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*The peculiarities and opportunities of marketing  
in finance-investment activity in Ukraine*

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Funkcje i możliwości marketingu w działalności finansowej i inwestycyjnej na Ukrainie

**Keywords:** financial marketing, marketing strategies for specific segments of the financial market, financial investment, marketing opportunities, Ukraine, trends

**Słowa kluczowe:** finansowy marketing, strategie marketingowe dla poszczególnych segmentów rynku finansowego, inwestycje finansowe, możliwości marketingowe, Ukraina, trendy

## **Introduction**

The sphere of finance marketing activity is finance market where one and the same subject may be both a seller and a buyer of finance assets. The orientation on forming strategic direction of modern marketing activity of finance institutions is stipulated by a number of factors, such as: emergence of highly competitive markets, globalization of economics, fast and unpredictable changes of environment factors, development of information technologies, increase of finance market participants' awareness and their exacting requirements. The consideration of all mentioned factors requires strategic approaches to the choice of finance market segments and activity types on it.

In practice the marketing strategies of finance institutions as subjects of finance activity are directed towards transformation of regional finance market segments in one of the main mechanisms of implementing investment programs of corporative economics sector if a state creates necessary legal framework for efficient investment of private savings and funds of necessary savings system.

The topicality of the research is stipulated by the fact that at present the implementation of the mentioned mechanism in the conditions of Ukraine requires sufficient decrease in investment risks and transaction expenses for raising capital at the regional financial markets; sufficient extension of tool basis of financial market institutions; confidence stabilization of entities and population to financial institutions; providing the transparency of agreement implementation with national finance assets in all spheres of financial activity.

The traditional approach to the development of strategies often does not produce desired results in the highly dynamic competitive environments; finance institutions should focus on the more dynamic concepts as the main conditions change faster than formulated strategies achieve full implementation. However, it is still unclear how to achieve dynamic approach to strategy development of finance marketing at the regional level.

The goal of the research is to suggest the author interpretation of finance marketing strategy as a system approach to the management of optimization process of finance activity of finance market institutes at the regional level based on current theoretical approaches and concepts of strategy development and implementation; to analyze current marketing strategies of Ukraine finance institutions; to substantiate the expediency of using dynamic approach to strategy development of finance marketing at the regional level.

Recent research results. The problem of theory and practice of development and mechanisms of further implementation of marketing strategies of economic subjects is the object of the research of many national and foreign authors, such as I. V. Voloshka, V. Homolska, M. M. Yermoshenko, S. A. Yerohin, D. V. Zavadska, O. A. Kyrychenko, S. M. Kozmenko, O. I. Krasnikova, J. O'Shaughnessy, M. E. Porter, F. I. Shpyg and others. In spite of a great number of such researches, there is no clear definition of such notions as finance marketing and finance marketing strategy.

### **Theoretical aspects**

Nowadays finance marketing is a form of marketing developing rather fast. Marketing investigations in the sphere of finances involve marketing process from the search of new ideas and finance assets types to their usage by a terminal consumer. In this case marketing investigation involves all kinds of finance activity and penetration spheres of finance marketing: finance assets; investors ("investors – buyers", "investors – sellers"); finance markets; implementation places; advertisement etc. [3].

The concept of finance marketing is based on the knowledge of demands on financial assets and laws according to which finance market develops. The activity sphere of finance marketing is the finance market where one and the same subject may be in the role of a seller of finance assets and in the role of a buyer of these assets.

Therefore, two types of finance marketing subjects are conventionally distinguished: “investor – seller”, “investor – buyer”.

Finance marketing activity is aimed at creating new finance assets and new finance markets, at expansion and maintenance of own market share. Activity scope of “investor – seller”, revenues from finance assets implementation, the level of profitability, profit rate on invested capital depend on it. Thus, finance marketing should be considered as a system approach of “investors – sellers” to the management of finance assets implementation and a system approach “investors – buyers” to the management of finance assets accumulation.

Finance marketing peculiarities are the properties of a product, a process and institutes of finance market distinguishing tasks, information basis and tools of marketing in the finance sphere from traditional marketing on the real assets market: a subject of redistribution – money; a product – finance service; a process – the transformation of various finance assets into money and vice versa; the institution specialization of market participants according to the types of finance services (specialized institute); the price (cost) of financial services and the profit of finance institute directly; the competition for money; the strategies of raising and investing borrowed assets funds with the aim of profit and satisfying the liabilities of terminal creditors – owners of savings; the risk of loss from default of financial service and taken liabilities [2].

The functions of finance marketing are a set of marketing research types with the aim at defining: the opportunities of implementation or accumulation of finance assets; the most favourable subjects interested in raising funds; the peculiarities of demands on finance assets; diverse investment intentions and interests of finance market participants and real sector subjects as to the use of finance assets; the character of life cycle of finance assets [3].

The penetration sphere of finance marketing is not limited to finance and commercial structures; it may include the organs of state and municipal authorities where there is a significant potential for its use. Thus, finance marketing as a function of finance management can be divided into marketing of state finances and finance marketing of economic subjects. Both sections of marketing perform the same tasks on different levels; however, they form together the united finance system of a state [4].

The specific character of marketing research objects should be mentioned within the implementation of finance marketing concept in the sphere of state finances. The research objects for the investor’s budget are territory infrastructures, economic indexes of budget process participants’ activity, citizens directly – territory inhabitants. The research object for the borrower’s budget may be both separate finance institutions, whose finance propositions will be compared while selecting and assessing conditions of attracting loans, and other variants of finance resources being legally possible and economically acceptable for a definite territory.

Such form of organizing marketing is not widely distributed in the national conditions despite its prospects. It leads to inefficient management of finance assets being at the disposal of economic subjects and state organs. The implementation of

finance marketing concept on the regional level allows improving finance management system and increasing activity efficiency of regional and local power organs at the corresponding levels [4]. The ideology of stock market research with the aim of developing adequate strategy, investment policy and tactics in the activity sphere of concrete participants of this market is determined as stock marketing [2]. Marketing strategy of stock market subject depends on specific characteristics of his activity and should be oriented on the opportunity to achieve a definite set of securities qualitative features determining their competitiveness. Stock strategies should be investigated on the institute level taking into account that regulatory framework of the Ukraine Stock Market is mainly institutionally oriented. The development level of stock market has a great influence upon the construction of marketing strategies of an investor and an issuer.

The most significant tool while implementing finance marketing measures is a system organization of strategic and operational finance marketing-controlling being considered as an organization system of controlling results of finance activity management on different levels and segments [3]. This system includes subsystems of control and audit providing the implementation of planning, organizing, accounting, controlling, auditing and evaluating results of concept implementation, strategies and plans of finance marketing, measurement efficiency for the achievement of tactical and strategic goal of finance marketing.

Two main approaches to the finance marketing distribution on state finance marketing and economic subject marketing are clearly distinguished in the available economic literature in the problems of finance marketing research [4].

Nowadays the national economic literature is dominated by the approaches and development considering the finance marketing as a system approach to process management of finance assets implementation and their accumulation by the finance market institutes of Ukraine [6]. The research results determine such directions of improvement of marketing research of finance market as activity spheres of finance marketing subjects: the development of theoretical aspects and methodical recommendations as to planning, organization, accounting, control, audit and evaluation of measurement efficiency implementing for the achievement of tactics and strategy goal of finance marketing depending on the real state of marketing in the sphere of state finances, economic finance subjects in the terms of separate segments and levels of finance flow organization.

Modern conception of the marketing role in market economics according to generalized ideas of famous experts in this field shows that 35% of marketing activity is drawn to the analysis and forecast of market conditions, competition and formation of target segment; 20% – to the development of corporate and marketing strategy and marketing planning; 45% – to building and implementing marketing strategies – mixed.

As a result, there is a great number of concept frameworks for the definition and implementation of finance marketing strategies in financial activity of the finance market institutes on the regional level. Some parts of the general problem are not solved. The development of a strategy cannot be considered as a simple mechanism

of designing because: first, there are different strategies in different finance institutions on different regional levels; second, planned and implemented strategies may differ; the speed of changes and variability of competitive environments continues to increase in the conditions of finance globalization [1]. Nowadays the impossibility of defining the strategic direction becomes obvious for the finance market subjects on the system basis as well as the fact that finance institutions should constantly move in the direction of dynamic development of strategies.

Finance marketing is a system approach to the management of implementation process of finance assets and the process of their accumulation. Finance marketing functions are a set of types of marketing research conducted with the aim of defining: the opportunities of implementation or accumulation of finance assets; characteristics of demand on finance assets in various sectors of finance market; the most attractive subjects interested in raising funds (business in real sector, state) [8].

The needs of a finance institution in strategic market planning are connected with the necessity:

- to focus the finance activity on the strategic directions determined reliably and clearly;
- to consider and implement monitoring of marketing environment and to analyze competitiveness;
- to increase the ability of a finance institution to adaptation and changes in the regional environment;
- to review and optimize regularly its business portfolio.

Therefore, further development of finance market and finance institutions' activity in the competitive environment at the regional level requires the development of marketing strategy.

Researches in marketing strategy development at the market including finance services began as early as in the 60s of the twentieth century. It should be mentioned that some of developed concepts have been efficient till nowadays or have been reflected in current researches. If early researches in strategy and implementation development were aimed at defining the sources of successful finance activity, later the attention was paid to the study of strategy management process and the search of competitive advantages. As the dynamics degree of competitive environments increased, researches recognized the necessity of dynamic approach to strategy development. Such approach implies that the success of an organization cannot be explained with the application of concrete methods [8].

### **Finance marketing strategies**

Optimal types of marketing strategies for Ukraine finance institutions in the conditions of consequences of global financial crisis are leadership in expenses, differentiation and concentration.

“Leadership in expenses” strategy implies the desire to ensure lower expenses if compared with competitors’ ones. It gives the opportunity either to increase sales volume holding lower prices at the market or to receive higher income from each sale maintaining average market prices. Different means are applied for decreasing expenses, including scope economy, investments in new high technologies, better access to sale channels, etc. [7]. “Differentiation” strategy implies the desire to foothold at the market at the expense of unique character of a finance institution. This strategy is based on the potential opportunities of a product to be selected for its special qualities and features being peculiar only for it. It increases a customer’s satisfaction (material and psychological) with a product.

The third strategy is concentration. A finance institution pursuing such strategy focuses on satisfying the demands of a concrete customer to a definite assortment of products or at the market of a definite geographical region.

The following aspects are characteristic of the finance market as an object of marketing research:

- integral function is relations of redistribution of savings on market principles;
- a product is finance assets (basic and derived);
- consumers, suppliers and intermediaries are financial institutions;
- demand and supply are according to basic and derived finance assets;
- the competition is in a system and between systems.

All these aspects correspond to a set of marketing environment features and prove the opportunity of applying doctrine and culture of modern marketing at the finance market of Ukraine [3].

System-building factor of finance market construction is its integral function. Its implementation carries out through a great number of available finance services and corresponding finance assets grouped according to common features in the activity of separate professional participants of the finance market. The finance market as a structure combines its separate specialized sectors and corresponding finance institutes into a set according to a subjective feature, such as:

- bank (commercial bank);
- insurance (insurance company);
- securities (securities traders and trade organizers);
- mutual credit (credit society);
- mortgage loans (mortgage bank);
- joint investment (investment fund);
- private pensions (pension fund);
- leasing (leasing company);
- non-bank mortgage loans (pawn) [4].

Each finance market segment mentioned above corresponds with specific relations of participants, finance assets and character of finance services.

### **Finance marketing tendencies at the separate segments of finance market**

The attractiveness of bank service market, the activity of the leading banks, increasing expansion of foreign banks, as well as fast development of new bank operations create objective preconditions for further enhance of competition. In the situation when bank services are characterized with a high level of differentiation and their customers form definite market segments, one of the key factor of success is the realization of bank marketing strategy promoting the most qualitative and full satisfaction of current and potential clients' demands with simultaneous achievement of high economic indexes of bank activity for long term.

However, in general, national banks develop strategic marketing insufficiently. The main problem is the lack of knowledge and practical skills of bank experts for performing specific functions of bank marketing. The necessary conditions for realization of bank marketing strategy are clearly formulated strategic bank plan, the sole marketing information system, as well as a structural department for planning, performing and controlling the directions of marketing activity. The implementation of bank marketing strategy into bank practice will promote the creation of trust microclimate to finance-credit institutes of Ukraine among the population and enterprises.

Ukraine insurance market does not lose its positions in the conditions of competitiveness with European countries; it increases its capacity and deepens European integration. Insurance companies consider the previous data about the structure of gross premiums and insurance payments in developing finance marketing strategies at the regional markets of insurance services. The largest share in total gross premiums and insurance payments (80%) is the types of voluntary property insurance; primarily, due to the volumes from the insurance of finance risks, credits, ground transport, cargo and baggage, fire risks, etc.

Credit unions conduct active finance activity at finance service market in the regions of Ukraine. They realize their marketing strategies mainly at consumer credit market. Other finance institutes including pawnshops realize dynamically their marketing strategies in the regions along with credit unions. The pawnshops remain one of the most conservative and stable finance institutes for individuals and are focused for the issue of small and short-term loans. The average amount of pawn loans ranges from 300 to 450 UAH; the average loan term ranges from 10 to 12 days. Interest rates range from 0.3 to 1% per day [5].

Market of private pensions remains the most dynamic among regional markets of non-bank finance services. The main activity indexes of private pension funds (PPF) shows the stable work of new finance institutes for the society; the absence of significant violations, providing, in its turn, gradual increase of employers' and population's attention to them; further development of funded pension system in the regions of Ukraine.

Nowadays, the most widely used finance marketing strategies are at the regional markets of Kyiv city; Kyiv, Dnipropetrovsk and Kharkiv regions. Ternopil, Chernivtsi

regions and Zakarpatska region are less developed; however, they have significant potential in the development of tourist business industry; nevertheless, the development of this field is possible only under the conditions of successful use of loan and investment funds at the regional finance market.

### **Finance marketing peculiarities**

Specific character of life cycle of finance assets may be regarded as finance marketing peculiarities. Viability of a finance asset is related to the activity of an investor-seller and investor-buyer which appears in capital investment and obtaining investment income.

Thus, marketing peculiarities at the finance market result from its properties, such as:

- demand on basis finance asset (money) always exceeds its supply determining severe competition;
- the main goal of finance markets is the efficient redistribution of terminal creditors' savings among terminal borrowers (basis asset customers);
- finance markets are characterized by a high speed of underlying asset movement to any point of the planet in any amount if compared with the speed of product movement at commodity market;
- finance markets are more integrated and globalized if compared with real asset market;
- finance markets are developed more dynamically if compared with commodity markets [2].

### **Conclusions**

Thus, the implementation of dynamic marketing strategies in finance sector is rather urgent and timely due to these properties on the one hand and similarities of market attribute on the other.

Typical strategies may be generalized with the following definition of finance marketing strategy as a process of defining a finance institute goals and task, as well as priority directions and scope of its finance activity for a long term in the conditions of competitive environment with the aim of satisfying market expectations and keeping competitive advantages at the finance market.

Finance market strategies are implemented on different vertical and horizontal levels in separate regional segments and finance activity spheres of finance market institutes. Thus, a finance institution should develop unique trade propositions and finance products specific for a definite region and its needs to achieve competitive advantages at the regional finance market of Ukraine.



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### **The peculiarities and opportunities of marketing in finance-investment activity in Ukraine**

The article is devoted to research the theoretical preconditions of using marketing tools in the financial and investment sector in Ukraine. The features of the financial marketing strategies as cost leadership, differentiation and concentration were disclosed. Trends of development of financial marketing in certain segments of the financial market of Ukraine, problems and possibilities of marketing tools in the field of financial and investment activities in Ukraine were considered.

### **Funkcje i możliwości marketingu w działalności finansowej i inwestycyjnej na Ukrainie**

Artykuł poświęcony jest badaniu teoretycznych przesłanek wykorzystania narzędzi marketingowych w sektorze finansowym i inwestycyjnym na Ukrainie. Ujawniono cechy finansowych strategii marketingowych: przywództwa kosztowego, zróżnicowania i koncentracji. Przedstawiono trendy rozwoju finansowego marketingu w niektórych segmentach rynku finansowego Ukrainy, problemy i możliwości narzędzi marketingowych w dziedzinie finansowej i w działalności inwestycyjnej na Ukrainie.