

## CUSTOMER BASE MANAGEMENT IN THE BANK CUSTOMER ORIENTED MARKETING STRATEGY

Banks, realizing that the effectiveness and success of their activities depend on the choice of clients, have actively begun to introduce the concept of relationship marketing or client oriented marketing approach, constantly adding to the existing arsenal of tools aimed at the most complete customer satisfaction and at strengthening their loyalty.

The prerequisites for the introduction of relationship marketing systems in banking institutions is the loss of confidence in the banks by customers; increasing number and complexity of banking services, internet banking distribution; increasing competition in banking market; multinational financial institutions appearing in the domestic financial market; similar range of services in banks of Ukraine; stricter requirements for banking services from customers who become more active, informed and organized etc.

The practice of marketing activities shows that the necessity to focus attention on the retention of customers in the Bank is confirmed by the following: the cost of attracting a new customer that is 5-10 times as many as the maintenance of existing one; reducing customer churn to 5.10% provides the bank 75% of additional revenue; due to increasing market saturation the cost to attract each new customer grows and the maintenance costs remain relatively stable at low level.

Also, the importance of customer retention is confirmed by the results of research conducted by McKinsey & Company, which shows that in 68% of cases the reason for transferring a client to another bank is indifferent attitude towards them and only in 14% - dissatisfaction by the service.

Analyze the number of customers, accounts and population in recent years (Figure 1) [1, 2]. According to the official Statistics of Committee and NBU during 2013 it could be seen that there is a catastrophic decline of the studied parameters, this is due to the political, economic situation in the country, distrust of the population in the banking system but since 2014 the number of customers served by banks has begun to increase.

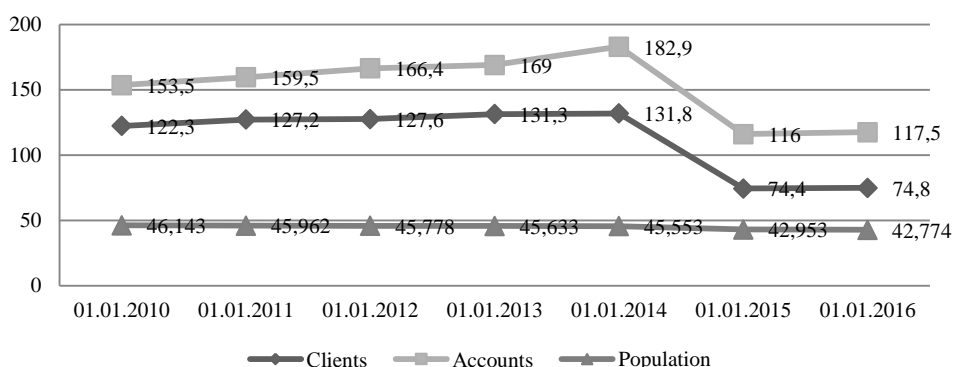


Fig.1. The number of clients, accounts and population, in mln.

According to the Global Competitiveness Report of the World Economic Forum in Davos, in terms of reliability Ukrainian banks are the worst in the world - and occupy the 140<sup>th</sup> place out of 140 countries, in terms of affordability of financial resources – the 123<sup>rd</sup> place, in terms of the availability of financial services – the 101<sup>st</sup> place, in terms of easy access to credit – the 87<sup>th</sup> place [3].

In our opinion, due to the drastically low global reliability rating of Ukrainian banks rather high level of distrust in the banking system and customer churn, customer-oriented strategy of forming and managing the reputation of the entire banking system is practically the only way to fight for customers.

Appreciating the contribution of foreign and domestic scientists in the development of theoretical framework of bank relationship management with clients, we note that in most scientific works the investigated problem is considered partially. It recognizes the need to formalize the conceptual foundations of bank customer base management, to deepen scientific and methodological basis of bank customers' segmentation, to differentiate marketing strategies of bank within certain segments of the customer base, to improve customer service and quality.

#### References

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