviewed to identify opportunities for their optimization. This direction is not foreseen in the development strategy, but changing the tariffs can significantly increase the number of customers and the formation of a good reputation of the bank. JSC "PUMB" is also recommended to review the marketing strategy and strengthen advertising in social networks and the Internet, where potential consumers can see it. It is worth noting that the bank's sustainable development strategy uses a centralized management system to save costs. However, for such a complex organizational structure, centralization is not the most optimal option, as it reduces the efficiency of decision-making. The head office needs more time to identify the needs and problems of customers in the regions. Therefore, it is advisable to reconsider the option with decentralization.

The following factors were identified as the main directions of strategy improvement: financial performance, better customer experience, which include the following goals: cost reduction and increase in the number of bank customers. Measures, tasks and indicators for assessment should be developed within the framework of these directions (Table 3.6).

Table 3.6

Development of recommendations for improving the development strategy of JSC "PUMB"

goals	Tasks	Indicators	Activities
Cost reduction	Transfer of 70% of banking operations to digital channels	The share of services possible to receive online to the total number of services - the share of active users of remote channels in the total number of users of bank services	Creation of a help zone at branches where customers can learn to use digital service channels. Lower tariffs when conducting transactions through digital channels
	Reduction of low-profit branches by 20%	- Average profitability of branches	Evaluation of the profitability of costs for maintaining branches in cities. Reducing the number of

			personnel at branches due to the transition of customers to digital service channels
Increasing the number of customers	Improvement of % rates on deposits and loans at the level of competing banks with state participation	- The number of customers who issued a loan - The number of customers who issued a deposit	Monitoring of tariffs of competing banks for services. Improvement of loan and deposit offers for the retail sector
	Strengthening marketing activities for banking products	- Increasing the number of marketing activities for the retail sector - Effectiveness of the advertising campaign - Conversion rate	Advertising campaigns in social networks (Instagram, Facebook, Telegram, etc.)

Based on the proposed strategic goals and objectives of JSC "PUMB", we recommend: reduce the number of the least profitable branches, promote banking products through social networks, take measures to transfer financial products and services to remote channels, review and reduce tariffs for credit and deposit products. It is also necessary to conduct a risk analysis for the proposed recommendations (Table 3.7), all risks can be analyzed and appropriate measures developed to prevent their occurrence.

Table 3.7

Risk assessment for developed recommendations

Recommendation	Risk	Manifestation of risk	Probability of occurrence	Measures for prevention
Reducing the number of branches	Reputations	- Consumer dissatisfaction, long queues at branches	0.7	Training clients to work with self-service terminals, perform banking operations and services through mobile

				banking
Promotion of banking products in social networks	Liquidity	Low advertising effectiveness (discrepancy of income to advertising costs)	0.5	Development of an attractive advertising offer and targeting of advertising in accordance with the selected segment
Transfer of banking services to digital channels	Liquidity Market Reputations Operational and technological	- High costs for development and implementation of digital products - Unpreparedness of the population for such changes - Development of more convenient digital products by competitors	0.7 0.2 0.6	Planning budget expenditures for innovation. Informing customers about the benefits of using online services. Public opinion survey for the development of simple and convenient internet banking.
Reduction of loan/deposit rates for private clients	Credit risk Liquidity Operational and technological	- A decrease in the bank's profits with an incorrect tariff grid	0.2	Analysis of the new tariff grid for profitability and development of the best option for clients and the bank

Based on the analysis of the strategic development of the company, possible changes were proposed to improve the strategic directions of development of JSC "PUMB" and measures for their implementation. These recommendations are aimed at improving the bank's activities and can increase the efficiency of its activities. In addition, possible areas of development were identified, such as improving offers for retail customers for loans and deposits, because there is now potential in this type of service.

Therefore, JSC "PUMB" can improve the quality of the offered services and customer satisfaction, as well as improve financial indicators due to the growth of the asset portfolio. It was also determined that the reduction of low-profit offices can help reduce costs, since the number of offices in the bank is approximately the same as that of competitors, and the main strategy of the bank's development is the transition to remote service channels. Given that the bank's clients use payment for services, utility bills and money transfers the most, this type of service can be provided through a mobile application, internet banking or self-service terminals. Therefore, a wide network of branches is not the main competitive advantage when choosing a bank. It should also be noted a possible change in the bank's marketing strategy for the promotion of retail products through social networks and the Internet. Thus, it is possible to evaluate options for improving the development strategy of a banking institution and choose the optimal ones from the point of view of effectiveness and considered risks.

CONCLUSIONS

Based on the results of the research, the following conclusions were made:

1. Based on the systematization of the theoretical approaches of various scientists, it is proposed to understand the management of the bank's strategic development as a management process of maintaining the correspondence between the bank's goals and available resources in the conditions of constant challenges from the external and internal environment in order to strengthen and develop its strategic positions. The formation of the strategy of each bank consists in finding ways to overcome competition in the market. It is emphasized that in modern economic conditions, banks must conduct their activities on the basis of strategic development management, on the basis of which each bank can determine its own competitive advantages or weaknesses and establish which market segments it can serve with certain banking products.

2. Management of the strategic development of the bank is related to the theory of the life cycle of the bank (services), according to the considered model, the stage of the life cycle of the bank's development is contained in the coordinates - indicators of the bank's financial condition, the bank's competitiveness (the degree of the bank's financial stability in an unstable external and internal environment compared with other banks) and time. In the process of its development, the bank goes through several stages of its development (birth, growth, maturity, aging, liquidation or revival at a new, higher quality level), while the transition to each new qualitative level (new degree) is characterized by a qualitative leap of the system, which is a consequence nonlinearities of the system.

3. It has been proven that the strategy for the development of the financial sector of Ukraine is aimed at ensuring the stability and recovery of the economy in the conditions of war. It covers key areas such as supporting the economy through risk insurance, credit programs, rebuilding infrastructure, developing innovative financial services and improving the inclusiveness of the financial market. Special attention is paid to creating conditions for sustainable development, strengthening cyber security, regulation of virtual assets and restoration of financial infrastructure in the de-occupied

territories. The strategy is flexible and takes into account the need to adapt to changes in the external environment, contributing to the economic stability and integration of Ukraine into global financial markets.

4. JSC "PUMB" is a systemically important bank on the financial market of Ukraine, which demonstrates a stable financial position and efficiency in risk management. In recent years, the bank has demonstrated significant growth in assets, liabilities and equity, which demonstrates its ability to adapt to changes in the market environment. High liquidity indicators, such as LCR and NSFR, exceed NBU standards, which confirms the bank's ability to maintain its obligations and ensure financial stability. In addition, the positive results of operating activities and net profit testify to the effectiveness of the bank's business model. PUMB has every chance for further development and strengthening of its positions on the financial market of Ukraine.

5. In order to make a well-founded choice of the bank's development strategy, an analysis of strengths and weaknesses, opportunities and problems was conducted using matrix methods of strategic competitive analysis. The proposed matrices make it possible to streamline the process of processing and analyzing information, contribute to the adoption of management decisions for the formation of the overall strategy of the bank's development, taking into account all the features and challenges of today.

6. Based on the identified problems of the development strategy and the formed cross-cutting (alternative) strategies, the following recommendations were developed for adjusting the strategic goals of the bank within the directions specified in the strategy: reduce the number of branches, improve the promotion of banking products through social networks, transfer banking services to digital channels, reduce rates for loans/deposits for private clients. These recommendations are aimed at improving the bank's activities and can increase the efficiency of its activities. Reducing low-profit offices can contribute to cost reduction, since the number of offices in the bank is approximately the same as that of competitors, and the main strategy of the bank's development is the transition to remote service channels. It is also determined that a wide network of branches is not the main competitive advantage of the bank, because most services can be provided through a mobile application, Internet banking or

self-service terminals. Therefore, JSC "PUMB" can improve the quality of the offered services and customer satisfaction, as well as improve financial indicators by evaluating the proposed options for improving the banking institution's development strategy and choosing the optimal ones from the point of view of effectiveness and considered risks.

7. The sustainable development strategy of JSC "PUMB" for the next 5 years is proposed, which is focused on supporting Ukraine to victory, economic recovery of the country as a result of the war, raising the standard of living of the population, innovations in financial services, inclusiveness and social responsibility. To implement them, the bank plans to implement initiatives aimed at supporting social and state projects, developing technologies and "green" finance, lending to small and medium-sized businesses, as well as supporting human rights and protecting the environment. The strategy also includes the fight against economic crimes and corruption, which contributes to building trust and sustainable development of the bank.

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