THEORETICAL PREREQUISITES OF THE MARKETING USE IN THE FINANCIAL MARKET SEGMENTS

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1. Introduction

Marketing is gradually becoming a reality in the activity of financial institutions in the financial market. This reflects the natural process of extensive marketing development that is associated with the spread of its concepts, methodologies, techniques, and models to new areas – financial assets market. With the development of marketing activities in the financial market a gap between the outrunning practice and inadequate theoretical basis of marketing activities in specific financial sector becomes apparent. The theoretical basis of marketing activities of institutional investors so far has not received systematic generalization. Therefore, particular attention is given to scientific justification of opportunity, expediency and limitations of the marketing use in institutional investors` activity as a group of financial institutions that provide the investment process implementation in the economy. If there are similarities and differences of the marketing environment in the real and financial sectors of the economy, the opportunity and expediency to form theory of the marketing institutional investors are assumed.

The aim of the study is to determine the prerequisites of financial marketing formation in the financial market segments.

2. Statement of the main content

In the late 90s of the last century marketing approaches, methods and tools regularly gained recognition and popularity in the financial market segments. Regularity is caused by a number of the following reasons.

First of all, it is manifestation of the general ability of scientific knowledge – its intensive development as a result of penetration into various spheres of expedient activity of the person outside the birthplace of this knowledge. In addition, marketing as a system of knowledge (initially – about the commodity market) has universal character, as it is aimed at harmonizing exchange processes that are inherent to the market.

At the same time, in modern scientific literature attempts to interpret the concept of "the market" as "consumer need" [1, p.18] or "any interaction which people do to carry out trade with each other" [2, p.19], should be classified as incorrect. They recorded only some aspects of this fact – exchange relationships that are built on a voluntary basis. They are equally common to all possible markets (goods, labor, financial, intellectual products, etc.). In general, as you know, every market is characterized by three main attributes that define qualitative market differentiation. These attributes include: objects of an exchange, subjects of an exchange and exchange rules. In this context, the actual process of trade is not a purpose of exchange, but a need cannot be an identity of exchange relationships.

Objects of an exchange in the financial market are on the one hand, the actual cash or non-cash funds, on the other – "contracts" (i.e. liabilities) called in standard market lexicon "financial assets". In some cases as an object of an exchange in the modern market practice is used the notion of "financial service" as "a transaction of financial asset" that is made in the interest of the third parties at their own expense or at the expense of these persons, and in cases stipulated by law at the expense of the involved financial assets of others for the purpose of receiving profit or maintaining

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the real value of financial assets. “So as a result of an exchange one of the parties gets money and the other – a contract, called a financial asset”.

The main players – that is, subjects of an exchange in the financial market are a priori, on the one hand, the natural person or legal entity – the owner of the money savings (the final creditor), on the other – a natural person or legal entity who needs a certain amount of temporarily idle funds and is responsible for the return of these funds with the agreed remuneration (the final borrower). In addition developed network of financial intermediaries is peculiar to financial market, acting in favor of the final creditor and the final borrower; they promote the exchange process between them with the caused amount of remuneration sum for services rendered.

Exchange rules – is one of the most important objects of state supervision and regulation recorded in legislation on activity in branches of some countries’ financial market and in international markets. In fact the definition of those attributes of financial markets allows us to consider this market as a system that deserves the description of the theoretical or empirical model. It is accepted that the correlation of supply and demand in modern situation on the market in the marketing theory and practice is defined by the concept “buyer’s market”.

As for the market of real assets (goods and services) this characterization is generally accepted and finds its expression in the increased activity of producers and sellers of products to stimulate demand, occupying and maintaining competitive positions. Analogy of the “buyer’s market” situation in the financial markets is practically similar to commodity but only in the event that according to common and dominant belief the goods in this market are financial services and money – is the usual means of payment for this service.

Alternative views about the nature of the goods and specifics of exchange processes in the financial market although they have a right to exist but so far neither in classical marketing theory nor in the theory of finance are enough determined.

In these circumstances following the logic of the concerned, most of financial market professional participants and consumers of financial services, market financial institutions should be active in promoting the benefits and advantages for consumers of appropriate services – which they have been carrying out successfully in the marketing and business since the late 80s early 90s of the last century.

However, the implementation of the concept “financial marketing” objectively requires a thorough evaluation of scientific opinions of the authors that appeal to the concept of expanding the scopes of marketing application in the financial market segments. It equally can promote both the enrichment of professional financial market participants, a significant loss of final creditors` savings and consequently, and reduce their real consumption. In other words, the real location, in money terms, of the consumption rights between the savers and market financial institutions is not excluded.

In this context one of the alternative points of view on the essence of “financial marketing” may be based on the fact that the commodity on the financial market is real money and the means of payment are “financial assets” – it is a kind of commitment of financial institutions about increase of savers’ invested amounts in the financial business [3, p.196]. As practice and analysis of the current financial crisis show these commitments can be broken like an avalanche and create the illusion of prosperity in the regime of an advancing level of consumption over the current income.

The possibility and feasibility of marketing development in the financial market are obvious. This is testified by the gradual entry of the classical marketing culture in the exchange processes of the financial market that can be traced in the scientific works of scholars and specialists. Scientific substantiation and subsequent popularization of marketing in the financial markets are associated with the names of R. Its, P. Kaysel, M. Gaels. For these reasons the scientific and practical interest presents sufficiently thorough analysis of the scientific opinion on the use of marketing in the financial market segments.

Famous European specialist in the sphere of managing the world market of investments – Mark Saint Gaels – in 1994 defined the role and tasks of marketing in finance market in the process of activity research of institutional investors (especially investment funds) and corresponding companies managing their assets (AMC). In this context, marketing is represented as:

- search for new customers, creation, development and support of a customer base;
- ability to convince the client to invest into a particular investment fund in conditions of the legal ban on guaranteeing the income of investment funds;
- generating sales of investment funds taking into account the specifics of their activity (open, closed, interval);
- servicing the needs of clients in favor of maintaining their good attitude to a particular investment fund [4, p.63].

However, it should be noted that M. S. Gaels takes the concept of sales away of the marketing activity. Following the accepted logic of marketing purposes establishment, one of the priority is to organize effective sales of the generated consumer values. That is, he compares "marketing" and "sales" as different marketing concepts although the sale is a component of marketing activities.

Defining the need of marketing and formulating its objectives, and considering the strategic aspect of institutional investors Peter Kaysel attempts to construct a typology of property in the market economy in favor of revealing the main dominant of behavior, i.e. motivation of institutional investors' activity.

On the basis of the scientific definition of "typology" related to the identification of similarities and differences of the objects which are studied and to the search of reliable ways of their identification the made attempt should be stated as unsuccessful. The initial moment of the declaration of four qualitatively different types of property in the market economy is given by the typology. Peter Kaysel includes to these:

1) collective (which occurs at redemption of the enterprise by staff or administration team);
2) corporate (as a result of the property purchase which passes to the new owner – a legal entity – usually a corporation merger);
3) institutional capital (which has three versions: portfolio investment, venture and one that develops);
4) private investor [5, p.96].

Thus, from three versions of institutional capital two are considered as the main:

- venture;
- portfolio.

Obviously it is allowed to mix the backbone signs and to construct lots from different nature elements. Undoubtedly, the qualitative difference of elements of the object research and, moreover, their reliable identification in the context of this typology is absolutely impossible.

However, in terms of marketing institutional investors in the financial market the P. Kaysel's definition of the main dominant of their behavior deserves the attention. As such he defines "search of the best possible disposable income" [5, p.98]. Summing up the experience of developed countries he indicates that professional institutional investor operates with a wide range of financial instruments.

According to the definition of an English explorer Richard Its, financial marketing is the sphere of goods sales and links with public that reflects the orientation of business to carry out the high-quality customer service process in conditions of studying the factors of the company's financial attractiveness and its product [6, p.69]. However, the specified sphere of sales is just one of the financial marketing functions but not its purpose.

The problem of marketing in the securities market as one of the financial market segments of Ukraine for the first time among Ukrainian authors was identified in 2002 by the authors V. N. Parsyak, V. P. Krapiva, V. V. Zeldis. This fact per se testified the penetration of the classical marketing concept into the financial sector which should undoubtedly take into account the experience of developed countries and should be recognized as a positive phenomenon in a market economy of Ukraine.

At the same time the theoretical postulate concerning features of marketing in the securities market is not fully defined [7, p.5]. Instead of features of marketing in the securities market it gives a trivial characteristic of the Securities Market (MPS). Besides it proposes an unsystematized structure of financial market and its participants, the features which are characteristic to securities as a "product of special sort" are not fully disclosed.

Basing on pragmatic interests of Ukraine's economy it seems logical to focus financial business on the European market model. This is substantially caused by the declaration of Ukraine's European choice, which is associated with the development of skills of co-existence with partners in the EU. Besides the absence of convincing arguments concerning the Ukrainian choice of pro-American orientation as a world economic leader and Japanese – as it is a strong and adaptive US rival in the global market is completely apparent. The current Ukrainian economic system actually ignores European concept of orientation to the market.

Traditional logic search of primary objects of investing the accumulated money usually corresponds to the technology of market analysis by the principle "top-down". The vector of advantages of this logic is formed initially by the criterion "recession-rise" in scale: the global economy; regional economy of the world; economy of certain countries. Then within the overwhelming country or several countries the attractiveness of certain tools from the point of view of their profitability is analyzed. On this basis the address and concrete investment decisions are made.

At the same time according to P. Kaysel and many other professionals the institutional investors who conduct the analysis of the markets by the principle "from below – to top" are quite widespread. "They ignore world economy completely and try to obtain fast profit from a concrete situation in the concrete country" [5, p.98]. In this interpretation the fact of recognition of the profit existence in the financial market is important.

The innocent thesis about "fast profit" which corresponds to the formulated behavioural dominant of institutional investors was formulated by famous Western experts at the end of the last century. Actually it became a symptom (manifestation) of a wave of modern world financial crisis.

In 2002, Academician of NAS of Ukraine Yu. Pahomov emphasized the phenomenon of "fast profit" ("instant income") [8, p.8]. Only six years later in the period 2008–2009 an adequate idea of the harmfulness of quick profit in the financial market for both global and national economy began to be formed among the scientific community of Ukraine. The assessment of the reasons for crisis expressed by S. O. Moskvin in the round table discussion carried out in 2009 by national agency of "State Investments" in Kiev appeared to be one of the first public confessions of this fact [9, p.9].

That is, in addition to the behavioral aspects of the institutional investor the following marketing activities are of theoretical and practical interest:

– analysis of the role and importance of institutional investors in financial markets;

– quantitative assessment of factors of investment appeal of industries, countries and areas as a result of comparison of investment inflow and outflow, i.e., the study of the financial markets conjuncture;
– the introduction of concept "competitive opportunities" in the struggle for investment capital.

Thus, the vision of Western experts of the special role of marketing in the financial market is quite naturally investigated in the activity of a particular group of its professional members. Most expressively this role and need for marketing were shown in the first half of the 90s in Europe, and a bit later in Ukraine, in actions of those professional participants who can be identified as "institutional investors". Their role in investment process as practice shows, is more significant in comparison with the activity of small investors and so-called "business angels" (private investors).

Its highlights several prerequisites for the development of marketing in the financial market. The first prerequisite concerns universality of culture of marketing, the second – lack of existence of uniform rules in marketing [5, p.124]. Besides, he considers dependence of marketing strategies character in the financial market on the specifics of the country and its legislation as not less important prerequisite.

3. Conclusions

Expedient definition of financial marketing gained the recognition in the encyclopedic reference book "Tools and Establishments of the Financial Market" published for the first time in Ukraine in the section "Risk management and financial marketing". Financial Marketing is the theory and the tool of knowledge processes and regularity of the financial market development with use of the basic conceptual principles of strategic planning [10, p.265]. Financial marketing as new scientific knowledge is philosophy of financial business which reveals through categories a conceptual system. The system includes the basic instruments, their properties and the relations between them.

Concerning the prospects of development of financial marketing of institutional investors it is possible to state the following prerequisites**:**

– development of tendencies of marketing concepts extension and penetration into new financial market segments,
– orientation of financial marketing of institutional investors on all the range of financial services;
– creation of the correct conventional theory of financial marketing capable to expect and prevent negative consequences of the advancing development of social and economic practice;
– verification of a scientific hypothesis of real opportunities and restrictions of financial marketing of institutional investors;
– topicality of searching key marketing tools for receiving competitive institutional investors in the conditions of an increased competition for clients and effective financial assets.

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Summary

The main prerequisites of marketing development in the financial market are systematized. Here is defined the interpretation of financial marketing as philosophy of financial business. Prospects of development and introduction of financial marketing in the investment market segments are outlined.

Keywords: prerequisites; market; financial market; the financial market substrata; subjects and tools of an exchange; players; network of financial intermediaries.

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