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**QUALIFYING MASTER'S THESIS**

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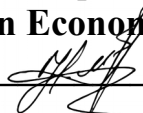
**FORMATION AND MANAGEMENT OF THE CLIENT  
BASE OF BANKING INSTITUTIONS**

student of higher education **Luan Qiuxia**

**The work is accepted for defence in the EC**


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Kharkiv 2024

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
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Faculty EDUCATION AND RESEARCH INSTITUTE  
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**TASK**  
**FOR A QUALIFYING MASTER'S THESIS**  
Luan Qiuxia

1. Topic of work: "FORMATION AND MANAGEMENT OF THE CLIENT BASE OF BANKING INSTITUTIONS".

Scientific adviser Nadiia Morozova, PhD in Economics, 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 investigate the essence of the concepts "bank client" and "bank client base" and their role in the formation of the bank's client-oriented strategy; to generalize methodological approaches to the policy of formation and development of the bank's client base; to systematize segmentation problems as the main tool for managing the bank's client base.

• In Chapter 2: to summarize scientific approaches to the analysis of the bank's client base; provide technical-economic characteristics of JSC "Oschadbank"; to analyze the customer base of JSC "Oschadbank".

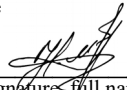
• In Chapter 3: to improve the management system of the bank's client base; to provide proposals regarding the further development of the formation and management of the client base of JSC "Oschadbank"; to investigate the loyalty management process and the development of a step-by-step customer loyalty management system in the banking sector.

4. Plan of qualifying master's thesis

No	Names of work sections
1	THEORETICAL FUNDAMENTALS OF CLIENT BASE MANAGEMENT OF BANKING INSTITUTIONS
2	CURRENT PRACTICES DIAGNOSTICS OF FORMING THE CLIENT BASE OF UKRAINIAN BANKS
3	WAYS OF IMPROVING THE BANKS CLIENT BASE MANAGEMENT SYSTEM

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

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## ABSTRACT

The qualifying master's thesis contains 79 pages, 10 figures, 7 tables, and a list of 40 references.

**The object of research** is the economic relations that arise in the process of forming and managing a bank's client base.

**The subject of research** includes the scientific and methodological support and practical tools for managing the client base within the framework of a bank's client-oriented strategy.

**The purpose of the master's thesis** is to improve the theoretical foundations and scientific-methodological approaches to the formation and management of a bank's client base.

**Tasks of a qualifying master's thesis include:**

- to investigate the essence of the concepts "bank client" and "bank client base," and their role in forming a client-oriented strategy for the bank;
- to generalize methodological approaches to policies for forming and developing a bank's client base;
- to systematize segmentation challenges as a primary tool for managing the client base;
- to summarize scientific approaches to analyzing a bank's client base;
- to provide the technical and economic characteristics of JSC "Oschadbank";
- to analyze the client base of JSC "Oschadbank";
- to improve the management system for the bank's client base;
- to provide suggestions for further development of the formation and management of JSC "Oschadbank's" client base;
- to explore the process of loyalty management and develop a step-by-step system for managing customer loyalty in the banking sector.

**Theoretical provisions, conclusions, and practical recommendations** provided in the research create a foundation for effectively managing the client base within the framework of a client-oriented strategy for banks.

**Practical significance:** The research provides actionable insights and methodologies that JSC "Oschadbank" can implement to optimize its client base management system, enhance customer satisfaction, and strengthen its competitive position in the financial market. These findings are adaptable for other banking institutions seeking to implement a robust client-oriented strategy. This study highlights the essential role of effective client base management in achieving long-term success, fostering customer loyalty, and supporting sustainable growth in the banking sector.

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

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## INTRODUCTION

An important component of the effective functioning of the economy of Ukraine in modern conditions is the effective market mechanism of the formation of the value of a commercial bank. Therefore, it is urgent to search for new scientifically based tools for assessing and determining the financial value of the client base, which is an intangible asset of the bank and affects the stability and competitiveness of banks. This task can be solved by developing a new system for monitoring and analyzing the bank's client base and improving banking products in accordance with consumer needs.

Based on this, the client base turns into an extremely important resource for ensuring the stable and efficient functioning of the bank, it becomes its additional competitive advantage, which determines the need to develop scientific and methodological principles and practical tools for managing the bank's client base.

The object of the study is the economic relations that arise in the process of forming the bank's client base and managing it.

The subject of the study is scientific and methodological support and practical tools for managing the client base in the context of the bank's client-oriented strategy

The work uses the methods of logical analysis in determining the basic categories of research, continuous statistical analysis, statistical tables, graphs and diagrams in the assessment of general indicators of the activity of Ukrainian banking institutions in the field of analysis of the client base of banks, analysis and synthesis, method of logical generalization.

The purpose of the qualifying master's thesis is the improvement of theoretical foundations and scientific-methodical approaches to the formation and management of the bank's client base.

The following tasks were defined for the realization of the research goal:

- to investigate the essence of the concepts "bank client" and "bank client base" and their role in formationclient-oriented strategy of the bank;
- generalize methodological approaches to the policy of formation and

development of the bank's client base;

- to systematize segmentation problems as the main tool for managing the bank's client base;

- generalize scientific approaches to the analysis of the bank's client base;

- provide technical-economic characteristics of JSC "Oschadbank";

- to analyze the customer base of JSC "Oschadbank";

- improve the management system of the bank's client base;

- provide suggestions regarding the further development of the formation and management of the client base of JSC "Oschadbank";

- to investigate the loyalty management process and the development of a step-by-step customer loyalty management system in the banking sector.

The informational and factual basis of the research is: legislative and normative acts of the National Bank of Ukraine; statistical data of the State Statistics Committee of Ukraine and analytical reviews and reporting data of banks of Ukraine; primary documentation of banking institutions; monographic studies and scientific publications on the management of the bank's client base.

Theoretical provisions, conclusions and practical recommendations provided in the work create a basis for effective management of the client base based on the bank's client-oriented strategy.

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

Keywords: client, bank, client base, segmentation, client base management, customer loyalty, marketing, communication tools.

# CHAPTER 1

## THEORETICAL FUNDAMENTALS OF CLIENT BASE MANAGEMENT OF BANKING INSTITUTIONS

1.1. The essence of the concepts "bank client", "bank client base" and their role in formation client-oriented strategy of the bank

In today's conditions of intense competition, domestic banking institutions have realized that the effectiveness and success of their activities depends on the choice of consumers, that is why they began to actively implement a customer-oriented marketing approach aimed at meeting the needs of customers as fully as possible and strengthening their loyalty.

As part of the implementation of a client-oriented marketing approach, banks are trying to determine the main components of a consumer orientation strategy, constantly adding to the existing arsenal of tools for establishing successful interaction between credit institutions and clients.

The determined dependence of the bank on its own customers confirms the need to optimize the service of client groups with different parameters, increase the quality of service and the degree of customer satisfaction with banking services, etc. All these measures require directed influence on the part of the bank and must be implemented within the framework of the system of formation and management of the client base.

First of all, we will analyze the existing scientific and methodological approaches to understanding the concepts of "bank client" and "bank client base".

Yes, D. Haidunko believes that a bank client is an entity that actually uses the bank's services, satisfying needs specifically in banking services [1].

According to the Law of Ukraine "On Banks and Banking Activities", a bank client is any natural or legal person using its services [2].

From the above definitions, it becomes clear that the main criterion for obtaining the status of a client of a banking institution is the fact or absence of the fact of

consumption of bank services by a person or company. In other words, in this case, we are talking about real (existing) bank clients to whom banks provide services (in accordance with Articles 2 and 47 of the Law of Ukraine "On Banks and Banking Activities"), which is documented and confirmed.

At the same time, it is worth noting that the definition of a person as a client already implies that he is an existing (real) consumer of the bank, and therefore it is not necessary to add the above-mentioned clarifying words to the concept of "client".

Consider the classification of clients according to various criteria (Fig. 1.1) [3, 4].

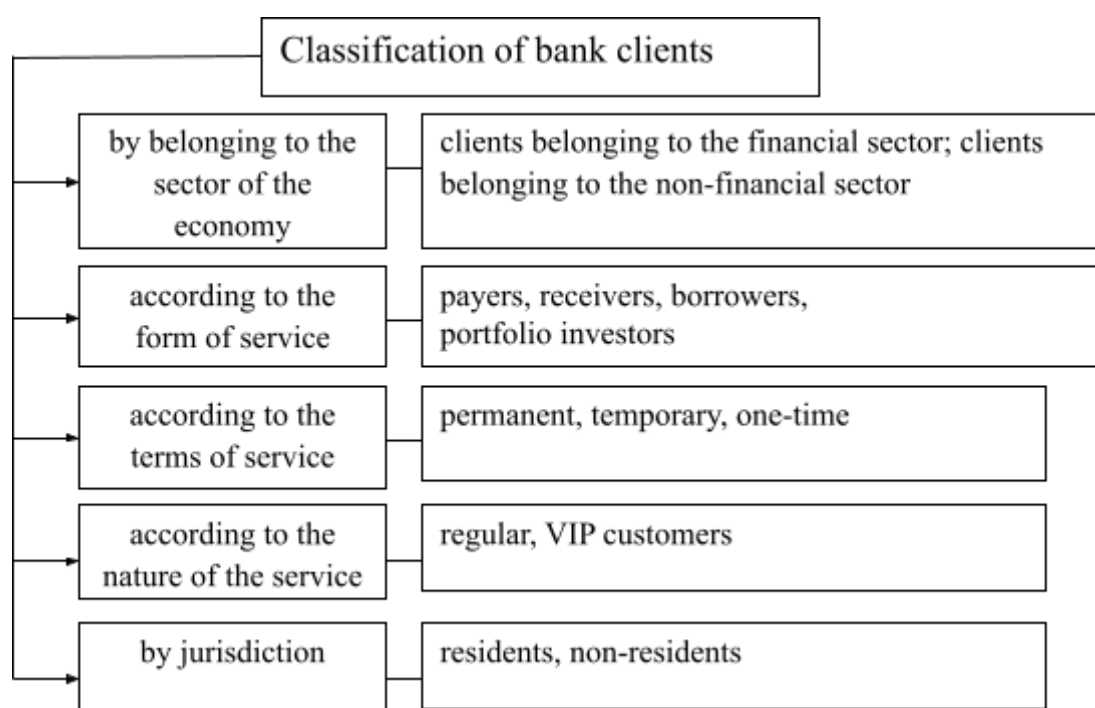


Fig. 1.1. Classification of bank clients.

By belonging to one or another sector of the economy, customers are distinguished, belonging to the non-financial (belonging to organizations of the real sector of the economy) and financial sector of the economy (belonging to organizations whose activities are mainly related to the provision of financial services).

Clients can also be classified by service forms, determined by the types of banking services consumed. So, depending on whether clients make payments through current accounts, receive loans, or invest money in deposits, they can be divided into payers, recipients, borrowers, portfolio investors, etc. According to such a criterion as

jurisdiction, bank clients can be divided into residents and non-residents. According to the nature of service provided by the bank, clients can be divided into regular and VIP clients. Ordinary customers include customers who consume standard services of a banking institution and do not represent a great value for the bank, VIP group includes those customers in whom the bank is most interested.

As a criterion for a client's transition from "ordinary" status to "VIP-status", an increase in the average balance of funds on the client's checking or deposit accounts over a certain reporting period to a level that each bank sets independently is usually used.

According to the terms of customer service, they are divided into: permanent; temporary; disposable

To develop a strategy for managing individual segments of the client base—natural persons can be classified by such features as age, social status, marital status, income level, personality type, behavior, etc. A legal entity—is an organization created and registered in accordance with the procedure established by law, capable of acquiring rights and obligations in its own name. Individual entrepreneur (FOP)—this is a natural person who is registered as an entrepreneur without the status of a legal entity to conduct business.

Existing clients have close ties with the bank and their choice is usually related to the quality of service, trust in the bank, high professionalism of the bank management, as well as the bank's understanding of the client's requests and needs.

Established clients have not yet reached a high level of trust in the bank, but are generally satisfied with the services provided by the bank and are not going to change banks in the near future.

New clients—these are clients with whom the bank did not previously have business relations. These can be new enterprises that were not previously served by credit organizations, as well as entities that change banks for various reasons, most often due to dissatisfaction with the quality of service.

Before we proceed to the study of methodical approaches to the management of the client base of banks, we consider it expedient to determine what exactly should be understood by the client base of a bank.

Kurshakova N. defines "the bank's client base as the bank's actual clientele plus a part of potential consumers of banking services who are within the limits of possible contacts with this bank and who are satisfied with the bank's set of services and the terms of their provision" [4].

Haydunko D. notes that the bank's clientele is a simple collection of its customers - legal entities and/or individuals, which meets the criteria for consuming the bank's services proposed above. In other words, the bank's clientele has only quantitative characteristics. However, the term "client base of the bank", according to the author of this work, defines, on the one hand, the qualitative state of the bank's clientele as a non-random collection of consumers of banking services, and on the other hand, the quality of the work of the bank itself with its own clients. That is, this term defines the comprehensive state of the bank's customers mediated by the market, which ensures the need to consume its services [1].

Fedirko V. proposes to consider the concept of "client base of the bank" as a mandatory intangible element of its resources on a par with the capital base, human resources, material and technical base, financial resources, information, etc. In this aspect, it is important to note that the client base, like other elements of the bank's resource potential, has a monetary expression - in the balance sheet it is presented as the volume of banking transactions with consumers in value terms [3].

Thus, in our opinion, the author most fully reveals the concept of "bank client base" - as an organized and ordered set of existing bank clients, which is an integral intangible element of its resource base, without which the bank cannot exist and develop, the basis of achievement them of the strategic goals of their activities.

The composition and quality of the client base affect the volume and quality of additional resources, the possibility of increasing and expanding credit and investment portfolios, as well as the volume of payments made through the bank by correspondent partners.

The formation of a client base is an important prerequisite for banks to achieve their ultimate goal - making a profit. In addition, the expansion of the client base contributes to increasing the stability and competitiveness of banks, as well as strengthening their positions in the developed segments of the banking services market in order to attract new clients.

The specificity of the implementation of banking products, the presence of large banks that occupy a significant share in the market of banking services, the liberalization of the conditions for the implementation of economic activity cause special competition in the banking sector of Ukraine, in addition, these factors increase the value of the client for the bank, as well as the need to create an effective system of managing the client base the bank. An important starting point in working with clients is the development of the bank's client policy.

Customer policy of the bank—it is, first of all, an internal document of the bank, which defines specific tasks in the work of the bank to form an effective client base, their resource support, priorities, and a system of monitoring the implementation of the provisions of this document. The client policy takes into account all the wishes of the bank's structural divisions and serves as a strong incentive for systematic and effective work to create the client base necessary for the bank.

This document should be considered one of the most important strategic documents of the bank, such as personnel policy, business plans of divisions, tariff policy, the development and implementation of which are evidence of competent business management and the bank's inclusion among successful companies. The market of banking services is in constant motion, therefore, when forming customer policy, the bank must study economic phenomena, processes, and also analyze factors that affect the possibility of attracting customers.

Macroeconomic factors affecting the formation of the bank's customer policy include the following: the level of competition in the banking sector; current market conditions; regulatory policy; the state of the monetary system; inflation rate; income level of the population; the state of development of individual industries and regions.

Among the microeconomic factors, it should be noted: the actual amount of capital; the image of the bank in the market of banking services; the effectiveness of the bank's marketing, especially competitive policy; staff qualifications, including customer service culture; technologies used by the bank and their compliance with the needs of existing and potential customers; the breadth of the range of services; the bank's pricing policy; marketing strategy of the bank; stability of the bank's client base.

When developing the bank's client policy, an analysis and assessment of the initial state of the bank's client base, the reasons for the outflow of clients are carried out; the served market, i.e. the bank's clients, their needs; availability of appropriate banking products and services that meet needs; the possibility and profitability of meeting needs; determination of internal costs for the provision of services, or ways of obtaining the necessary financial resources; attractiveness of the market, i.e. its size, growth rates and their forecasts; the total number of existing and potential customers; degree of customer concentration, their strength; the importance of the banking product or service for the client; ease of communication with depositors and credit users; frequency of purchase of services; financial characteristics of clients; degree of differentiation of banking products and services, their capital intensity; degree of concentration of competitors, their number; opportunities to introduce new products and services and likely market response; relative profitability of services and trends of its change[4].

The main goals of forming the client policy of the bank are: maximum satisfaction of the bank's existing customers with services and level of service based on the study of their needs in order to build constructive long-term mutually beneficial relations with them, which will ensure an increase in the profitability and efficiency of the bank's activities as a whole; coordination of strategies and methods of interaction with clients, taking into account their requests and wishes, the level of profitability for the bank.

Bank marketing can be conditionally divided into two parts: study and analysis of the market for attracting contributions and deposits; market assessment for the purpose of granting credit and making investments in securities. Accordingly, the bank's

marketing complex should be formed, which is based on the 4R paradigm: product, a set of services provided for by the bank's contract with the client), price (the amount of funds needed to obtain the bank product), place (the bank's actions that make the bank product available to target markets), promotion (the bank's actions to spread information about the advantages of its own product). In contrast to this generally accepted point of view, it is thought more appropriate to support the provision on expanding the concept of banking marketing to the 8P-paradigm, according to which the following elements are added to the specified elements: people (persons involved in the process of providing a service), physical evidence (the environment of providing a service ), partnerships (long-term relations between the client and the bank), process (procedures, mechanisms and sequences of actions that ensure service provision).

According to this approach, the focus of banking activity shifts from the benefit of a separate operation to the results of long-term and long-term cooperation, i.e. the concept of a client-oriented approach in the bank, which considers the interests of clients at the level of the interests of the company, while working with clients is carried out as consulting, products and services are offered with individually selected characteristics, thanks to the authority given to the staff while maintaining the general regulation of business processes. In terms of customer orientation, in our opinion, trust is the basis of the relationship between the bank and the client.

So, the presence of a client base is a necessary prerequisite for conducting banking business, therefore all aspects of business should be oriented towards the formation of a client base of the bank sufficient to ensure profit as a result of its activities (provided that the stability of the client base is maintained during the development of the bank).

## 1.2. The policy of formation and development of the client base of banking institutions

In Ukrainian practice for a long time there has been a stable understanding that the success of a bank is related to the level of organization of its work with the client base. At the current stage, a significant number of banks are trying to use those development strategies, which in the future could be aimed at forming a high-quality and effective client base of the bank. Each bank independently determines how it should form a client base, the sequence of strategy stages, distribute responsibilities between managers and determine possible financial resources. However, regardless of their own independence, banks still operate according to a single scheme: first of all, banking institutions collect information about potential customers, which makes it possible to identify attractive customers and focus on attracting a specific circle of customers. The formation of the client base, based on the completion of the above-mentioned stages, occurs using information from both external and internal sources. There are three levels of information used in relations between banks and clients [4]:

- macro information - includes data on age, professional and other characteristics of all bank clients, which is at the disposal of marketing department specialists. It is used to analyze the bank's existing asset portfolio and develop new banking products and services;

- micro-information – includes various characteristics of the client, his habits and behavior, is accumulated and used by commercial consultants;
- meso-information – represents information of a general nature, which occupies an intermediate position between macro- and micro-information, and allows segmentation of customers, other analysis of the customer base.

The process of forming a client base involves the passage of certain stages, considered in fig. 1.2. [3, 4].

It is also necessary to note the fact that the process of forming a client base should not be chaotic and random, but meaningful, purposeful, orderly, consistent, consistent with the strategic orientations and capabilities of the bank.

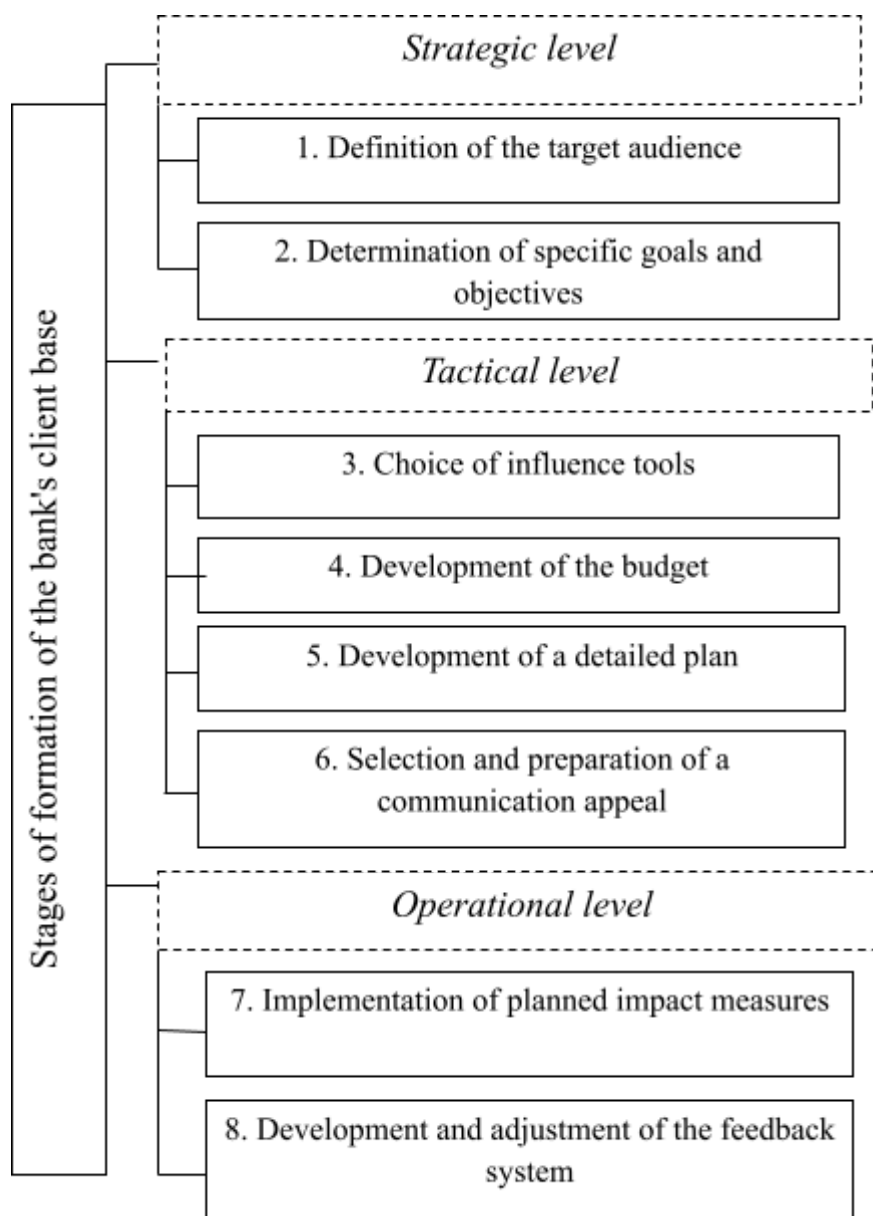


Fig. 1.2. The process of forming the bank's client base

The main provisions of the bank's strategy regarding the formation of the bank's client base are presented in fig. 1.3.

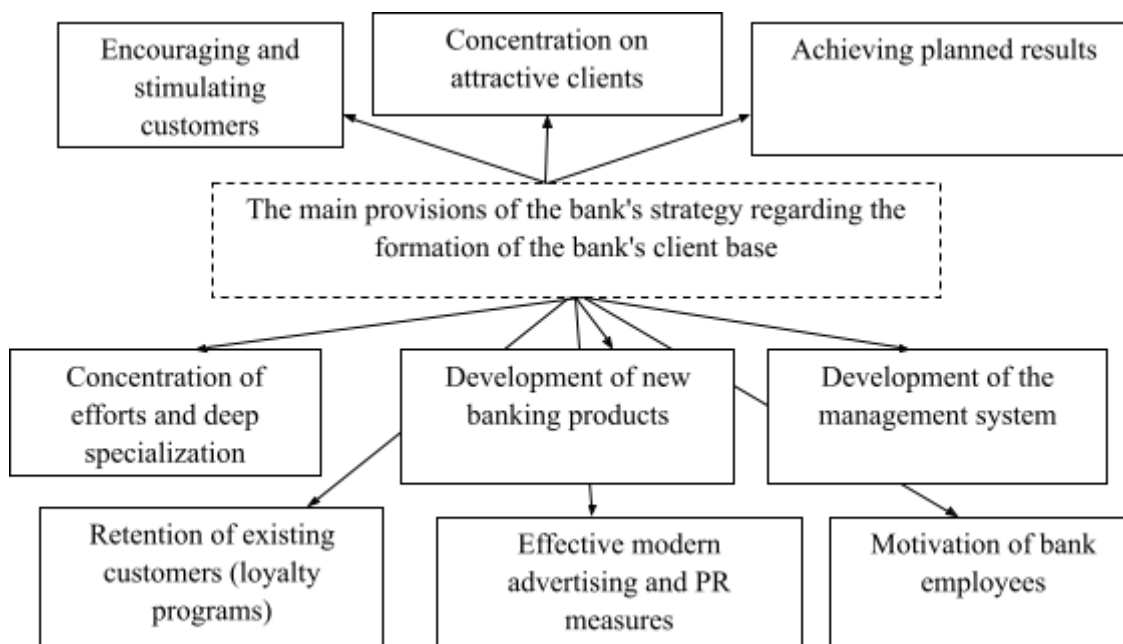


Fig. 1.3. The main provisions of the bank's strategy regarding the formation of the bank's client base

It should also be noted that there is a difference between the formation of the client base of a newly established bank and an existing one. The initial formation of the client base of a banking institution takes place during the creation of the bank on the basis of the market analysis, segmentation and strategic priorities of the bank.

However, the client base is constantly updated and replenished, based on which the client base is also formed in banks already operating in the market. In view of this, it is necessary to consider the peculiarities of the formation of the client base in two aspects.

Therefore, it is appropriate to consider the mechanism of formation and development of the client base proposed by V. Fedirko (Fig. 1.4) [5].

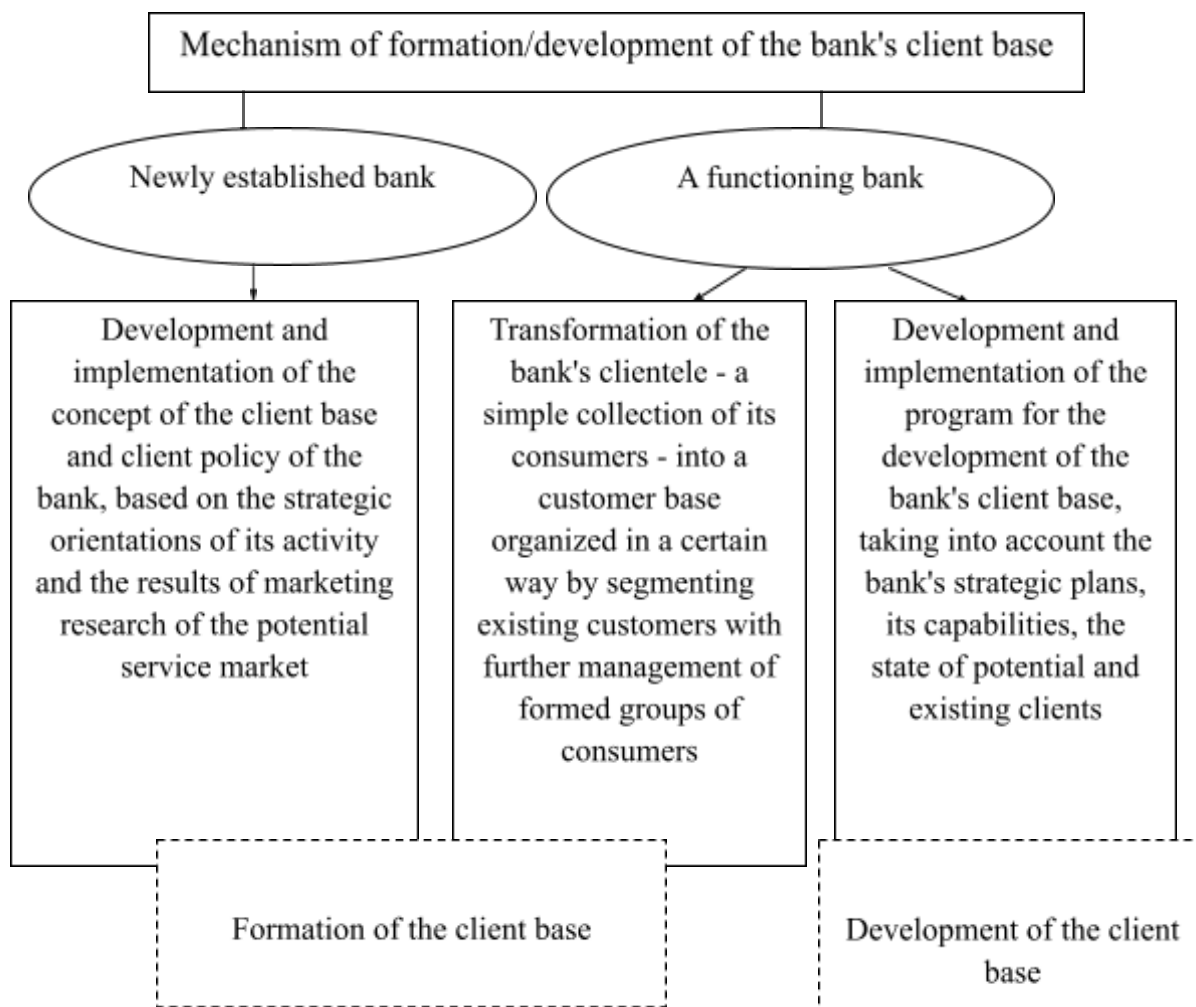


Fig. 1.4. The mechanism of formation/development of the client base of a newly established and functioning bank

The mechanism of forming the client base of the newly established bank is a purposeful and consistent process:

- selection of target market segments of the bank and determination of the strategy of cooperation with it, which is based on large-scale studies of the potential market of banking services and strategic orientations and capabilities of the bank itself. The main document containing the results of work within the specified strategic level of forming the bank's client base is the concept of the bank's client base;

- development and specification of a complex of marketing and approaches to attraction and service for each target market segment within the framework of the concept of development of the bank's client base, which represents the tactical level of

formation of the bank's client base;

- direct involvement of consumers in the bank, their service and maintaining relations with them and operational management of the specified processes.

The process of forming a client base must be consistent and correspond to the bank's strategic orientations and capabilities, its concept of development and specialization, take into account the state of the external environment, especially in terms of the service market, the needs of potential clients in banking services, their requests regarding approaches to service in the bank.

For a functioning bank, the process of forming a client base is proposed to be considered in two aspects:

- in terms of customer segmentation;
- development of the bank's grouped customer base in case of implementation of customer segmentation technologies in the bank.

The first direction of work involves the introduction of grouping (segmentation) of the bank's consumers, that is, the transformation of its clientele - a disordered collection of customers - into a certain structured list of them for the purpose of further management of the formed groups of consumers.

The purpose of these actions is:

- detailed research of customer needs within each segment;
- development of new or adjustment of already existing banking services, tariff and price systems, sales channels, communication strategies and service standards that satisfy their requests as much as possible in order to increase the profitability of the bank's relations with clients and strengthen their loyalty;

- determination of the most profitable and strategically important consumer categories for the bank, development and implementation of a special marketing complex focused exclusively on this client segment, further attraction of potential clients with similar profiles;

- provision of special recommendations to functional product or customer divisions regarding the service of a segment of customers with a significant level of

profitability and growth potential, which can make them more profitable and change the nature of their business relations with the bank;

- determination of service strategies for consumer groups with an average and insignificant level of profitability for the bank, development of measures to improve the efficiency of their cooperation;

- timely identification of positive/negative trends in the development of the bank's relations with each customer segment.

The second direction of work involves (an operating bank in which clients are grouped in a certain way) the need to implement a mechanism for managing the development of the client base, because, unlike a newly established banking institution, an operating bank is concerned with the problems of not forming, but increasing client segments. It should be noted that this line of work is closely related to the process of managing consumer segments, it is based on the conclusions of a comprehensive analysis of client groups and is its natural result.

Management of bank customer segments is a set of measures and methods aimed at ordering, planning, comprehensive analysis and control of bank consumer groups, namely [6]:

- a comprehensive analysis of the formed client segments of the bank, which is carried out on an ongoing basis in terms of the following aspects: analysis of the level of profitability of the bank's work with each group of consumers; analysis of the potential of customers within the formed groups; analysis of the degree of stability of the bank's client base; analysis of the quality of customer service within each segment; analysis of clients' inclination to certain types of services; assessment of the level of customer satisfaction with services, maintenance and activities of the bank as a whole; identification and analysis of potential needs and requests within consumer segments; research of their potential, etc. The result of these actions should be drawing conclusions regarding the effectiveness of the bank's work with specific groups of consumers, the level of their stability and loyalty to the banking institution, the priority segments of the bank's customers, their potential and latest needs, etc.;

- planning the development of the bank's client base, making additions, recommendations and adjustments to the concept of the client base and client policy of the bank, based on the results of a comprehensive analysis of client segments and research of the retail banking market as a whole. The specified concept and client policy should become a reference point for the bank's functional divisions regarding the implementation and introduction of changes in the process of servicing certain groups of clients, the introduction of the latest banking services, etc.;

- control over the implementation of the implementation of these changes and measures, their further adjustment.

The main measures of the bank's client segmentation policy are: segmentation planning and development of a program for grouping the bank's client base: definition of the object of segmentation (clients, potential consumers), its goals, stages of implementation with an indication of deadlines and responsible persons, criteria for grouping and sub-segmentation of clients, implementation budget etc.), its implementation, analysis of results and control over the implementation of measures specified in the program; development of methods for choosing the most optimal combinations of segmentation variables, significant segmentation criteria and criteria for sub-segmentation of the bank's client base, which form the basis of its implementation, their systematic analysis and review; development and formalization of criteria for the selection of target (most profitable, strategic) client segments by the bank[6].

Thus, the mechanism of forming the bank's client base is a purposeful and consistent process of selecting the target market segments of the bank and determining the strategy of cooperation with it, which is based on large-scale research of the potential market of banking services and the strategic orientations and capabilities of the bank itself; development and specification of a set of approaches to attraction and service for each target market segment within the framework of the concept of development of the bank's client base, which represents the formation of the bank's client base; direct involvement of consumers in the bank, their service, maintaining relations with them and operational management of the specified processes.

### 1.3. Segmentation as a tool for managing the bank's client base

Building an effective management system for the bank's client base is impossible without a detailed policy of segmentation of its clients. After all, first of all, the segmentation procedure will make it possible to form the bank's client base as a certain onesystematized and grouped aggregate of its clientele and, secondly, in the future will become an effective tool for its management.

Segmentation makes it possible to accurately define the target market and its needs; determine the advantages and disadvantages of the bank in the competition for new markets; creates the necessary basis for developing the bank's long-term strategy.

The choice of segmentation approach is based on the following criteria: the importance of the segment for the bank; quantitative indicators of the segment (capacity of a certain market segment, rates of development of the relevant industry); availability of segment information for the bank; profitability of the customers who make up the segment; protection of the segment from competition (stable market positions, formed positive image); predicted work efficiency in a certain segment [6].

Segmentation allows marketing services to further concentrate their efforts on attracting and retaining "loyal" customers through the creation of personalized marketing programs, which contributes to increasing the efficiency of the bank's activities.

For the organization of the bank's work with clients, a fundamentally important stage is market segmentation, i.e. determination of target groups of consumers based on certain characteristics.

The classification of bank customer segmentation features is presented in the form of a diagram (Fig. 1.5) [6, 7]. Each of the defined signs of segmentation has specific features, and in general, segmentation allows the bank to concentrate its efforts on attracting and retaining customers, which contributes to increasing the efficiency of all banking activities and establishing trust in relations with customers. In addition, each bank develops internal criteria for the segmentation of its customers, and what is common to all banks is that the segments of the clientele must be determined,

compatible and measurable.

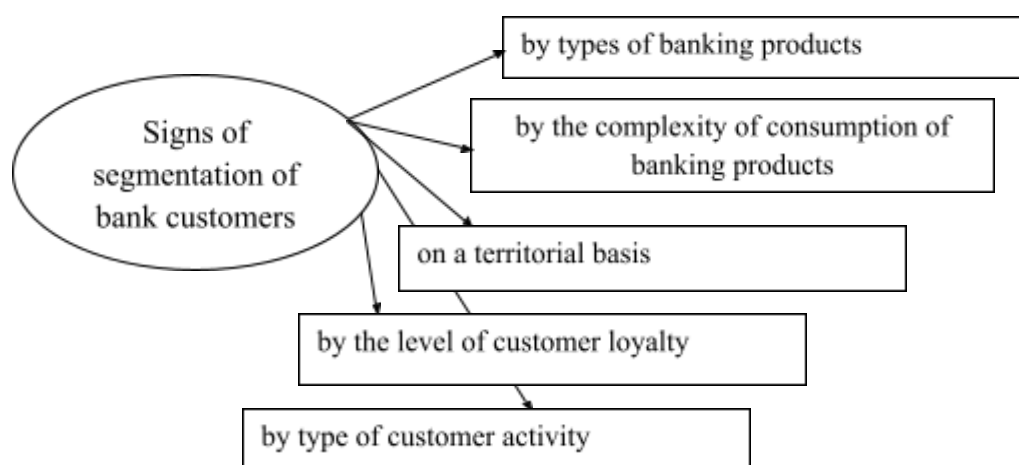


Fig. 1.5. Signs of segmentation of bank customers.

Clients have both similar and specific needs in banking services, which determines the possibility of their division into homogeneous groups. The bank can focus on serving all segments or specialize in only one or several of them. And for each group, it is necessary to develop and promote a special set of services on the market and use special methods of their implementation.

Segmentation is the basis of the process called "customer relationship management" and is closely related to the creation of databases, the completeness and thoroughness of which will primarily depend on the effectiveness of the bank's activities [7].

Today, banks approach the customer segmentation process too formally, using traditional criteria for dividing customers into groups. The systematization of the bank's customer segmentation criteria is presented in Table 1.1.

Theoreticians and practitioners of banking emphasize the importance of primary segmentation — according to the legal status of the client (institutional segmentation), by which segments of legal entities and individuals are distinguished.

Table 1.1

Approaches of domestic and foreign scientists to the segmentation of bank  
customers

The author of the approach	Bank customer segmentation criteria	Defined groups of consumers
Romanov V.V.	customer sign; the significance of the client, its attractiveness for the bank	Natural persons. Legal entities. Standard VIP clients. Strategic VIP clients
Maslova N.O.	the client's value for the bank, the nature of the services provided; objective criteria; subjective criteria	Potential customers: priority customers; neutral customers. Existing customers: VIP customers; profitable customers; average customers
Spitsyn I.O., Spitsyn Ya.O.	customer sign; age of the client; income; occupation	Corporate market. Retail market: very wealthy customers; clients with a high level of well-being; specialists; entrepreneurs; workers and employees; students; young; elderly persons. Credit and financial institutions. Government market

Let's describe the presented segments, yes, to corporate clients of the bank, as a rule, belong to large corporations - enterprises and organizations with a large scale of activity. Their needs in financial services are usually complex and specific; in this regard, when interacting with such clients, special control on the part of bank employees and their high qualification is necessary. When segmenting corporate clients, you can also use additional criteria, for example: nature and field of activity, volume of sales, amount of equity capital, participation in export-import operations, presence of branches and subsidiaries, ratio of own and borrowed funds, nature of the need for loan resources.

Table 1.2 presents the primary segmentation of banking institutions of Ukraine.

Table 1.2

Primary segmentation of banks (compiled on the basis of the websites of the specified banks)

Primary segmentation	The bank's client base			
Raiffeisen Bank JSC	Corporate clients	Small and micro business clients	Private individuals	Client banks
JSC "Sens-Bank"	Corporations	Small and medium business clients	Private individuals	
JSC "Oschadbank"	Corporate clients	Small and medium business clients	Private individuals	Premium banking
JSC "Ukrsibbank"	Corporate clients	Small and medium business clients	Private individuals	Premium banking
JSC "OTP Bank"	Clients are legal entities		Private clients	

Medium-sized companies are medium-sized enterprises and organizations whose needs for financial services differ from standard ones. Banking services for such clients are less resource-intensive compared to representatives of the previous segment.

Small business companies are small enterprises and individual entrepreneurs whose needs in financial services are standard and similar to the needs of large private clients, and their behavior is easily predictable.

Retail market is also quite heterogeneous in its structure and customer needs and includes the following segments:

- large private clients - very wealthy private individuals with incomes significantly above the average level, who need individual financial products, as well as interaction with a personally allocated bank manager;

- wealthy clients - private individuals with wealth and income above the average level, who follow innovations in the banking sector, they need high-quality high-tech service; mass customers - classic retail customers. These are private individuals with an average income level, whose needs in financial services are standard and permanent. Servicing just such clients brings banks the main income from the retail segment;

- clients with a low level of income - private individuals with minimal or no wealth and incomes below the average level, whose needs in banking services are limited to simple services with low prices.

Each of the selected segments can be divided into smaller segments depending on the goals and objectives set by the bank, i.e. this is a secondary (more detailed) level of segmentation.

Thus, middle-level corporate clients are subject to additional segmentation in order to identify groups of clients with similar risks in their activities and behavioral characteristics. As an example, we can consider a deeper segmentation by industry, in which the bank's clients are served by a small group of bank specialists, taking into account the presence of a clearly expressed and similar group of needs. For example, construction organizations or food industry enterprises. At the same time, a specialized marketing strategy is developed for each of the sub-segments, which takes into account the peculiarities of this group of customers, a package of the most popular banking services is formed and promoted with a special emphasis on the implementation of highly profitable non-resource-intensive banking products.

Using a specialized marketing strategy does not mean focusing on standard banking products and standard service procedures. Each client is subject to an individual marketing and financial analysis, strong ties are established with the bank's management, the functioning of the industry and the client's activities are constantly monitored [8].

In the segments of large corporations and large private clients, it is necessary to form a comprehensive marketing approach to the individual assessment of the financial condition and needs of each client. Representatives of these segments are interested not so much in a one-time purchase of a banking product as in full-featured financial services on an ongoing basis. In this regard, the primary marketing tool for interaction with representatives of these segments is personal financial planning based on individual characteristics and needs of clients. The result of using such an approach should be the offer of a unique and flexible package of financial services, which ensures the retention of such customers for a long period.

The bank's marketing activities for retail customers (with the exception of large ones) tend to be standardized on the basis of pre-developed service algorithms.

Wealthy clients of the bank from the segment of individuals are subject to initial marketing analysis in order to identify financial and behavioral indicators. This information helps the bank to carry out in-depth segmentation and differentiate approaches to different groups of bank customers within a certain segment, offering each of them its own banking services and products that take into account its basic needs. Wealthy clients are offered specialized banking services that claim to be individual, but are quite standardized and put into a flow, that is, a banking product that best meets the needs of a particular client is selected from the entire mass of available banking products.

Based on the scientific research of banking experts, it is possible to distinguish the classification of bank clients based on "customer value": existing ("VIP", "profitable", "average", "unprofitable"); potential ("priority"; "neutral"; "unfamiliar"; "unwanted").

According to the nature of the services provided, the following groups of clients are defined: those who consistently use certain types of "mass" services; use a wide range of "mass" services; use service packages, i.e. are wholesale buyers; use personalized services [8].

The second group of classification features of customer segmentation consists in grouping according to objective criteria (objective - Latin objectives - inherent in the object or corresponding to it, existing outside and independently of consciousness), characterizing physical and legal entities.

For segmentation, it is suggested to use characteristics characteristic of individuals - social status, gender, age, income level, place of residence, marital status, education level. For legal entities, the following criteria apply: form of ownership, type of activity, location, number of employees, income from sales of goods and services.

The third group of classification features is based on the segmentation of clients according to subjective criteria (subjective - Latin subjunctives - characteristic only of a given person, subject), namely according to the motivation of clients, according to the degree of readiness to accept the banking product, depending on the degree of loyalty customers to banking services.

Segmentation is the basis of the process called "customer relationship management" and is closely related to the creation of databases, the completeness and thoroughness of which will primarily depend on the effectiveness of the bank's activities [9].

Today, banks approach the customer segmentation process too formally, using traditional criteria for dividing customers into groups.

Thus, banks separate the segments of individual and corporate clients, correspondent banks, the segment of state authorities; to divide individual clients, they use such criteria as the client's social status and age - banks distinguish the segment of young people, people of mature age, pensioners, families with minor children; for corporate clients – the size of the enterprise, its location, the service sector, the size of the company's annual revenue, daily or monthly turnover, the amount of assets and profitability of the enterprise, balances of funds on current accounts (Table 1.3) [10].

However, mass borrowers of banks are usually segmented according to such characteristics as income level, age, social status, occupation, availability of real estate, possession of a salary card of the creditor bank.

Table 1.3

Secondary segmentation of individual bank clients

Name of the bank	Segmentation criteria of individual customers	Criteria for forming a segment of individual VIP clients
JSC CB "PrivatBank"	socio-age category; income level	availability of premium payment cards; amount of deposits (at least UAH 250,000)
Raiffeisen Bank JSC	socio-age category; income level	amount of deposits (at least UAH 750,000)
JSC "UkrSybbank"	socio-age category; income level	the amount of funds in the accounts (at least 100,000 dollars), the authority of the person
JSC "Sens Bank"	socio-age category; income level	monthly income (more than \$15,000); amount of deposits (more than USD 100,000); the authority of the person.

In addition, it should be emphasized that recently almost all large banks have singled out the category of VIP clients and offer an individual approach to their service.

We will analyze the existing points of view of economists and scientists regarding the category of persons who make up the group of individual (natural persons) VIP-clients of the bank. It should be noted right away that there is no single definition of the "VIP client" category among bankers. The term VIP (very important person) comes from the English language, which literally means "a very important person" and is used to denote particularly significant, influential, respected clients.

As practice shows, large shareholders or real owners of the bank, managers and owners of the financial and industrial group that controls the bank, top management of large companies served by the banking institution, wealthy clients with significant turnover are immediately included in the VIP clientele of any bank. and account balances. In addition, the main criteria for assigning individuals to the VIP category are the amount and number of transactions on the client's accounts, the volume of bank deposits, turnover and balances on card accounts. During the analysis of the client's turnover, in addition to the current financial condition of the consumer, the bank necessarily takes into account the prospects of its development.

In some banking institutions, there are other categories of measurement, in particular, the social status and authority of the client. Domestic bankers also include prominent politicians, state officials, heads of law enforcement agencies, famous figures of science and culture, theater and film actors, representatives of show business (so-called "image" clients) in the VIP segment. This practice is generally accepted. For example, an Austrian bank automatically includes top managers of large enterprises, well-known political figures and other famous people as "extremely important persons". It should be noted that such clients are usually assigned to the VIP group on the recommendation of the bank's top management.

In our opinion, it is qualitative subjective factors (personal influence and "weight" of the client; authority and reputation of the client; social status; image of the client, popularity in society; recommendations) that play a significant role in determining VIP clients. This situation is primarily related to the Ukrainian mentality, the widespread use

of informal connections in business, and the lack of civilized economic relations in society.

In the future, the indicated persons are able to ensure lobbying of the bank's interests, solving the necessary issues, obtaining exclusive information by the bank's management and are an additional element of advertising. However, it is not uncommon for banks to expand their own client base of corporate clients by engaging private individuals - managers of large enterprises for VIP service.

It should be emphasized that Ukrainian banks are actively creating special services for individual VIP clients, which are becoming separate business areas of banking institutions. It is important to note that this measure is an effective step towards restructuring the bank's activities in accordance with the requirements of the client approach. However, this activity usually does not have the necessary information and analytical support, is not systematically related to the work of other divisions of the bank, in most cases is only tactical in nature and is local, that is, it exists only for individual consumers of the bank.

Thus, it should be noted that domestic scientists and bankers usually emphasize the need to segment the client base of banks, but they do not focus on the importance of dividing and detailed analysis of bank clients, which is a significant drawback that prevents the use of additional reserves for improving the efficiency of banking activities.

## CHAPTER 2

### CURRENT PRACTICES DIAGNOSTICS OF FORMING THE CLIENT BASE OF UKRAINIAN BANKS

#### 2.1. Analysis of scientific approaches to the assessment of the bank's client base

The main task of analyzing the bank's client base in the resource management system is to minimize the uncertainty in which decisions are made regarding the formation and use of the bank's resources in general and current liabilities in particular. It is important for the bank:

- estimate the amount of the possible balance on the client's account;
- to determine the importance of the client from the point of view of his maintaining a constant non-deductible balance on the account;
- to determine how many and which clients the bank needs to serve (or attract) in order to achieve a certain share of these resources in the total amount of involvement.

The initial stage of the analysis of the customer base is its grouping according to a certain characteristic, which will allow to determine the most valuable groups of customers, as well as increase the reliability of conclusions and contribute to obtaining a more objective assessment of the state of the customer base. Customers, in principle, can and should be classified according to various criteria. It is only necessary to identify the criteria important for classification and, based on them, to determine the customers included in each of the formed segments [1].

Such criteria can serve as: total turnover for the month on the client's account - the sum of debit and credit turnover; amount of the account balance; form of ownership; field of activity, industry, territorial location, etc. It should be noted that when forming groups, the same account or client can be part of several groups at the same time. This is important for the analysis of the client base in different sections (in particular, based on information that concerns only the largest enterprises, only state enterprises, or only trade enterprises, etc.).

The choice of grouping method depends entirely on the goals of the analysis. Therefore, it is incorrect to give preference to any of them. There is one mandatory criterion: the same number of clients (at least 15-20) must fall into the group. It is well known that the primary object of analyzing the stability of the bank's client base is the analysis of the dynamics of the movement of funds on accounts and its statistical characteristics. To identify current trends, it is advisable to consider, at least, four series of dynamics: the sums of the total balances of clients' funds in bank accounts; the amount of the remaining funds of the largest customers; amounts of balances with clients not included in the largest group; indicators of diversification.

Based on the trends of these time series, the directionality and stability of the change in the total amount of balances is evaluated and a final conclusion is formed regarding the current trends. An important part of the analysis is the assessment of the diversification of the bank's client base, because the more diversified it is, the lower the risk of using client funds. Indicators characterizing the structure of client accounts:

a) structure of customers by the amount of balances. On the basis of the distribution of accounts by the size of the balance, the indicator of the structure by the size of the balances (SVZ) is determined. According to the results of the evaluation of this indicator, the following results are possible:

- there is a clear predominance of the group of clients with very small balances (small, medium, large and very large balances);
- the distribution of accounts according to the amount of balances is uniform;
- absence of customer groups dominating in terms of balances.

b) structure of clients by turnover (SVO). Clients are divided into conditional groups according to turnover. Similar to the previous indicator, the following situations are possible:

- prevalence of a group of clients with very small (small, medium, large, very large) turnover for this bank;
- the distribution of accounts by turnover is even;
- absence of customer groups dominating in terms of turnover.

The conclusion is quite clear that increasing the diversity (degree of diversification) of the bank's client base by including clients with different characteristics allows the bank to avoid sharp reductions in the total amount of funds on client accounts. In turn, the diversification of lending areas, which is also provided by a diverse client base, smooths out fluctuations in borrowers' demand for credit resources. Thus, the problem of covering the gap that arises between the volume of credit investments and the changing resource base, which is acutely faced by many banks of Ukraine, is removed.

The security ratio characterizes the degree of customer loyalty to the bank: the more banking products one customer consumes, the lower the degree of risk associated with refusing the services of this commercial bank. The number of services provided to the client can be estimated by the number of open client accounts of various types (credit, deposit, settlement, for transactions with securities, off-balance sheet, reflecting guarantees and other obligations of the bank for the transactions of its clients). The tendency to decrease the security ratios is rarely a positive sign, except in cases of deliberate reduction of services of a certain type, when a strategic decision to exit the relevant market or a significant increase in the number of customers is implemented. The rapid growth of the provisioning ratio compared to the growth of the number of clients indicates a high-quality work in relation to clients.

The indicator of the duration of the storage of funds is a coefficient that characterizes the period during which the amount of the balance on the client's account does not decrease.

It should be noted that the structural analysis of clients must be carried out separately for physical and legal clients. Individuals should be analyzed not only for their demand accounts (card accounts), but also for their deposit accounts. As for loans, these are car loans, real estate loans, cash loans. The intervals that determine the size of the average balance on customer accounts (the size of balances from loans) are determined empirically based on the practice of each specific bank.

To analyze the stability of the client base, it is advisable to use indicators of individual and general variability, duration of storage of funds, the level of

sedimentation or outflow of funds, average total and irreducible balances. It is desirable that the index of total variability is close to zero or at least does not exceed  $1/2$ . Otherwise, we can conclude about a significant level of residual fluctuations, which is definitely considered a negative sign.

The value of the indicator "level of subsidence or outflow" depends on the amplitude of fluctuations of the balance during the period and on the turnover of accounts. Ideally, it should be as large as possible, but the minimum allowable value can be zero, which indicates the invariance of the residual state.

A negative value of this indicator signals the outflow of client funds from the bank, which is a negative trend. When conducting a study of the influence of the largest customers on the stability of the customer base and, ultimately, the resource base, it is advisable to use the following indicators [12]:

- the share of the largest clients (ChNK) – their selection is carried out on the basis of the average balance and credit turnover for the period (these clients must differ significantly from the average in the group);

- the share of the largest customers in turnover (ChNKob);

- the share of the largest customers in average balances (ChNKz);

- the connection between changes in the accounts of the largest and the rest of the customers (Kkor). In order to determine whether the changes in the total balances of large clients and their rest are related, it is first advisable to separately analyze the dynamics of the balances on the accounts of the largest and the rest of the clients, and then calculate the correlation coefficient between them. If it is negative or close to zero, this indicates the possibility of a sharp change in the balances of the largest customers, since their behavior does not correspond to general trends. If the value of the correlation coefficient is close to one, then the state of the balances of the largest customers can be considered stable in relation to the total balances;

- existence of property ties between the bank and the largest clients (ChNKins). This indicator determines the share of the largest customers who are insiders for this bank. The presence of such relationships can be assessed, on the one hand, positively (such clients are most likely to remain with the bank), but on the other hand, negatively

(if the bank's dependence on them is high, the deterioration of the condition of one or more such clients may cause a deterioration of the financial state of the credit institution).

The general principle of evaluating the results of the analysis of these indicators is that the smaller the share of the largest customers, the better. The situation in which the main part of the bank's balances is provided by medium and small clients is optimal. The situation is considered the most negative when there are high values of the share of the largest customers in turnover and average balances with low values of the share of the largest customers and the correlation coefficient between changes in the accounts of the largest and the rest of the customers. The final stage of the analysis of the bank's client base, from the point of view of its influence on the formation of current liabilities, is a forecast based on data from the analysis of the current state of the client base and current trends in changes in client resources.

It is being built in two directions:

- forecasting the future state, provided current trends are preserved;
- forecasting a likely change in trend and assessing the reliability of the forecast itself.

The first direction contains a forecast of the future state of the client base based on the same aspects that were used to assess the current state (the role of the largest clients; the structure of the client base; the stability of client balances; an assessment of the amount of client funds available for investment). To forecast the state of the client base for the future, based on the assumption of the preservation of the current trend, a simple mathematical extrapolation method is usually used, based on the dynamics of time series of basic indicators over several previous periods.

The second direction answers the most important question that arises when building any forecast: what is its reliability. The reliability of forecasting is determined by the level of diversification (the lower it is, the less stability) and the value of a special indicator of stability determined during the analysis of dynamics. A trend is considered stable if growth or decline occurs across all categories of customers, less stable – if the general direction of changes is determined by the main mass of

customers; and unstable - if the direction of changes is determined by the bank's largest clients.

Thus, the assessment of the stability of the client base is carried out based on the analysis of the quality of each account and the following indicators are determined: the average quality of the accounts; the average amount of account balances, taking into account quality; the efficiency of the customer base, which is calculated as the ratio of the sum of balances, taking into account the quality, to the sum of all balances. The higher the efficiency, the greater the volume of client funds will be available for investment. Analysis of the stability of the client base allows you to obtain information, the importance of which is not limited to the possibility of using it in the management of the bank's resource base in general and current liabilities in particular. Thus, based on the characteristics of the behavior of large and small customers, it is possible to draw a conclusion about the attitude of the clientele to the bank, which is especially important, for example, for calculating scenarios of unexpected outflow of client funds and other crisis phenomena. Using the analysis of changes in the structure of the client base, it is also possible to draw a conclusion about the effectiveness of the PR actions being carried out and about the quality of the work of managers in the relevant divisions of the bank.

## 2.2. Technical and economic characteristics JSC "Oschadbank"

JSC "Oshchadbank" (Savings Bank of Ukraine) is one of the largest state-owned banks of Ukraine, with an important historical and social role in the country's economy. Its history began back in Soviet times, and it has gone through a long path of development, adapting to various economic conditions and political changes.

Oschadbank was founded on December 31, 1991, but its history dates back to the times of the USSR. Back then, savings banks were a key element of the financial system, allowing people to accumulate savings and carry out basic banking transactions

such as transfers and bill payments. The Savings Bank of the USSR controlled all savings banks on the territory of the republics, including Ukraine [13].

After Ukraine gained independence in 1991, the Savings Bank of Ukraine began to function as the legal successor of the Ukrainian part of the Savings Bank of the USSR. By the decree of the President of Ukraine from 1999, the bank received the status of a specialized state bank, which meant that it retained special obligations to the state, for example, servicing social benefits, pensions, and ensuring the preservation of citizens' deposits.

Since the beginning of the 2000s, Oschadbank began to modernize its activities, introducing new banking services and technologies. During the economic crisis of 2008-2009, the bank faced certain difficulties, but was able to stabilize its activities thanks to the support of the state. In 2014, after the annexation of Crimea and the start of military operations in Donbas, Oschadbank suffered losses due to the loss of assets in these regions, but continued to work in the controlled territory of Ukraine.

As of March 31, 2024 and December 31, 2023, 100% of the Bank's shares belonged to the state. The bank plays an important role in the financial system of Ukraine, ensuring the implementation of state programs, in particular in the agricultural sector, infrastructure projects and social initiatives. Oschadbank is also the only bank in Ukraine that has a state guarantee for all deposits of individuals, which makes it attractive for depositors.

1,158 branches were registered as working, the activity of 32 branches was temporarily suspended in the territory controlled by Ukraine in connection with active hostilities and the threat to the lives of employees and customers. Residents of small and remote settlements are served by remote service units [13].

450 branches are part of the Power Banking network, created at the initiative of the NBU, which is able to provide banking services even during long-term power outages. Another important factor in ensuring stable access to banking services, even in frontline areas, are mobile branches, so-called "banks on wheels" - full-fledged banking institutions located on the basis of vans. They were introduced at the end of last year and have already started serving customers in areas where no other bank operates.

The organizational structure of JSC "Oschadbank" is shown in Figure 2.1 [14].

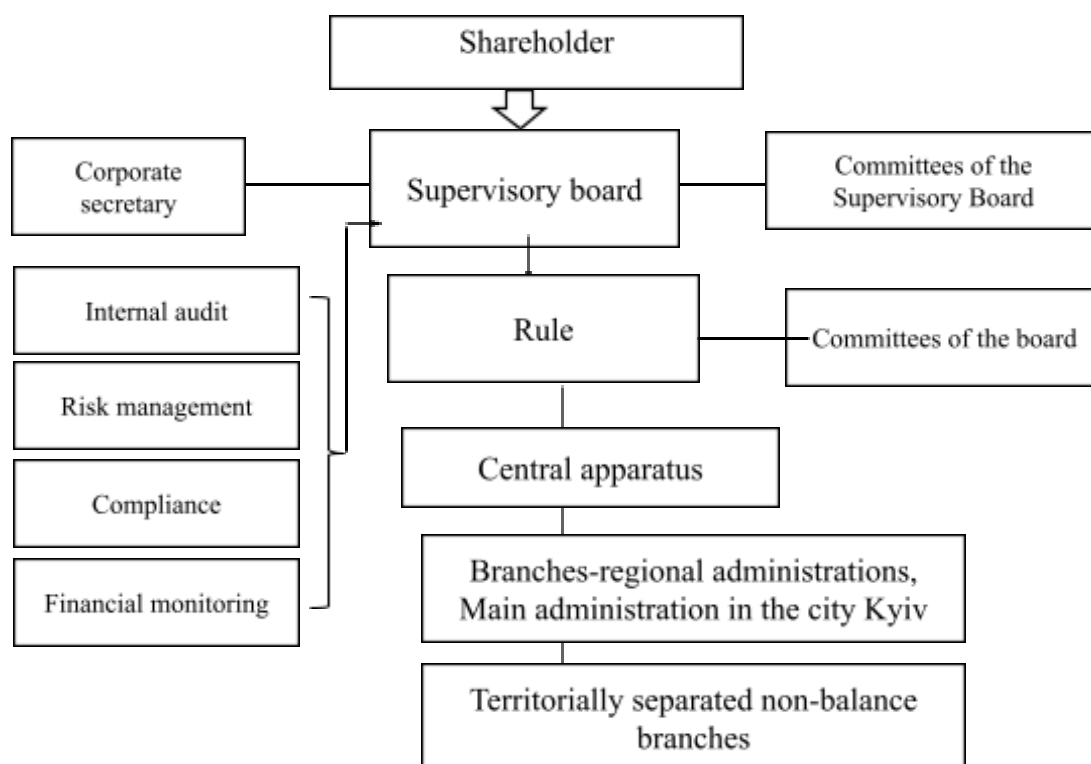


Fig. 2.1. Organizational structure of JSC "Oschadbank"

The organizational structure of JSC "Oschadbank" meets the requirements of current legislation and regulatory acts of the National Bank of Ukraine in terms of effective delegation of powers and internal control.

The Statute of Oschadbank defines the following management bodies:

- the highest body - the Cabinet of Ministers of Ukraine, which manages the corporate rights of the state in the bank and performs the functions of the highest management body;

- the supervisory board is a collegial management body that, within its competence, manages the bank and controls and regulates the activities of the board in order to implement the development strategy. The Supervisory Board does not participate in the current management of the bank;

- the board is the executive body that carries out the current management of the bank's activities. In order to ensure effective management, the supervisory board and the

board create committees to which they delegate part of their powers, and monitor the implementation of delegated powers within the framework of accountability mechanisms.

The system of subdivisions and the network of separate institutions of Oschadbank was built according to the territorial-functional logic, based on the scale and structure of operational activities, in compliance with the principle of reasonable and effective centralization of part of the functions.

During 2023, the bank successfully implemented the centralization of support and collection functions, which were performed in branches, with the optimization of the organizational structure, the maximum reduction of operating costs, the improvement of processes and the introduction of a new organizational model of centralized management.

The mission of Oschadbank is to change and initiate positive changes in the country, to be the bank of first choice, emotionally close to every Ukrainian [14].

The strategic goal is to be a profitable, commercially oriented bank with high business stability, a leader in innovation and satisfaction of client needs.

JSC Oschadbank has a balanced structure of assets, provides a sufficient level of liquidity to fulfill all obligations and carries out effective management of the balance sheet taking into account the risks inherent in the country's economy.

As of January 1, 2024, Oschadbank's assets amounted to UAH 346.5 billion, and during 2023 they increased by UAH 77.3 billion, or by 29%, and have the following structure:

- cash and cash equivalents – 19% (increased by UAH 37.5 billion, or 2.3 times over the year), volume as of January 1, 2024 – UAH 65.9 billion;
- loans and advances to customers – 26% (increased by UAH 5.9 billion or 7% over the year), volume as of January 1, 2024 – UAH 89.1 billion;
- investments in securities – 50% (increased by UAH 30.1 billion or by 21% over the year), volume as of January 1, 2024 – UAH 173.4 billion;
- fixed assets and intangible assets – 4% (increased by UAH 4.0 billion or 47% over the year), volume as of January 1, 2024 – UAH 12.7 billion [13].

The structure of the bank's assets during the year underwent changes in the currency component: the share of assets in hryvnia (80%) increased by -3 percentage points, in US dollars (16%) decreased by 3 percentage points, in euros (4%) - without changes. The most influential positive changes in the structure of assets and liabilities took place: - in assets - an increase in the investment portfolio by UAH 30.1 billion, or by 21.0%, and an increase in the loan portfolio by UAH 5.9 billion, or by 7.1% ; - in liabilities - an increase in funds raised on customer accounts by UAH 69.0 billion, or by 29%.

A significant part of Oschadbank's assets is the portfolio of securities, which provides a high level of secondary liquidity and hedging of exchange rate fluctuations.

In the reporting year of 2023, Oschadbank maintained profitable operations and obtained a record profit in the amount of UAH 5,976.5 million, increasing this indicator by UAH 5,338.1 million compared to last year.

In general, Oschadbank's net interest income increased by 25% compared to 2022 - to UAH 18.7 billion, primarily due to the increase in the volume of funds on customer accounts, which allowed to increase the net loan and investment portfolio.

The amount of net commission income at the end of the reporting year 2023 is UAH 6.6 billion. and compared to the previous year, it increased by UAH 0.7 billion, or by 12%. In the reporting year, reserves for expected credit losses on interest-bearing assets in the amount of UAH 1.4 billion were dissolved, while in 2022, the bank formed corresponding reserves in the amount of UAH 11.0 billion. The main reason for the liquidation of reserves was the improvement of the quality of the credit portfolio due to the repayment of debts of individual borrowers classified as non-performing loans and a certain improvement (compared to the end of 2022) in the expectations of the development of macro indicators, which was reflected in the stabilization of the level of coverage by reserves.

The operational expenses of the bank in 2023 amounted to UAH 15.1 billion, while the increase for the reporting period is UAH 0.5 billion or 3.3%, of which UAH 0.25 billion is due to the increase in expenses for the Federal Financial Aid Fund [13].

In 2023, Oschadbank transferred part of the net profit to the state budget for the payment of dividends in the amount of UAH 192 million and UAH 96 million of the accompanying advance payment from income tax.

Oschadbank ensured compliance with the liquidity standards established by the NBU during 2023. So, as of 01.01.2024, the liquidity coverage ratio (LCR) for all currencies is 280% (with a regulatory value >100%), the liquidity coverage ratio (LCR) in foreign currencies is 315% (with a regulatory value >100%), the ratio net stable financing (NSFR) is 199% (with a normative value >100%) [13].

Therefore, JSC "Oschadbank" has significant equity capital and a solid financial base that meets all the requirements of the National Bank of Ukraine. The bank is actively working on improving its financial efficiency and increasing profitability. Thanks to the introduction of innovative approaches and technologies, Oschadbank aims to ensure stable income growth and increase its competitiveness in the market of banking services. In addition, the bank pays considerable attention to the quality of customer service, the expansion of the product line and the development of digital services, which allows it to successfully adapt to modern challenges.

### 2.3. Analysis of the customer base of JSC "Oschadbank"

The analysis of the client base of JSC "Oschadbank" allows to assess the structure and dynamics of the development of relations with different categories of clients, which is a key factor in the bank's success. Oschadbank, as one of the largest state banks of Ukraine, serves a wide range of clients — from individuals to representatives of small, medium and large businesses. A deep analysis of the client base makes it possible to identify trends in changing customer needs, determine the main directions of development of banking services and increase the efficiency of work with each segment. It also helps to understand how the bank adapts to the challenges of the market and the needs of its customers in the changing economic situation.

Yes, withand according to the NBU, the largest number of deposits in the state JSC CB "PrivatBank" - 464.1 billion hryvnias, the number of depositors - 24.2 million. State JSC "Oschadbank" is in second place - 12.8 million. depositors, the amount - 192.7 billion hryvnias, on the third private JSC "Universal Bank" - 8 million depositors, the amount - 85.5 billion. UAH [15].

According to the rating of the TOP-10 most reliable banks for individuals in 2024, JSC "Oschadbank" confidently takes the second place, second only to JSC CB "PrivatBank". In the TOP-10 rating of reliable banks for legal entities, Oschadbank occupies the third position, behind JSC "Ukrgasbank" and JSC "Ukreximbank". This emphasizes the high trust in the bank from both private clients and businesses, which indicates its stable position on the market and the ability to effectively serve a wide range of clients in various segments [16].

According to its business model, Oschadbank is a universal bank that prioritizes the expansion of retail, micro, small and medium-sized businesses (MSMEs), while maintaining a strong position in corporate business.

As of the end of 2023, the distribution of Oschadbank's assets is as follows: 50% - investment portfolio; 26% – net loan portfolio; 24% – other assets. The credit portfolio is primarily represented by debts of corporate clients (59%), as well as individuals (17%) and MSME clients (24%) (Fig. 2.2) [13].

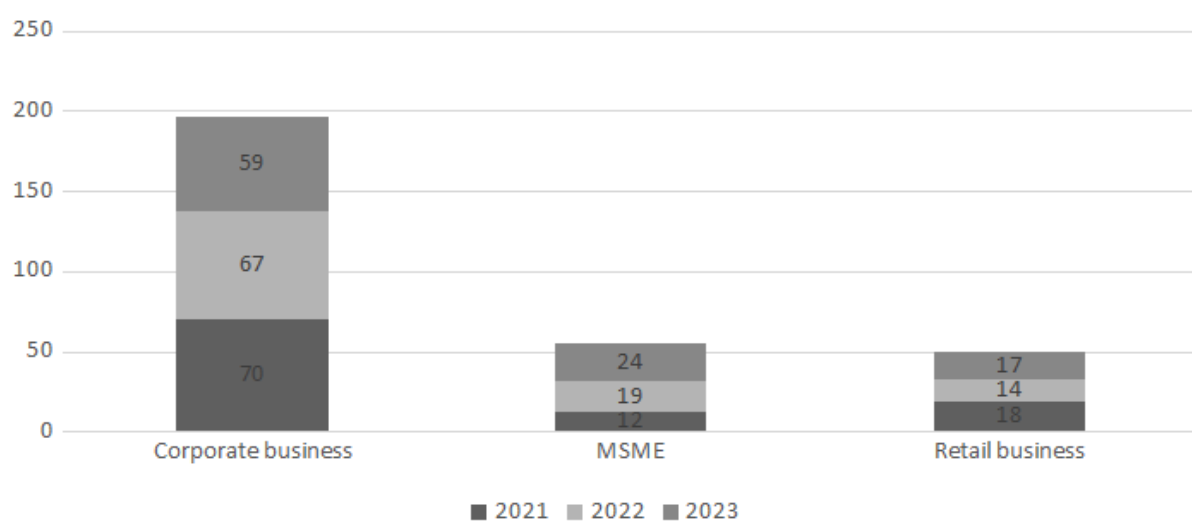


Fig. 2.2. Structure of loans of JSC "Oschadbank" for 2021-2023, %

The share of loans to the corporate sector is gradually decreasing, from 70% in 2021 to 59% in 2023. This may indicate the diversification of the loan portfolio and the reduction of dependence on corporate clients. The share of loans to the "Small and medium-sized business" segment is growing — from 12% in 2021 to 24% in 2023, which indicates an increase in the bank's support for small and medium-sized businesses and its importance in credit policy. The share of loans to individuals fluctuated slightly, falling from 18% in 2021 to 14% in 2022, but recovering to 17% in 2023, indicating stabilization of lending to individuals. In general, the bank is gradually reducing its concentration on the corporate sector, paying more attention to small and medium-sized businesses, as well as maintaining a stable level of retail lending.

The government mortgage program is Oselya is supported. Oschadbank is the leader in terms of eOsel loans issued: in 2023, 2,406 loans were issued for a total amount of UAH 3,685 million.

In 2023, the net increase in the credit portfolio of individuals amounted to UAH 3.5 billion or 30%, while the growth of the banking system is 19%. It should be noted that from the 3rd quarter of 2022, Oschadbank gradually resumed lending to individuals and, according to the results of 2023, became the main bank in Ukraine during the martial law period, which provided mortgages and provided loans for the purchase of cars (44% and 54%, respectively - market shares by number of year 2023). This secured third place in the market for this metric, up from fourth place in 2022.

The portfolio of time deposits consists of 84% of the funds of individuals, 8% of the funds of MSME clients, and 8% of the funds of corporate business clients (Fig. 2.3) [13].

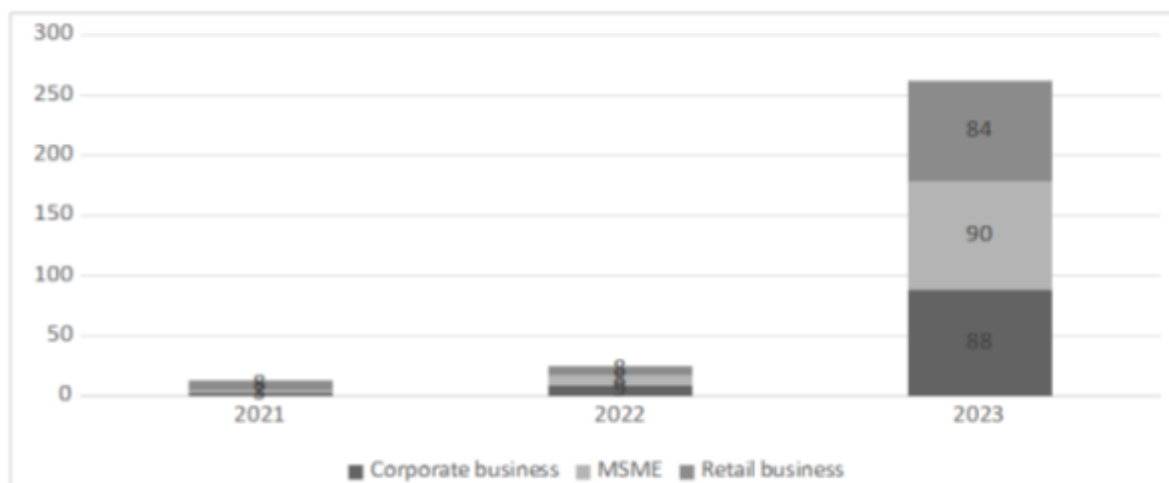


Fig. 2.3. Structure of deposits of JSC "Oschadbank" for 2021-2023, %.

There is a significant increase in the share of deposits in the "Corporate business" segment from 3% in 2021 to 88% in 2023, which indicates the active involvement of corporate clients and an increase in their trust in the bank. The share of deposits of the Small and Medium-sized Business (MSME) segment also increased from 2% in 2021 to 90% in 2023, indicating a strengthening of banking relations with small and medium-sized businesses. The share of deposits of individuals remained stable, slightly decreasing from 90% in 2022 to 84% in 2023, which indicates the preservation of a high level of confidence on the part of the population. Consequently, the bank demonstrates significant growth in its deposit portfolio in corporate and small businesses, while maintaining stability in the retail sector.

The balance of funds in the accounts of individuals as of the end of the year amounted to UAH 189 billion. Oschadbank occupies the first position in the market of deposits of individuals, which shows the trust of citizens. At the same time, the bank is consistently diversifying the structure of funds raised by individuals in the direction of reducing the specific weight of funds in foreign currencies.

Most of the interest income of Oschadbank is formed at the expense of loans granted to legal entities and investments in securities.

JSC "Oschadbank" as a universal financial institution offers a wide range of banking products and services, which are summarized in table 2.1 [13].

The range of banking products and services of JSC "Oschadbank" according to  
the clients

Segment	The main products of the bank
Retail business	<p>passive products – time deposits, salary projects, pension and social accounts, special current accounts and debit cards (including digital and virtual);</p> <p>active products – car lending, consumer and mortgage lending, cash loans, credit cards, state programs to stimulate the purchase of housing;</p> <p>products that generate commission and trading income – payments by individuals, domestic and international transfers, rental of individual safes, currency exchange, operations with banking metals;</p> <p>social benefits and fund payments;</p> <p>additional services – Oschad 24/7 remote service system, qualified electronic signature, free business call service to the contact center from the Viber messenger</p>
Small and medium-sized business (MSME)	<p>passive products – term deposits, demand deposits, current accounts; active products – lending for replenishment of working capital, purchase of motor vehicles and equipment (in particular within the framework of partner programs), overdrafts (including blanks), lending programs in the framework of cooperation with international organizations (WNISEF, EBRD, EIB and EIF), financing with the participation of EKA, cooperation programs with the Entrepreneurship Development Fund ("Affordable loans 5-7-9%", lending secured by state guarantees, etc.), microcredit program, guarantees and endorsement of promissory notes; lending support programs by regional state administrations;</p> <p>additional services: - system of remote servicing of MSME clients' accounts, CorpLight, which meets modern market requirements and has a leading position on the market in terms of functionality; - online lending platform "Oschadbiznes"; - participation in state and international grant programs for the creation and development of one's own business (eRobota, Entrepreneurship Development Fund, EU4business, GIZ, Deutsche Sparkassenstiftung für internationale Kooperation).</p>
Corporate business	<p>loans for replenishment of working capital, including overdraft; capital expenditure crediting; investment and credit-investment projects; trade financing; lending to enterprises in strategic sectors of the economy; lending to municipalities; operations with debt securities; lending within the framework of partnership programs with international financial institutions; lending within the framework of state programs of financial support; financing with the participation of EKA; financial leasing; refinancing of active banking operations; documentary operations; attracting funds on the terms of fixed-term placement; settlement and cash service (in particular, opening and maintaining current accounts, currency purchase and sale operations, cash service, payments in foreign / national currency, payment operations using escrow accounts, payment operations on current accounts with a special mode of use, provision of calculations on the natural gas market, maintenance of pension fund accounts).</p>

Next, we will analyze the main achievements of JSC "Oschadbank" in terms of business directions. Yes, during 2023. the bank continued to provide uninterrupted access to the accounts of individuals with the help of an active network of institutions in controlled territories and remote service channels. Support of cash and non-cash transactions of clients was carried out. Oschadbank ensured the registration of pensions, wages and various types of social assistance, as well as payments to internally displaced persons from international organizations (Table 2.2)

Table 2.2

The main achievements of JSC "Oschadbank" in terms of business directions in 2023.

Segment	Achievement
Retail business	<p>Oschadbank is the market leader in mortgage lending in 2023 (41% share), including under the eOselya and auto lending program (54% share);            new products "Targeted Cash", "Loyal Cash" were launched and lending to external customers in the amount of up to 400,000 was introduced. UAH;            a new product "installment with separate limits" has been introduced, which provides for issuing a second limit to new customers, remote change of the limit through the Contact Center, branches and Mobile Savings, display of installments in the application, etc.            Oschadbank is the leader in terms of market share (21.5%) in the volume of term deposits portfolio (an increase of UAH 13 billion since the beginning of the year);            the new deposit product "My victory" and the charity campaign "Brave hryvnia" were launched;</p>
	<p>More than 600,000 clients have a personal manager. The level of coverage of customers served in the service model is 70% of active customers of the wealthy segment. The segment forms about 33% of RB's revenue</p>
	<p>more than 225,000 new accounts with payroll were involved;            9,500 new salary projects were issued;</p>

	<p>1st place in the category "State banks" in the nomination "Savings bank for the population", rating "Banks of the year - 2023" by Financial Club.</p> <p>1st place in the nomination "Development of mortgage lending", rating "Bank integrity First-Half 2023" of the Association of Ukrainian Banks.</p>
Premium Banking	<p>Thanks to the effective service model, more than 2,000 new premium customers were attracted, and the total number of premium segment customers reached more than 63,000. The segment forms about 21% of retail business revenue.</p> <p>the award "The best bank in private service of premium clients in Ukraine" according to the Euromoney Global Private Banking Awards 2023 magazine rating;</p>
Small and medium-sized business (MSME)	<p>29.5 thousand representatives of micro, small and medium businesses became clients of the bank;</p> <p>4,559 new loans in the amount of UAH 12.8 billion were issued to MSME clients;</p> <p>according to the results of 2023, the bank moved from 4th to 3rd place in the lending market of MSME clients, from 3rd to 2nd place in the market of liabilities of MSME clients.</p> <p>The best bank for SME customers, FinAwards 2023.</p> <p>The most dynamic bank in microcredit, International Financial Club Bankir, XV All-Ukrainian competition "Bank of the Year - 2023"</p> <p>1st place in the nomination "SME and FOP loans", "25 leading banks of Ukraine 2023", Financial Club.</p>
Corporate business	<p>In general, during the year, corporate business concluded loan agreements in the amount of UAH 27 billion.</p> <p>In 2023, Oschadbank's corporate business increased the number of active clients by 225, which is an increase of 8% from the existing pool of active clients.</p> <p>1st place in the "State Banks" category in the "Corporate Bank" nomination, "Banks of the Year - 2023" rating by the Financial Club.</p>

Therefore, the achievements of JSC "Oschadbank" testify to the successful implementation of the strategy of expanding the client base, introducing new products

and improving the quality of service, which strengthens its position in the market of banking services.

Next, we will analyze the sustainability rating of Oschadbank JSC for the 2nd quarter of 2021-2024. from the Ministry of Finance, which is summarized in Figure 2.4 [17].

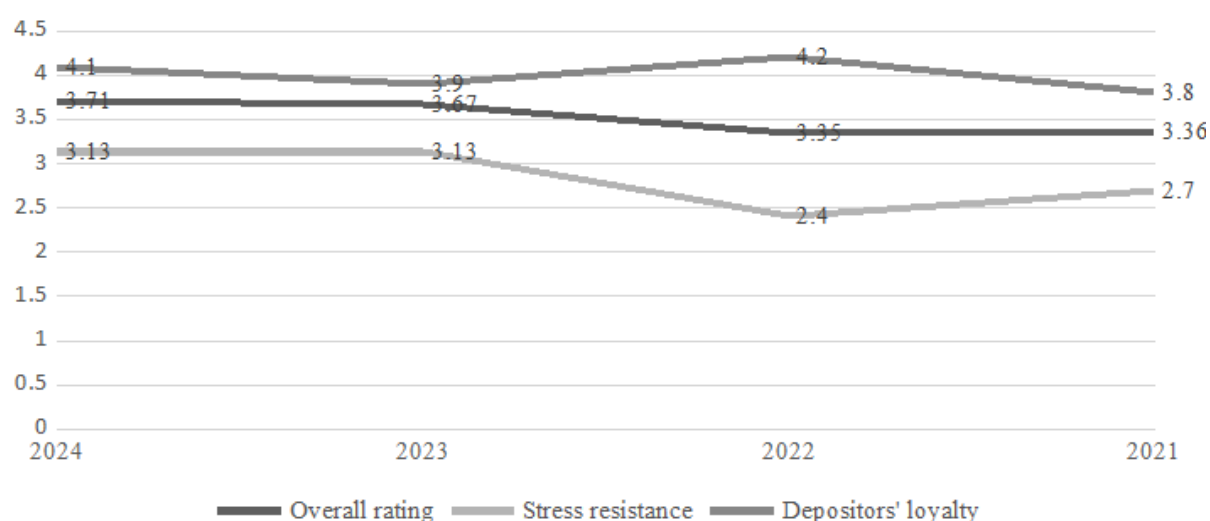


Fig. 2.4. Sustainability rating of JSC "Oschadbank" for the 2nd quarter of 2021-2024 from the portal of the Ministry of Finance, points (5 maximum points).

The bank shows a gradual increase in the overall rating from 3.36 in 2021 to 3.71 in 2024, which indicates an improvement in its performance and customer perception. Stress resistance remains at a relatively low level, with minor fluctuations (from 2.7 in 2021 to 3.13 in 2024), positive dynamics are observed, but this indicator still needs improvement. Depositor loyalty has increased from 3.8 in 2021 to 4.1 in 2024, which is a very positive sign of growing customer confidence in the bank. The bank demonstrates positive dynamics in the overall rating and loyalty of depositors, but has problems with stress resistance. It is recommended that attention be paid to improving this aspect to increase overall stability and reliability.

Thus, JSC "Oschadbank" has a significant client base, which includes individuals, small and medium-sized businesses, as well as corporate clients. This ensures a stable volume of deposits and a wide range of financial services. Oschadbank's client base is

diverse in terms of age, profession and region of residence. This allows the bank to adapt its products and services to the needs of different segments of the population. The bank actively works to increase the level of loyalty of its customers, introducing various loyalty programs, promotions and special offers. The increase in customer satisfaction indicates the success of these initiatives. Oschadbank actively invests in digital technologies, which allows attracting new customers through online services. This is especially relevant in the conditions of growing competition in the financial market.

## CHAPTER 3

### WAYS OF IMPROVING THE BANKS CLIENT BASE MANAGEMENT SYSTEM

#### 3.1. Improvement of the bank's client base management system

The significant dependence of the bank on its own customers confirms the need to optimize the service of client groups with different parameters and optimize the customer base as a whole, increase the quality of service and the degree of customer satisfaction with banking services, the importance of establishing long-term partnership relations with each consumer in today's conditions. All these measures require targeted influence on the part of the bank and must be implemented within the framework of a comprehensive client base management system, on the basis of which practical approaches to attracting, securing and retaining clients will be formed.

The process of managing the bank's client base is a complex activity and involves the presence of an object (the bank's client base) and a management entity (management and special structural divisions of the bank), management tools, a system of goals, the achievement of which is oriented to the management of the bank's client base, etc.

In other words, the management of the bank's client base is considered from the point of view of a systemic approach as a system of economic management that is inextricably linked with the environment and is represented by a complex of interacting elements and connections between them. Thus, the main components of the bank's customer base management system are:

- organizational and structural (subject and object of management);
- functional (management tools);
- organizational (management bodies);
- target subsystem;
- support subsystem [19, 20].

Let us describe each of the specified elements of the bank's client base management system in order to gain a deeper understanding of its essence and importance for the banking institution:

a) organizational and structural subsystem. It is natural that the main object of management within the framework of the client base management system is the bank's client base. The main management entities that should ensure the management of the bank's client base include: the bank's marketing service, and a special place within it is occupied by the departments for coordinating work with existing bank clients and the client relations department, members of the bank's board and board of directors, heads of its branches, that is, representatives of the top management team, who carry out general strategic management of the bank, development of the banking business, work with clients and its separate divisions.

b) target subsystem. An important characteristic of any economic management system is the presence of a target subsystem or a system of goals. It is the purposefulness of the processes taking place in it that ensure the effectiveness of its functioning. In the economic literature, goals are usually classified into general, which are global guidelines for the bank's activity, and specific, which are developed according to the main directions of activity on the basis of general goals and are more specific and applied. Thus, within the framework of this classification, the general goals of the bank within the framework of the client base management system, in our opinion, are the following: maximum satisfaction of existing bank clients with services and level of service based on the study of their needs in order to build constructive long-term mutually beneficial relations with them, which will ensure increasing profitability and efficiency of the bank as a whole; coordination of strategies and methods of interaction with clients, taking into account their requests and wishes, the level of profitability for the bank. In turn, the specific goals of managing the bank's client base are ranked according to the principle of priority into main and auxiliary, namely: the main goals of managing the client base are: formation of the optimal client base in terms of volume and structure; effective use of such a type of bank resources as the bank's client base in terms of maximum use of information about consumers, their requests and wishes,

growth potential and prospects, etc.; auxiliary goals of managing the bank's client base are: creating a positive image of a client-oriented bank; increasing the bank's share in priority market segments; obtaining broad analytical material that can become a basis for drawing up a strategy and development plan of the bank in terms of client policy, etc.

c) functional subsystem. The main functional subsystems of the complex management system of the bank's client base, which ensure the effective achievement of management goals and objectives, are:

- the mechanism and toolkit of forming/developing the bank's client base for a newly established bank and an already existing banking institution, each of which has its own characteristics and implementation procedure. It should be emphasized that the process of forming a client base should not be chaotic and random, but meaningful, purposeful, orderly, consistent, correspond to the strategic orientations and capabilities of the bank, its concept of development and specialization, take into account the state of the external environment, especially in terms of the service market, needs of potential clients in banking services, their requests regarding approaches to service in the bank.

- the mechanism and toolkit for managing segments of existing bank clients are a set of measures and methods aimed at ordering, planning, comprehensive analysis and control of the bank's consumer groups, namely: comprehensive analysis of formed client segments of the bank, which is carried out on an ongoing basis in terms of the following aspects : analysis of the level of profitability and profitability of the bank's work with each group of consumers; analysis of the degree of stability of the bank's client base; analysis of the quality of customer service within each segment; analysis of clients' inclination to certain types of services; assessment of the level of customer satisfaction with services, maintenance and activities of the bank as a whole; identification and analysis of potential needs and requests within consumer segments; research of their potential, etc.; planning the development of the bank's client base, making additions, recommendations and adjustments to the concept of the client base and the bank's client policy, based on the results of a comprehensive analysis of client segments and research of the retail banking market as a whole; control over the implementation of the specified

changes and measures, their further adjustment. It is important to note that the specified work on analysis, planning, implementation of measures related to work with client segments and control over their implementation should be carried out systematically, comprehensively and regularly, and not be a separate stage in the preparation of the general annual marketing plan of the bank, as is usually considered in the scientific literature [21].

- the mechanism and tools for managing the customer segmentation process.

The main tools for managing the process of segmentation of bank clients are: segmentation planning and development of a program for grouping the bank's client base: definition of the object of segmentation (existing, potential consumers), its goals, stages of implementation with an indication of deadlines and responsible persons, grouping criteria and customer sub-segmentation, implementation budget, etc.), its implementation, analysis of results and control over the implementation of the measures specified in the program; methods of choosing the most optimal combinations of segmentation variables, significant segmentation criteria and sub-segmentation criteria of the bank's client base, which form the basis of its implementation, their systematic analysis and review; development and formalization of criteria for the selection of target (most profitable, strategic) client segments by the bank.

d) the support subsystem of the bank's client base management system, which is the foundation of its effective functioning, provides for the following components: internal regulatory support; information technology support; personnel support.

Banking marketing, as a science that investigates the peculiarities of the promotion and sale of banking products, pays more attention to the specific mechanisms of creating banking products, which are significantly different from the mechanisms of other sectors of the economy.

Stages of the sale of bank products are understood as the sequence of successive actions of a commercial bank and its customers for the selection and consumption of a certain bank product and the complete completion of calculations for the consumed (provided) product. The main stages of selling banking products or services are those that form a repeating cycle of actions, namely:

1) Analysis of the state of the market of banking products, consumer needs, own capabilities and intentions of competitors, research into innovation prospects and the dynamics of their development.

2) Development and preparation of a banking product or assortment of products in accordance with the marketing strategy and resource capabilities of a commercial bank.

3) Coordination of the conditions of sale of goods and their binding to the available assortment of goods (regarding those goods that require such coordination) with the bank owners.

4) Bringing information to the bank's potential and existing clients through all-Ukrainian advertising campaigns about the bank's product and its sales conditions in accordance with the bank's advertising strategy and advertising budget.

5) Sale of the specified group of banking products.

6) Monitoring the promotion of banking products on the market of banking services.

7) Research and analysis of the impact of the sale of certain banking services on the effectiveness of a commercial bank, the achievement of strategic and tactical tasks.

8) Improvement of certain banking services and their range, improvement of the effectiveness of their promotion and elimination of shortcomings in the work of the bank's marketing service.

9) Distribution of the received income and directing a certain share of it to the further development of the bank's product policy in accordance with the bank's budget and financial plan.

Separately, it is necessary to consider the coordination of the sale of banking products with the existing range of products and the bank's marketing strategy. When agreeing on these sales, it is necessary to take into account:

- the general strategy of a commercial bank, which is aimed at attracting (retaining) customers to settlement services for the formation of the commercial bank's resource base and the participation of the formed resources in the banking multiplier;
- implementation and sale of banking services are coordinated and

subordinated to the general strategy of the commercial bank, taking into account the tactical features of its implementation;

– when selling new banking services, it is necessary to try to attract new customers, without losing the available ones as a result of shifting the emphasis in the product policy.

The marketing department constantly needs to analyze the state of the banking services market, the needs and wishes of consumers, track the intentions of competitors, monitor competitors' innovations and the dynamics of their development. Such actions are necessary in order for a commercial bank to have a competitive product base that will make it possible to retain the existing customer base and attract new customers.

The work of attracting new clients to the bank from among successfully operating enterprises and/or organizations is determined by the client policy of the bank and its capabilities (information, staff, financial resources), maintaining an existing client is, of course, much cheaper (in terms of labor costs and cost) than finding and attracting a new one, all the more economically successful, which this bank needs, but if you constantly only maintain your customer base without attracting new customers, you can lose a lot in terms of the quality of your work, the image of the bank, and the amount of profit.

Attracting new customers to the bank begins with an analysis of the presence of potential customers (in their region, industry, business sector), effectively when the bank develops a business map of potential customers of a given region, which indicates the presence of such customers, their location and financial indicators, the probability of their coming to this bank, as well as the competitive environment is analyzed.

Most often, banks use the following methods of stimulating the sale of products: the method of price motivation; method of additional benefits and privileges; method of persuasion and preferences; a method of attracting new opportunities; a method of forming a progressive image of a bank client.

The method of price motivation is, in our opinion, the most effective and relevant in today's conditions of increased competition in the banking sector of the Ukrainian economy. It is implemented by reducing the cost of bank products compared to the

previous price or the price of the corresponding products of competing banks. A vivid example of such stimulation is the periodic cancellation by many banks of the fee for opening current accounts for all categories of customers. Such a pricing policy of the bank certainly increases the number of customers and promotes the service package of a particular bank without additional advertising costs.

The method of additional benefits and privileges provides the client with the opportunity to receive certain benefits when purchasing a package of banking services. Thus, in the case of constant consumption of a certain set of products, the bank can grant the client the right to place advertisements on the bank's website on the Internet or in the bank's premises, the right to priority or non-routine service for cash transactions; service in additional and extended hours; possibilities of preferential use of bank guarantees; the right to extend the term of use of the bank product in the future on previous terms, etc.

The method of persuasion and preference consists in bringing to the attention of customers information about the advantages of certain products of the bank over the products offered earlier or over the products of competing banks. An example of this method is convincing customers of the advantages of using certain types of payment cards; various types of money transfer services abroad; various forms and types of accumulation of savings on deposit accounts, etc.

The method of attracting new opportunities demonstrates such advantages of consuming the products of a certain bank that are absent from competing banks. Thus, service in a certain commercial bank allows you to store jewelry in deposit boxes and specialized safes, which is impossible in other commercial banks of Ukraine.

The method of forming a progressive image of the bank's client arose simultaneously with the formation of a new two-level banking infrastructure in the post-Soviet economy. During the development of market relations in the post-Soviet space and in Ukraine, such an image changed from the image of an elite client of the most prestigious bank to the image of an "advanced" bank with developed publicly available technologies, and even to the image of a client of a bank that pays significant attention to charitable activities and social development. Changes in such an image and

attractiveness for a certain category of customers took place in accordance with the requirements of time and the development of ethics and culture of entrepreneurship and attitude to market relations in society.

Stimulating the sale of banking products is not mandatory for a bank, but in today's conditions of deepening competition in the market of banking products, it is difficult to find a bank that does not use certain incentive mechanisms. At the same time, it is also difficult to find a bank that applies all or almost all known incentive mechanisms. This shows that the promotion of sales of banking products is necessary in modern market conditions, but it is still not decisive in the competition for the client. The quality and range of banking products and the mechanisms for managing the sale of banking products, which are able to ensure the most efficient functioning of bank capital, taking into account the multiplier effect of its increase and redistribution, are decisive.

Banks also use general marketing mechanisms to stimulate sales, for example, the method of intensive advertising support. The specifics of the choice of methods of stimulating the sale of products and their combination is the application of banking secrecy to the development of a marketing strategy for stimulating sales. Such secrecy, on the one hand, complicates the research of the mentioned processes by specialists and scientists, and on the other hand, it provides an opportunity for bank employees to reveal their own abilities and skills [21].

The practice of personal sales has developed a number of successful strategic actions, combining which in each specific case can increase the possibility of success for the development of a commercial bank: multi-level connections - coordinated efforts to satisfy the client's needs through a series of visits and negotiations with technical, financial specialists and senior managers of the firm; references to past sales – providing the opportunity for potential clients to contact existing clients of the bank to confirm the high quality of the offered services or products; "divide and conquer" - actions aimed at gradually satisfying the specific requirements of different groups of specialists of the firm; technological leadership – demonstrating the world level in the quality and efficiency of the offered services, in obtaining financial benefits from

quality indicators of services, savings in the future – a completely price strategy that justifies the long-term value of establishing business relations with your bank; "foot in the door" - identifying specific efforts of competitors and monitoring the current situation to demonstrate to a potential client the readiness to answer any of his questions; risk reduction – demonstration of technologies that allow to reduce the client's business risk; ubiquity – planned and frequent visits to the client to discuss his needs with the aim of transitioning to full financial service for the client across the entire spectrum of his requests. Professional qualities of a personal manager engaged in attracting new clients include:

- the ability to quickly navigate the environment and make decisions, often associated with risk; knowledge of the typology of people, the basics of logic and psychology;
- knowledge of the rules of business communication and etiquette;
- observation;
- mastery of own voice and correct language;
- an optimistic view of the world.

In the course of individual contact, the personal manager must, acting on the client, transform the latter's needs into desires. The influence exerted by a personal manager in personal communication is not willful suppression or hypnosis.

Therefore, the personal management system is introduced in a commercial bank in order to improve the quality of customer service. This system means the appointment of personal managers - bank employees, whose duties include individual customer service and the development of relations between customers and the bank. The main task of a personal manager is to collect information about the client's needs, his business problems, support agreements and organizations of interaction with the bank's structural divisions.

The marketing department of a commercial bank should pay attention not only to new customers, but also to the existing customer base. He must constantly analyze the behavior of those customers who are already bank customers and predict their future

behavior. The bank needs to have complete information about the client's intentions and whether he plans to be served here in the future.

Thus, it can be concluded that in the near future each banking institution will primarily focus on such a conditional list of clients that provides it with maximum profit (successful potential clients, large legal entities). However, when working with a directly formed client base, it will be adjusted, supplemented and changed in order to ensure that the bank fulfills the tasks and interests of shareholders.

### 3.2. Prospects for further development in managing the client base of JSC "Oschadbank"

Russia's full-scale invasion of Ukraine radically changed all spheres of the country's life. Active hostilities lead to the destruction of infrastructure and production facilities, the breakdown of technological connections between regions, the death of citizens and a significant increase in forced migration. The management staff focuses on maintaining the stable operation of the bank in the current circumstances. The bank as an object of critical infrastructure is included in the list of authorized banks that are involved in the work in the conditions of a special period. The bank's supervisory board, management board and specialized committees continue to perform their functions. Measures have been taken to relocate staff and organize safe work using remote access to IT resources. In the conditions of martial law, the work to ensure a sufficient amount of liquidity in order to provide timely service to clients - legal entities and individuals - has been intensified. On an ongoing basis, damage/losses to the bank's property due to military aggression are monitored, as well as an assessment and forecast of losses (losses) due to the deterioration of the financial condition/termination of the operations of Oschadbank's counterparties. Currently, the bank operates within the existing business model and developed plans to ensure uninterrupted operations.

Table 3.2 systematizes proposals for development prospects for managing the client base of JSC "Oschadbank".

Table 3.2

Prospects for the further development of the client base management of JSC  
"Oschadbank".

Segment	Main directions of development
Retail business	<p>development of inclusiveness of financial services and barrier-free service;            OschadPAY for accepting payments in a smartphone with NFC using TapToPhone technology;            services in POS-terminals: DCC, Partial Approval, transfer to the payer's PAR cash register, cash withdrawal/replenishment operations, tips to any waiter's card.</p>
	<p>Internet acquiring: provision of processing of operations with VTS / M4M tokens and Click to Pay wallets, mobile SDK, payments in messengers (Telegram / Viber), processing of operations through Cybersource, monitoring with the Webshield web crawler;            using customer experience to change / improve the bank's processes/products and expand the influence of the voice of customers; digitization; lending; using customer experience to improve processes and products;            development of premium and affluent service models; maintenance of liabilities; increase in income; synergy of businesses within the framework of the memorandum on cooperation of the CB, MSME and RB.            Development of investment services for clients of the premium and private segments.</p>
Small and medium business	<p>In terms of lending to MSME clients: continuing work within the framework of cooperation with the Entrepreneurship Development Fund, including within the framework of the "Affordable Loans 5-7-9%" program, the European Investment Bank, the European Investment Fund and the Deutsche Sparkassenstiftung für internationale Kooperation; revision of the terms of existing credit products in order to increase the number of potential customers of MSMEs; optimization of crediting processes to ensure faster crediting decisions; further development of the microcredit program; development of the OschadBusiness online application submission platform.</p>
	<p>In terms of settlement and cash service for MSME customers: further improvement of remote service channels; implementation</p>

	<p>of remote opening of current accounts of MSME clients; improvement of processes of connection to payment and cash service products; ensuring cross-selling of banking products to MSME clients with the aim of attracting them to comprehensive service and increasing the average commission income per client.</p>
	<p>In terms of expanding the functionality of the CorpLight remote account service system: implementation of a cloud-based qualified electronic signature; remote request for the issuance of credit line tranches; carrying out operations from corporate plastic card accounts; introduction of the feedback module, correspondence with the bank; implementation of push notifications.</p>
Corporate business	<p>support of the country's defense capability through financing of state and commercial enterprises working in this field; financing of priority sectors of the economy and enterprises of critical infrastructure (ACP, energy, oil and gas sector, wholesale and retail trade of food products, mechanical engineering); strengthening positions in cooperation with municipalities; expansion of cooperation with international partners; development of a new "Factoring" product and obtaining the appropriate permission from the NBU; increase in the volume of the portfolio under the "Financial Leasing" product; implementation of the process of remote identification and verification of clients, video verification of representatives of legal entities; expanding the list of API services for clients</p>

Analysts predict for 2025 a continued decrease in the volume of lending in the corporate business segment and a trend towards attracting liabilities. At the same time, the corporate business of Oschadbank will continue to cooperate with relevant ministries to develop lending programs for priority segments of the country's economy: the defense-industrial complex, municipalities, large investment projects. It is also necessary to continue work on expanding the circle of international partners to support and develop Ukrainian entrepreneurship. Oschadbank's leading position in financing electricity production and distribution enterprises, municipalities, agricultural producers, processing industry and trade networks is also one of the factors for the implementation of the plan to increase the bank's loan portfolio during 2025. According to the planned model, the credit portfolio of corporate business should grow by 16% during the year,

primarily due to the financing of critical sectors of the economy and the defense industry to increase the country's defense capability.

To strengthen the department's ability to attract and retain private sector clients, increase the share of non-credit income, as well as improve the quality of customer service, it is proposed to transform the corporate business department in 2025.

Staff play a key role in providing high quality customer service. Effective interaction between employees and customers not only increases the level of satisfaction, but also builds trust and loyalty to the bank. In this regard, it is important to implement initiatives that will promote the development of staff skills, improve service and create a positive customer experience. In order to improve the efficiency of working with clients, the following initiatives can be proposed:

- preservation of jobs, timely staffing of divisions and business verticals of the bank;
- personnel efficiency management, Performance appraisal scaling;
- development of a fair reward system;
- development and implementation of leadership potential development programs, work with personnel reserve;
- supporting the mental health of staff and forming a culture of caring for mental health;
- systematic training in the direction of inclusive service both through trainings and through the distance learning system;
- adaptation and socialization of veteran bank employees;
- development of the employer's brand;
- automation of military accounting and recruiting processes;
- implementation and support of optimal personnel administration processes, in accordance with the tasks of the bank in wartime conditions.

Therefore, the prospects for the further development of the management of the client base of JSC "Oschadbank" look positive, subject to the introduction of innovative technologies, improvement of service and active use of analytical data. This will allow

the bank not only to maintain, but also to increase its customer base, increasing customer satisfaction and competitiveness in the market.

### 3.3. Customer loyalty management in the banking sector

Globalization of the world economy, the functional identity of the offers of different banks and the individualization of consumer requests reduce the effectiveness of traditional means of marketing based on price competition. Instead of the aggressive attraction of new consumers, the vector of marketing strategies is changing towards maintaining the existing customer base through the formation of consumer loyalty. In conditions when the market offers many similar products, services and services at almost the same prices, the formation of customer loyalty is one of the main arguments in the competition. In the new realities, consumer loyalty management practices based on the concept of customer relationship management, which involves the use of information technologies to collect and analyze heterogeneous information from customer databases for further use in order to increase their loyalty and optimize corporate management, are gaining more and more popularity.

Loyalty management in the banking sector is a process of assessing customer loyalty and developing a set of actions to increase it in order to build long-term relationships with one's own customers. For the effective management of consumer loyalty, a clear structure for the implementation of this process is a necessary condition. Therefore, based on the analysis of existing theoretical approaches to this process and the experience of domestic and foreign banks, we developed a detailed process of loyalty management, which is presented in Fig. 3.1 [28].



Fig. 3.1. Loyalty management process in the bank.

The first stage is setting the goals and objectives of loyalty management. This stage is basic, because the set goals will determine an effective loyalty management strategy, allow you to approve the marketing policy and implement the marketing plan for product promotion.

The main goals of loyalty management in the banking sector include:

- reducing the outflow of existing customers and attracting new customers;
- increasing the level of cooperation with high-income groups of clients;
- reduction of costs for advertising and marketing research;
- stimulating the activity of regular customers through cross-selling, etc.

The second stage is the analysis of the bank's customer base. At this stage, consumer segmentation is carried out according to loyalty. Based on the definition of loyalty, it can be argued that the primary task for the banking sector today is not the sale of products and services, but the formation of the client's living space. Loyalty is the center of trust relations between the bank and the client. In order to form a loyalty management system, it is necessary to segment consumers.

For the banking sector, we believe that the following segmentation based on the principle of loyalty is most suitable:

1. Potential consumer - the need for the service of this bank is not realized; the bank's brand is unknown or not perceived as attractive; ignorance of the bank's advertising and not taking part in promotions are also characteristic. According to the given methodology, the indicators of consumer satisfaction, the degree of ignoring other banks, the degree of commitment and the level of promotion, and therefore the loyalty index for this group of consumers are equal to zero.

2. An occasional (new) client is a new bank client who has a one-time experience of purchasing a product (service), but does not intend to return to the bank. The client is sensitive to the quality of service and parameters of the service itself, which form primary emotional impressions. Analyzing the data, regarding the service of such customers, it is necessary to investigate exactly which banking services they used and how often. Based on the results of the conducted research, it is possible to determine the reasons for refusing to use bank offers and the probability of returning such customers in the future. This segment also includes consumers who are generally satisfied with the quality of service and are ready to recommend the bank to others, but who themselves use its services occasionally.

3. The client - regularly uses the services of a particular bank, but if he needs financial products, he considers both this and other banks. At this level, an emotional attachment to the bank is already forming. This group includes consumers whose degree of commitment and frequency of service is at an average level. This segment, as a rule, includes most of the consumers in the bank's client base. Such clients often use banking services and products, and their degree of ignoring other banks is quite high.

4. Regular client - systematically uses the services of this particular bank, and in case of questions or additional needs, turns to its employees for advice, trusting their opinion. The client forms a subjective assessment of his personal value for the bank, since such regular clients are often accompanied by a counter-personal approach in service. This group of consumers has a positive attitude towards the bank and

recommends it to their friends. The share of other banks for such customers is not significant, and the loyalty index is high.

5. A supporter is an absolutely loyal client of the bank, both in terms of behavioral and emotional components. With high loyalty to the brand of this bank, the level of requirements for product quality and service as a whole increases.

Based on the analysis of the limits of each indicator of the integral index of customer loyalty, it was determined that this group includes customers whose loyalty index is close to 1, which is evidence that the level of customer service in this bank is higher than the level of service in all other banking institutions. the client has a high level of satisfaction with services and promotion.

The third stage is the planning and development of a set of loyalty management measures. The main task of this stage is to form goals and a marketing complex for each segment that was previously identified and analyzed by us, as well as to analyze the costs for the implementation of the planned activities. After the tasks for each group of clients are defined, individual offers are formed for each client.

At the same time, the marketing mix offered to customers within one segment is similar. But the offer does not have to be standardized for every customer in the relevant segment. Based on the main measures of loyalty management for each group, it is necessary to adapt the offer to an individual, taking into account the data of his market behavior and previous experience of relations with the bank. At this stage of loyalty management, it is necessary to set work priorities, that is, to determine for each segment which loyalty indicators need to be improved and with the help of which it can be implemented. This stage of loyalty management is important in view of obtaining the effect of maximizing loyalty on the one hand and the limited resources of the enterprise on the other. In order to build long-term customer relations, an important task is to develop a set of actions that will accompany consumers at each of the stages of using the services of the chosen bank. For this, it is necessary to maintain the "customer life cycle" category. By managing the client's life cycle, we mean planning, organizing certain actions directed at the consumer and based on prolonging cooperation and

maximizing bank profits. This interpretation is closely intertwined with the selected segments and the goal is to transfer consumers from one group to another.

At the attraction stage, the key goal is to expand the base of private customers. The main areas of attraction can be: salary projects of troubled banks, cross-selling for corporate clients, as well as small and medium-sized businesses, attracting pensioners, partner databases, attracting premium customers through special offers for top managers of corporate and medium-sized and small businesses, advertising campaigns for private individuals.

At the stage of activation, the bank works with consumers representing the "random (new) customer" segment. The main goal of the bank in relation to this segment is their preservation and the formation of full-fledged bank-client relations. "New clients" who accept the bank's offers move to the "clients" consumer group. This segment of private consumers is the most numerous and one of the most important.

The main task of the bank in relations with these customers is to increase customer satisfaction for the purpose of cross-selling. Consumers who, after using certain bank products, continue to use the services and remain satisfied with the quality of the services are included in the group of "loyal customers".

In order to maintain this segment and increase their level of loyalty, it is especially important to offer additional services that accompany the main product. The price sensitivity of such customers is significantly reduced, so individual bonuses and promotions form primarily an emotional attachment. For regular customers, it is important to secure a manager who will be aware of the customer's needs and products, which will significantly increase the speed and comfort of service.

Monitoring the level of satisfaction of "loyal customers" and increasing it allows you to make it a "loyal customer". Increasing the number of loyal customers is the goal of loyalty management in the bank. Such clients are the most open to communication with the bank, therefore information on their market behavior and satisfaction factors is the most available and, accordingly, the process of building relations between the client and the bank is the easiest.

For more effective cooperation with clients, it is advisable to develop a specific marketing mix for each segment, which will take into account cooperation with the client from one stage of the client's life cycle to another. Of all the elements of marketing, the most important for loyalty management in the banking sector is the product and the set of marketing communications.

It is precisely these elements that the bank has the ability to manage in order to achieve maximum contact efficiency. In general, the features of the communication and product policy for each segment are presented in the table. 3.3

Table 3.3

Features of communication and product policy for each segment

	Segment				
	A potential client	Random (new) customer	Client	Regular customer	Loyal customer
goals	- attraction of new customers; - expansion of the customer base	- expansion of the customer base; - increasing interest in products	- cross-selling; - increasing interest in the product; - increasing loyalty to the bank	- ross-selling; - increasing the number of operations; - increasing loyalty to the bank	- ross-selling; - increasing the number of operations; - maintaining the level of loyalty
Complex of marketing communications	- advertising; - PR; - advertising;	- advertising; - PR; - personal sales;	- personal sales; - advertising; - PR; - direct sales	- personal sales; - PR; - direct sales	- personal sales; - direct sales
Product	- partner programs	- partner programs - debit cards	- card products; - offers for regular customers; - partner programs	- card products; - offers for regular customers; - partner programs -bonus programs	- card products; - offers for regular customers; - partner programs - bonus programs

In the process of implementing this strategy, it is important for the bank to maintain constant, but not annoying, relations with customers. This will increase customer engagement and satisfaction. The main difficulty in implementing this strategy is that the bank needs to respond as quickly as possible to the client's needs and offer exactly the product he needs. This requires improving the process of managing relations with clients in accordance with the assigned tasks.

The fourth stage is the implementation of management solutions for the formation of loyalty. This stage of the implementation of the planned measures requires the implementation of a wide range of measures of an organizational nature in the process of loyalty management.

In the field of changing business processes, it is necessary to implement an internal organizational algorithm for working with the client base. For the effective implementation of the planned complex, changes in the organizational structure of the banking institution are not excluded. At this stage, the following should be carried out: bringing to the employees who have direct contact with consumers the regulations on working with clients, training employees to work in accordance with the developed rules; initiation and conclusion of agreements based on the above principles, holding events with potential and existing clients aimed at forming their loyalty.

Management should always have the opportunity to intervene in the process and adjust it to obtain the planned result. Therefore, transparency of the process should be an important requirement at this stage. As a rule, the management knows only two indicators related to sales control - the number of customers "at the entrance" and the revenues received "at the exit". Accordingly, there is no information about what stage of work the "loss" of customers occurs, it is difficult to find problems that arise in the sales process. It is also difficult to evaluate the performance of each sales manager and monitor long-term deals. The compliance of the bank's technical support with the assigned tasks is of particular importance.

For effective loyalty management, it is necessary to adjust the process of data collection and analysis, minimizing the human factor. Automation of the customer relationship support process is important for timely response to changes. Modern

solutions in the field of CRM systems can help in this. The ability to manage activities and adjust the process in real time will contribute to better customer service and will guarantee a faster response to emerging problems and complaints. This, in turn, will lead to increased loyalty.

The fifth stage is the calculation of efficiency and adjustment of the process. The process of loyalty management requires monitoring of the extent to which the obtained results correspond to the set goals, which should take place on an ongoing basis. In the process of calculating efficiency, the company must monitor the degree of consumer satisfaction, and when negative moments are detected, it is necessary to take prompt measures to eliminate them. Analyzing the effectiveness of the measures, it is important to evaluate a number of parameters. The economic parameter takes into account such components as the dynamics of sales, the index of the return on marketing investments ROI (the ratio of the average increase in profit to the volume of investment.), Comparative analysis of the behavior of customers who participated in the program and did not participate: the average cost of purchases, their number, profit from the arrival of new customers.

An investment in loyalty management is nothing more than a marketing investment. It is possible to evaluate the effectiveness of customer incentive programs in the categories of investment management. Revenue is determined, net present value of loyalty (NPV) is calculated, payback periods and "break-even points" are determined. As part of this approach, the dynamics of the average product, the average level of repeated appeals are monitored; the effect of loyalty on the growth of the organization's general customer base, the growth of the rate of profit per client. The calculation of marketing efficiency includes the dynamics of the customer structure (the share of regular, dissatisfied customers), the dynamics of the relationship to the company: popularity, evaluation, intention to use the services, loyalty indices, and the level of satisfaction.

Communication efficiency is calculated according to standard parameters: the number of mentions of the company in the mass media, the structure of citations: the ratio of positive, negative and neutral mentions and the dynamics of the share of

mentions of the company against the background of competitors. Based on the assessment, the loyalty management process is adjusted.

Therefore, customer loyalty management is one of the key factors in the successful functioning of the bank in the conditions of modern competition. Effective work with loyalty allows not only to retain existing customers, but also to attract new ones through recommendations and positive feedback. A high level of customer loyalty contributes to the stability of the bank, reduces the costs of attracting new customers and increases profitability in the long term. For successful loyalty management, several important aspects must be taken into account: their trust in the bank depends on the quality of service and interaction with customers, it is important that customers receive fast, professional and personalized service; modern customers expect access to banking services through convenient digital channels, the introduction of innovative solutions, such as mobile banking and online support, increases the level of customer satisfaction; development and implementation of loyalty programs that provide customers with additional bonuses, discounts or benefits, encouraging them to stay with the bank for a long time; analysis and segmentation of the client base allow the bank to offer personalized products and services that better meet the needs of each client.

## CONCLUSIONS

The research carried out in the work allows us to draw the following conclusions.

The presence of a stable client base is a necessary prerequisite for conducting banking business, so all aspects of business should be oriented towards the optimal formation of the bank's client base, sufficient to ensure profit as a result of its activities.

A number of problems in the field of customer segmentation by domestic banks that need to be solved and improved are systematized, namely: a formal approach to customer segmentation and the need to revise the existing traditional criteria for grouping bank customers; banks usually segment the market for banking services or, in other words, potential clients in order to find and select new target market segments and position banking services on it, as opposed to grouping bank clients; irregularity of customer segmentation and its implementation on demand.

An analysis and evaluation was carried out client base JSC "Oschadbank" is a state-owned bank with a significant client base, which includes individuals, small and medium-sized businesses, as well as corporate clients, which provides a stable volume of deposits and a wide range of financial services. Oschadbank's client base is diverse in terms of age, profession and region of residence. This allows the bank to adapt its products and services to the needs of different segments of the population. Oschadbank actively invests in digital technologies, which allows attracting new customers through online services, which is especially relevant in the conditions of growing competition in the financial market.

On the basis of the system approach, the conceptual principles of the formation of the bank's customer base management system are determined, where the main interconnected components of the bank's customer base management system are: management object, management subject, functional, target subsystems and support subsystem. Scientific and methodical approaches to the formation and development of the client base, management of customer segments and management of the segmentation process of the bank's customers have been developed within the functional

subsystem of the management of the bank's client base.

Proposals for further development of the management of the customer base of JSC "Oschadbank", namely for 1) retail business: development of inclusiveness and barrier-free customer service; introduction of technologies such as OschadPAY for accepting payments via smartphones and innovative services in POS terminals (DCC, Partial Approval, tips, cash replenishment, etc.); Internet acquiring with support for tokenization of operations, mobile SDK, payments in messengers, which will increase the convenience of customer service; using customer experience to improve banking processes and products and further digitization; development of premium services for clients of the premium and affluent segments, with an emphasis on maintaining liabilities and increasing income; 2) of the "Small and medium-sized business (MSME)" segment: continuation of lending programs through partnership with international institutions and the Entrepreneurship Development Fund; optimization of credit products to expand the client base, in particular microcredit and online loan application platforms; improvement of remote service channels, including remote opening of accounts and connection to banking products; expanding the functionality of the CorpLight system to improve remote billing services, including push notifications, feedback and electronic signature; 3) corporate business: support of defense capability and financing of critical sectors of the economy (ACP, energy, oil and gas sector); strengthening of cooperation with municipalities and international partners, development of factoring and financial leasing; implementation of remote identification and extension of API services for corporate clients. These initiatives will help increase the bank's competitiveness, improve the quality of customer service, and expand the customer base in various segments.

It was established that the management of customer loyalty is one of the key factors in the successful functioning of the bank in the conditions of modern competition. Effective work with loyalty allows not only to retain existing customers, but also to attract new ones through recommendations and positive feedback. A high level of customer loyalty contributes to the stability of the bank, reduces the costs of attracting new customers and increases profitability in the long term. For successful

loyalty management, several important aspects must be taken into account: their trust in the bank depends on the quality of service and interaction with customers, it is important that customers receive fast, professional and personalized service; modern customers expect access to banking services through convenient digital channels, the introduction of innovative solutions, such as mobile banking and online support, increases the level of customer satisfaction; development and implementation of loyalty programs that provide customers with additional bonuses, discounts or benefits, encouraging them to stay with the bank for a long time; analysis and segmentation of the client base allow the bank to offer personalized products and services that better meet the needs of each client.

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