



competitiveness

economic

Conceptual aspects
management of competitiveness
the economic entities

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ways of effective organization management. The unified ERP platform is also an important aspect for the functioning of multinational corporations in terms of distribution logistics. From a case study conducted in a global company, it can be said that the introduction of Customer Care and its centralization has been a costly and lengthy process, but leads to customer sustainability and satisfaction and cost reduction.

By canceling the Pond stores, both storage and distribution costs were reduced by 10-20%, as well as the labor costs decreased by about 50%. Secondary effects include a 25% reduction in inventory and a 20% reduction in expulsion after expiry. Based on the results of key performance indicators and customer experience indicators, it is clear that by introducing a newly centralized customer relationship management, there is increasing satisfaction and slow performance of performance indicators and customer experience. These final results show the effectiveness of the change.

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Chapter 3

ENSURING COMPETITIVENESS OF RESOURCE POTENTIAL THE ECONOMIC ENTITIES

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DEPOSIT POLICY AND ITS IMPACT ON ENSURING OF COMPETITIVE ADVANTAGES OF BANK

Formation of deposit policy of banks is a leading place in ensuring their competitive advantages on the financial market. The latest banking crises have led to the fact that each bank within the regulatory framework should form an effective deposit policy with regard to interest rate policy, the structure of attraction resources, sources of replenishment equity in order to level out and cover the risks taken.

In the conditions of further development of market relations and intensification of competition between banking institutions for potential depositors, each bank should not formally, but reasonably approach to develop of the concept deposit policy, determining the optimal technology of deposit services, composition of the deposit portfolio, deadlines, interest rates and other conditions for attracting deposits [1, p. 66].

Deposit policy – a complex economic phenomenon; its essence must be considered in the broad, and in the narrow sense. In broad, the deposit policy of banks is characterized as a strategy and tactics of bank in its activities in relation to attraction of resources for return, as well as in the organization and management of the deposit process. Under deposit policy in the narrow sense understand the strategy and tactics of banks in part the organization of the deposit process in order to ensure its liquidity [2, p. 98; 3, p. 40; 4, p. 835].

The main features of the deposit policy of banks should include:

- closely related to the credit policy of bank, since it provides interconnection and interconnection between deposit and lending operations on terms and amounts;
- is aimed at satisfying the needs of bank in liquidity by actively attracting funds, in particular borrowed funds;
- combines the strategy and tactics of bank in attracting funds from depositors and other lenders and determining their most efficient combination;
- is based on the assortment of high-quality deposit services, various forms and methods of attraction funds, special attention is paid to term deposits, which help to maintain liquidity balance sheet of bank and are more predictable;
- ensures stability of deposit base and competitive advantages on the financial market.

When forming a deposit policy it is necessary to take into account the interests of all participants in these relationships. The interests of all the participants of the relations in the process of forming the deposit resources of banks partially contradict one another. At the same time, the global task facing the banking system and the state – is to reconcile all these interests and bring them into general system policy. And if banks and depositors have already successfully mastered the co-ordination of each other's interests in the process of forming a deposit policy of a separate bank, then to influence the state on their interests it is more difficult.

Deposit activity of banks correlates with the chosen concept of formation and implementation of deposit policy.

At the heart of formation deposit policy are both general and specific principles, namely:

- general principles: scientific substantiation, integrity system, complex approach, optimality and efficiency of element unity;
- specific principles: ensuring optimum level of costs; security operations of bank; reliability assurance.

Observance of these principles allows banks to formulate both strategic and tactical directions in the organization of deposit operations, thus ensuring the efficiency and optimization of its deposit policy.

It should be noted that the main part of banking resources is formed in the process realization of depositing operations of bank, from the effective and correct management of which depends the stability of

functioning a credit organization. Effective management of liabilities requires implementation a scientifically sound deposit policy. Deposit policy as a part of management system activity of bank includes directions and tasks for the purpose of development of deposit operations and increases their efficiency (Table 3.1).

Table 3.1

Directions and tasks of deposit policy

Directions	Characteristics of tasks
Deposit market analysis	research the needs of consumers, research deposit policies of competitors, assessing the impact of NBU policies on state the deposit market and trends in its development
Definition of target markets for minimization of deposit risk	raising the level of macroeconomic research of each market segment in order to gain competitive positions on certain market segments, as well as identification, control and risk monitoring
Minimizing costs in the process of attracting funds to deposits	permanent search of ways and means of reducing interest costs on the attracted resources, rationalization of banking business
Optimization management of deposit and loan portfolios of the bank	support of mutual communication and mutual agreement between deposit operations and operations on granting of loans by amounts and terms of deposits and credit investments
Supporting liquidity of the bank and increasing its stability	support of expensive and low-paying deposit resources at a level that ensures appropriate bank profitability and liquidity of balance sheet

Source: systematized by the authors on the materials [2-5]

Deposit policy represents a system that includes elements of the process management activity of bank, namely: strategy, tactics and control. Which managing any process, deposit operations management is subject to general banking requirements, that is, the combination of liquidity, profitability and risk.

The main criterion in develop of deposit policy is the correct formulation of the purpose and objectives for its implementation, namely:

Strategy of bank for developing the main directions of the deposit process: achievement of long-term goals of bank in terms of growth the client base and increase of competitiveness by providing customers of quality banking services in such a way and to the extent that they meet

the high professional standards and provide the corresponding profit of the bank;

Tactics of bank on the organization of formation a resource base: attracting as much cash as possible at the lowest price, provided that ensured liquidity of bank;

Control over the implementation of deposit policy: meeting customer needs by providing a quality level of service [4; 6].

Analyzing the resource base of bank it can be argued that its optimal structure is achieved by the ratio between its own funds and obligations of bank, which ensures the most effective proportion between the coefficient of financial profitability and the coefficient of financial stability of bank, that is, maximized its market value. The above gives grounds to distinguish the components of the integrated resource management mechanism of bank, using two main criteria: costs and profit. For the optimal influence of both the internal and external environment on bank, resources should be obtained with minimum costs and insuring maximum profits [4; 7].

When forming a deposit policy, the bank must take into account a number of factors that are able as possible to help expand share the client's market and attract as much deposit resources.

These factors include: taking into account the level of inflation and incomes of population in the country as a whole; influence of NBU and Government policy, state of social environment; improving the work of bank staff, which directly serve clients in the branch and carry out the current communication with them; introduction of new forms of cooperation with clients for their potential interest in the services of bank, creation of more convenient conditions for clients to execute a deposit agreement; a constant and systematic reduction of risk level associated with irrational decisions that may apply to a deposit agreement; application of different methods promotion the clients of bank (advertising, providing additional free services in addition to deposit agreement, location of branches in places close to customers, adapting the schedule of work to the needs of clients).

In case of crisis, deposit activity of banks should be directed to develop of a deposit strategy aimed at attracting new customers, namely: development strategy and diversification strategy; maintenance of existing clients (penetration strategy); introduction of new directions of development in products and services (innovative strategy).

Thus, it can be argued that the deposit activity of banks depends on the behavior of economic entities and households, as well as the

developed deposit policy, including their social responsibility.

It should be noted that income is the main factor that influence at the level of deposit investments. This issue was dealt with by prominent researchers. J. M. Keynes believed that the savings depend on the level of current income [8, p. 158]. I. Fischer also researched this issue, but concluded that basically savings depend on the income that consumers expect to receive throughout their lives [9, p. 464].

M. Friedman emphasized that the incomes of people often change, and these changes are random and temporary [19, p. 477]. The specified level of temporary income the household is sent to deposits. Based on the analysis of these factors, one can list a number of obstacles inherent in domestic economic realities that influence on efficiency of the process formation deposit resources of banks. They include:

- low level of real incomes in society, which remain after costs on current consumption. The volume of free cash resources that can be placed on bank accounts is less than potentially possible;
- high inflation that leads to rapid depreciation of savings and, consequently, have a negative influence on the desire to invest free cash resources on bank accounts, since the rate on them does not overlap the level of inflation, which means it is more profitable to buy durable goods or precious things than to store them in cash;
- high level of taxation incomes the citizens;
- large amounts of money outside the banking system due to the existence of shadow sector income, which makes it difficult to legalize them through the banking sector;
- insufficient trust to the banking system caused by the bankruptcy of banks and the unstable political and general economic situation;
- insufficient level of banking technologies for servicing the population in many banks and poor customer service;
- insufficient trust to national money, which prompts to keep deposits in bank accounts in foreign currency (more stable) [10, p. 202].

One from the factors influencing on the process of forming a deposit policy of banks is restoration of confidence to the banking system.

The banking system of any country is formed under the influence of many factors: historical, economic, cultural, political, legal and a number of others. At the same time, the exclusive role for the organization and functioning of both a particular banking institution and the banking sector in general is played by trust in them by economic

actors [11, p. 284].

The problem of trust to banking institutions became the subject of a study by a number of foreign and domestic researchers. In particular, W. Bedget, in his scientific paper, "The Money Market of England" [12] regards trust as a two-way equality: on the one hand, bankers need to trust borrowers, but on the other – depositors should fully trust the banks. Thus, the peculiarity of trust to the banking system is the unprecedented trust between the entities of financial relations. It means that bankers need to take all possible measures to maintain the rest and confidence of the population in banking institutions, because the panic of economic entities is one of the main causes of unpredictable loss of trust to the banking system.

N. Zigimel in the research "Necessary rules for merchants, bankers, commissioners, and in general for every person that involved any business" points out that any business is based on trust, so he advises bankers to always strive to gain trust those with whom they have to deal. This can be achieved of different ways, first of all, due to honesty and integrity [13, p. 22].

A well-known domestic banking market analyst A. Khilko [14] notes that "... trust – the basis of capital, primarily banking. First of all, trust on the part of a client of bank of ordinary citizen. Trust can not be measured or predicted as a planned indicator. Trust does not arise from vivid advertising, from promotions or large interest on deposits. Trust can not be artificially stimulated or caused by external irritants. Trust to the bank – a result of everyday laborious work, the result which is being developed of years, decades. This is what we need to understand and build around of this our banking system".

It can be argued about influence on the formation of deposit resources banks their deposit policy, social responsibility and financial literacy of the population (if consider the factors of a market economy without political decisions) [15].

Among the principles of social responsibility, which are defined by banks, should be the following [16, p. 109]:

- The principle of openness and transparency. It provides insuring transparency of financial reporting, payment of taxes, official salary of the employee of bank, openness and transparency in relations with clients, partners, employees and authorities.

- The principle of respecting the interests and needs of future generations in order to ensure sustainable development. Banks are

involved in solving the economic, social, environmental problems that exist in our society.

- The principle of conducting a permanent dialogue with the interested parties. In order to comply with this principle, they are constantly working to identify the interests and needs of interested parties in a timely manner in order to improve banking services and social activities, as well as increase the level of trust to the bank.

In the area of social work of commercial banks, it is important to restore the trust to them of depositors. The low level of awareness of Ukrainian citizens about the functions and principles of the operation of financial institutions is causing a certain distrust of the bankers and the banking system as a whole among the various segments of society. So, when choosing savings instruments, listen to the advice employees of financial institutions only 7.4% of respondents.

The most trust of banking employees are used by citizens aged 20-29 (12.6% of respondents of this age are guided by their proposals). At least on the recommendations of bankers pay attention to the older generation. They first listen to their family members.

Thus, in addition to external economic factors influencing on changing sentiment of financial market participants, a significant place occupies of "sundress radio". There are several directions to improve the situation: raising the level of financial literacy of the population and, in parallel, increasing the degree of transparency of banking activities [17, p. 20].

The trust to the banking system of Ukraine according to the Gallup Institute [18] is only 28% and is one of lowest in the world. The main problem is that ordinary citizens do not understand all the processes and transformations that take place inside the banking sector. This situation is also exacerbated by external factors – the fall of living standards, the presence of inflationary processes, the fluctuation of foreign exchange rates, the increase of level unemployment, the reduction of incomes population, etc. Today, one of the most important tasks for restoring the trust to the domestic banking system is raising the financial literacy of the population, ensuring openness of banking activities, expanding the range of banking services and ensuring their availability, the active use of marketing technologies and communications, and enhancing the image of banking institutions.

The proper clients servicing of bank allows them to increase level their loyalty and increase the trust, which is substantiated by the results of fundamental research [19, p. 219]: an increase the share of regular

buyers by 5% increases sales by 25%; the costs of attracting a new client for servicing the bank are larger by about 5-10 times than the amount available; reducing the outflow of customers by 5-10% provides the bank up to 75% of additional profit; an increase retention of customer by 5% contributes to an increase the profit of bank by 85%; satisfied customer will notify about successful purchase on average five of his acquaintances, dissatisfied – at least ten; customer relationship management system increases the quality of service to 40%; the cost of attracting each new client to a bank with rising market saturation is increasing, and the cost of maintaining customers remains low; stable customer base ensures stability activity of bank and contributes strengthens its competitiveness.

During the analyzed period there are three cycles of decline the economy of Ukraine: 1996-1998; 2008-2009; 2014-2015. As can be seen from the presented stage, in Ukrainian realities we always have to deal with small cycles (3-4 years). This is due to the fact that:

- *firstly*, an independent Ukrainian state has a rather short period of time, and therefore to trace long cycles of its development it is difficult;
- *secondly*, this is due to the regularities in our cyclicity and the influence on them of the characteristic features of the economy, such as: openness, dependence on raw exports and a small share in the world market;
- *thirdly*, the crisis in development is entirely in the area of reluctance of the authorities to carry out structural reforms and to change the nature of the economy from the raw materials of the world to the modern high-tech country [10, p. 202].

As of September 2018, the amount of cash that outside the banking system amounted to 348.284 billion UAH. It is this money that can be a guarantee development of domestic production and contribute to the general economic growth of Ukraine. Thus, we can assert that the deposit policy of banks is primarily connected with insuring a stable resource base on favorable for banks conditions and protecting the interests of depositors and creditors.

In order to improve this process we consider it expedient: introduction of differentiated norms to the capital of banks, that accepting time deposits from depositors; deposit guarantee fund should increase the differentiation of rates of fees for currency and hryvna deposits; initiation of adoption of legislative rules on revision of

provisions for early termination of deposit agreements; within the framework of projects for the dissemination of financial literacy, it is necessary to inform citizens about the benefits of deposits; alternative savings deposits (but not substitutes) should be an additional type of deposit that encourages long-term savings in hryvna; limit the cost of re-attracted foreign currency deposits at the level of 6% in dollars USA, 4% in EUR; to introduce restrictive measures on the return of foreign currency deposits only in case of early termination of deposit agreement; remove restrictions on the issuance of deposits in foreign currency after the expiration of deposit period; remove restrictions on the purchase of currency by individuals for the de-shadow of the currency market; to pay foreign currency deposits and interest on foreign currency deposits in the currency of deposit, providing for conducting in the national currency servicing operations.

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**ARTIFICIAL
INTELLIGENCE
BASED HUMAN
RESOURCE
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1. Importance of Human Resources in economic entities competitiveness

Successful business and competitiveness in the companies and institutions is moved forward by human resources development. It is employees who play most significant role creating efficient competitive team in the company and help company to stay competitive. The purpose of this article is to disclose the extent and nature of AI in human resource development for ensuring the competitiveness of economic entities.

1.1. Human resources as one of the most important economic entities competitiveness prerequisite

Schuler, R.S., Dowling, P., at al. (1993) name human resources and human resource management as the main factor in effective competitiveness achievement. It has become obvious that investment into human resources is commonly recognized as development factor and one of the best investments. Even in the early historical business and economy development it was understood, that "the most valuable capital is the one invested in the human factor" (Marshall, A., 1890).

Furthermore, human resources are presented as Human Capital, which is explained as explained as an economic term for knowledge and skills that workers acquire through education, training and experience (Mankju, G. 2006). Podolny, J. M., and Baron, J. N. (1997). Discuss importance of the social capital as a factor that can affect the