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SPONSORSHIP AS A TOOL OF COMMUNICATION POLICY OF BANKS OF UKRAINE

In modern conditions, the role of the image of commercial banks in choosing them by customers is growing. To this end, the latter actively apply the marketing policy of communications, the traditional tools of which are advertising, sales promotion, personal selling and public relations. The most reliable are the actions of public relations in the eyes of customers and contact audiences of the bank. Based on the analysis of literature sources, it is established that its components are publicity and sponsorship. It is determined that the measures of public relations of banks of Ukraine are aimed at development the image of banks, forming an idea of the reliability of banks and trust in them in customers, informing customers about the charity and sponsorship of banks, increasing bank customers. Using secondary marketing information, the article identifies the main areas of sponsorship of commercial banks in Ukraine and analyzes the costs of sponsorship of some commercial banks in Ukraine with foreign and private capital. Significant competitive positions of banking institutions with foreign capital in the Ukrainian market are determined by the application of the strategy of differentiation on such parameters as their own image and reliability, the application of modern information technology in sales systems and promotion of their products. The analysis showed that not all commercial banks reflect costs on sponsorship in their annual financial statements, although such measures are carried out by them. In addition, it was found that in Ukraine, the costs of sponsorship and charity are often equated, which are different concepts from a theoretical point of view. The results of the study showed that one of the commercial banks that spends the most funds on sponsorship and charity is JSC „Raiffeisen Bank Aval”. It was established that even with unprofitable activities JSC „Raiffeisen Bank Aval” conducted sponsorship and charitable activities, which is also a significant advantage among other banks. Other analyzed commercial banks that are actively involved in sponsorship are. JSC „KREDOBANK”, JSC „ALFA-BANK”, JSC „OTP BANK”, JSC „UKRSIBBANK”.

Key words: communication policy of banks, commercial banks of Ukraine, public relations, sponsorship, charity.

Introduction. In the context of global economic instability, the banking system activity needs sustainable development. Such economic instability, intensification of competition encourages banks to use marketing tools. Among the most effective tools of Ukrainian banking institutions are advertising (image, product), PR activities (including sponsorship), sales promotion, personal selling. Such tools belong to communication policy tools. Therefore, the key to effective banking activity in a competitive environment is a communication policy which contributes which contributes to the increase the image of the bank and the promotion of its banking products and services.

The purpose of this article. Investigate sponsorship as a kind of public relations of commercial banks of Ukraine within their promotion on the market, analyze the costs of sponsorship, charity of Ukrainian banks, highlight the features of commercial banks of Ukraine in this area.

Analysis of recent research and publications. Many scholars have been interested in defining the essence of banks' communication policy and its tools.

In particular, O.Bykhova notes that „the communication policy of a commercial bank can be defined as a system of means of interaction of the bank with potential and real customers, which is aimed at encouraging consumption, forming commitment and loyalty of consumers to the services of a bank. Traditionally, communication policy tools include: advertising, public relations, direct marketing and sales promotion. With regard to communication policy in the banking sector, the most effective tools, as

the experience testifies of many Ukrainian banking institutions, should be considered public relations, the use of advertising of a particular service and advertising of the bank as a whole”¹.

In scientists T.Vasileva, S.Kozmenko, I.Shkolnik there is an opinion that the range of tasks includes providing the public with information about the bank, its banking products and services, studying public opinion about the bank itself, studying a variety of trends and developing measures to strengthen the bank’s reputation. The task of such measures is to form a favorable opinion about the bank, increase confidence in it and its banking services².

The above-mentioned authors also pay attention to measures and methods that take into account public opinion in order to maintain the image and reputation of the bank, carrying out charitable and sponsorship activities. Such measures to achieve a friendly public attitude to the bank are: establishing relations with the press, building image and reputation, video and audiovisual media, public opinion research and market reaction, active work of public relations specialists of the bank, whose main tasks to support public relations with the media, presentation of the position and strategy of the bank, tracking information flows that reflect its activities and shape the image³.

L.Semenyuk interprets public relations as a set of efforts of the bank aimed at forming a favorable image of its activities through interaction with all sectors of the economy and the environment⁴.

N.Kosar, N.Kuzo, I.Bilyk, note the important role of improving the reputation of banks through public relations measures, in particular through the participation of banking institutions in regional social programs, the bank’s support for public organizations and existing social movements aimed to protect the environmental⁵.

In the scientific literature, scientists define that a kind of PR of the bank is sponsorship. N.Maslova determines that sponsorship – „is a financial support for cultural and sporting activities, which allows you to increase the credibility of the bank or increase its profits, which the sponsor expects from the event. Sponsorship includes cultural objects, mass media (competitions, television programs – TV show, games, etc.). Communication through event or promotion through action is the same technology that consists in the development of a topic related to events (sports, cultural, humanitarian), with the active participation of the sponsor (his name). The sponsor selects the object in such a way that the object brings the maximum communication and commercial effect to its products, ensures the attraction of the maximum number of mass media”⁶.

Statement of key material. In market conditions, it is important to use marketing communications in various fields, including banking. This, in turn, is due to the desire of banks to save existing customers and attract new ones, sales promotion of their products for to increase their implementation volumes and growth profitability activities, promote the implementation of goals. Customers, in turn, through marketing communications of banks receive the necessary information about them, on the market is formed by the value of the image and reputation of the bank and a friendly attitude to it. Consider the sponsorship, charity of commercial banks in Ukraine for 2011-2019, in particular the costs of banks for their activities – Fig. 1. They are obtained on the basis of financial statements of banking institutions.

Further research was conducted mainly on the basis of banks with foreign capital. As noted in the scientific research N.Kosar, N.Kuzo, I.Bilyk, significant competitive positions of these banking institutions are determined by their application of the strategy of differentiation on such parameters as their own image and reliability, the use of modern information technology in sales systems and promotion of their products⁷.

¹ Бихова, О. М. (2014). Особливості застосування маркетингового комплексу в банківській сфері. *Економіка. БІЗНЕСІНФОРМ*, 5, 347-351.

² Васильєва, Т. А., Козьменко, С. М., Школьник, І. О. та ін. (2014). *Маркетинг у банку*. Суми: ДВНЗ „УАБС НБУ”, 353.

³ Там само.

⁴ Семенюк, Л. П. (2017). Сучасні підходи до планування комплексу маркетингу банку. *Економічна стратегія і перспективи розвитку сфери торгівлі та послуг*, 1 (25), 256-269.

⁵ Косар, Н. С., Кузьо, Н. Є., Білик, І. І. (2019). Комплекс маркетингу у підвищенні конкурентоспроможності комерційних банків України у сучасних умовах. *Науковий вісник Мукачівського державного університету. Серія економіка, МДУ*, 2 (12), 67-73.

⁶ Маслова, Н. О. (2002). Методичні підходи до визначення елементів комплексу маркетингових комунікацій комерційного банку. *Проблеми і перспективи розвитку банківської системи України: збірник наукових праць*. Суми, 5, 129-135.

⁷ Косар, Н. С., Кузьо, Н. Є., Білик, І. І. (2019). Комплекс маркетингу у підвищенні конкурентоспроможності комерційних банків України у сучасних умовах. *Науковий вісник Мукачівського державного університету. Серія економіка, МДУ*, 2(12). 67-73.

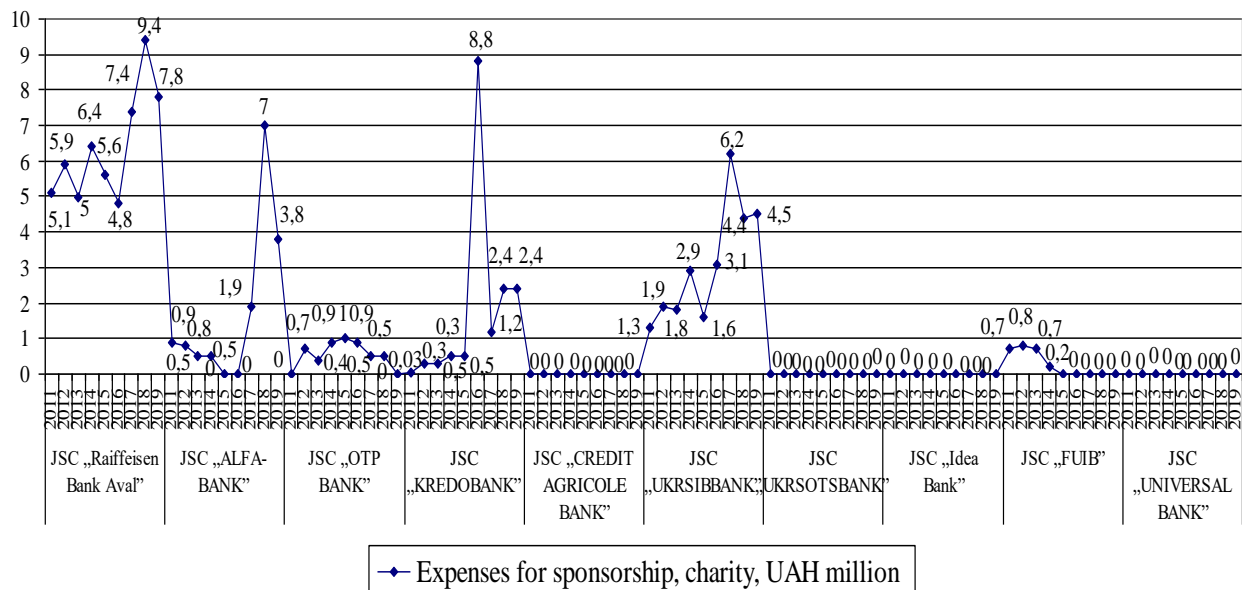


Fig. 1. Expenses for sponsorship, charity of commercial banks of Ukraine for 2011-2019

Source: compiled by the author on the basis of annual financial reports of banks of Ukraine¹

From fig. 1. we observe that the costs of sponsorship, charity of commercial banks of Ukraine for 2011-2019 do not exist in all banks, and perhaps not all banks reflect them in the annual financial statements. For example, JSC „UKRSOTSBANK“ became the national sponsor of UEFA EURO 2012 in 2011, its annual report does not reflect costs on sponsorship. JSC „Raiffeisen Bank Aval“ carries out active charitable and sponsorship activities compared to other banks and has many charitable and sponsorship projects, which is a feature and advantage of the bank over other banks (Fig. 2).

In fig. 2. displayed dynamics of net profit (loss) and costs of sponsorship, charity of JSC „Raiffeisen Bank Aval“ for 2004-2019. In a bank, the costs of sponsorship and charity do not fluctuate significantly and occupy a small share in the structure of operating costs, but they have a significant impact on the image and reputation of the bank. Such costs are formed depending on the goals and capabilities of the banking institution, the existing market situation. However, despite the financial crisis and the conditions of instability, JSC „Raiffeisen Bank Aval“ carries out sponsorship and charitable activities. We observe in fig. 2. that even at of unprofitable activity of JSC „Raiffeisen Bank Aval“ carried out sponsorship and charitable activities, which is also a significant advantage among other banks.

The analysis of the annual financial statements of banks for 2011-2019 makes it possible to identify such areas of public relations of banks in Ukraine as:

- charity (charitable and social projects, charity events, charitable support and assistance);
- sponsorship, sponsorship activities (sponsorship projects);
- corporate volunteering.

¹ АТ Райффайзен Банк Аваль (2020). Річна фінансова звітність за 2011-2019

<<https://www.aval.ua/documents/zviti-banku/riczni-zviti>> (2020, серпень, 11); АТ АЛЬФА-БАНК (2020). Річна фінансова звітність за 2011-2019 <<https://alfabank.ua/investor-relations>> (2020, серпень, 11); АТ ОТП БАНК (2020). Річна фінансова звітність за 2011-2019 <<https://www.otpbank.com.ua/about/informations/annual-reports/>> (2020, серпень, 11); АТ КРЕДОБАНК (2020). Річна фінансова звітність за 2011-2019 <<https://kredobank.com.ua/about/zvity-banku/riczna-zvitnist>> (2020, серпень, 11); АТ КРЕДІ АГРИКОЛЬ БАНК (2020). Річна фінансова звітність за 2011-2019 <<https://credit-agricole.ua/o-banke/dokumenti-ta-zviti>> (2020, серпень, 11); АТ УКРСИББАНК (2020) Річна фінансова звітність за 2011-2019 <<https://my.ukrsibbank.com/ua/about-bank/financial-reports/>> (2020, серпень, 11); АТ УКРСОЦБАНК (2020). Річна фінансова звітність за 2011-2018 <<http://www.ukrsotsbank.com/>> (2020, серпень, 11); АТ Ідея Банк (2020). Річна фінансова звітність за 2011-2019 <<https://ideabank.ua/uk/about/finance-reports>> (2020, серпень, 11); АТ ПУМБ (2020). Річна фінансова звітність за 2011-2019 <https://about.pumb.ua/finance/annual_reports> (2020, серпень, 11); АТ УНІВЕРСАЛ БАНК (2020). Річна фінансова звітність за 2011-2019 <<https://www.universalbank.com.ua/financial-reports>> (2020, серпень, 11).

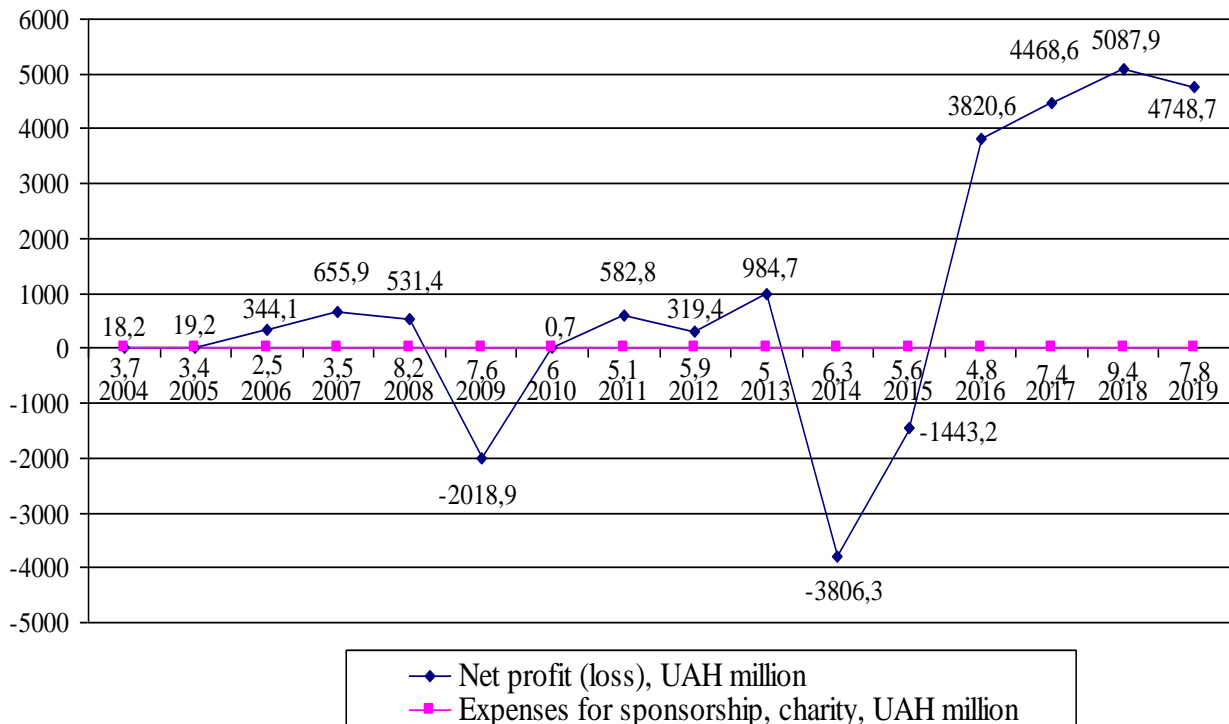


Fig. 2. Dynamics of net profit (loss) and expenses for sponsorship, charity of JSC „Raiffeisen Bank Aval” for 2004-2019

Source: compiled by the author on the basis of annual financial statements of JSC „Raiffeisen Bank Aval”¹

From a theoretical point of view, sponsorship and charity are different concepts, but domestic companies often identify these concepts.

Based on the analysis of secondary marketing information, the following measures of public relations of banks² can be identified:

- holding charitable events for orphans and children with disabilities and for the treatment of seriously ill children: JSC „Raiffeisen Bank Aval”, JSC „KREDOBANK”;
- holding festivals: JSC „Raiffeisen Bank Aval”, JSC „ALFA-BANK”;
- support for the development of artistic events: JSC „Raiffeisen Bank Aval”, JSC „ALFA-BANK”;
- support for the development of education: JSC „Raiffeisen Bank Aval”, JSC „ALFA-BANK”;

¹ АТ Райффайзен Банк Аваль (2020). Річна фінансова звітність за 2004-2019

<<https://www.aval.ua/documents/zviti-banku/riczni-zviti>> (2020, серпень, 11).

² АТ Райффайзен Банк Київ Аваль (2020). Річна фінансова звітність за 2011-2019

<<https://www.aval.ua/documents/zviti-banku/riczni-zviti>> (2020, серпень, 11); АТ АЛЬФА-БАНК (2020). Річна фінансова звітність за 2011-2019 <<https://alfabank.ua/investor-relations>> (2020, Серпень, 11); АТ ОТП БАНК (2020). Річна фінансова звітність за 2011-2019 <<https://www.otpbank.com.ua/about/informations/annual-reports/>> (2020, серпень, 11); АТ КРЕДОБАНК (2020). Річна фінансова звітність за 2011-2019 <<https://kredobank.com.ua/about/zvity-banku/riczna-zvintnist>> (2020, серпень, 11); АТ КРЕДІ АГРИКОЛЬ БАНК (2020). Річна фінансова звітність за 2011-2019 <<https://credit-agricole.ua/o-banke/dokumenti-ta-zviti>> (2020, серпень, 11); АТ УКРСИББАНК (2020). Річна фінансова звітність за 2011-2019 <<https://my.ukrsibbank.com/ua/about-bank/financial-reports/>> (2020, серпень, 11); АТ УКРСОЦБАНК (2020). Річна фінансова звітність за 2011-2018 <<http://www.ukrsotsbank.com/>> (2020, серпень, 11); Річна фінансова звітність за 2011-2019 рр. <<https://ideabank.ua/uk/about/finance-reports>> (2020, серпень, 11); АТ Ідея Банк (2020). АТ ПУМБ (2020). Річна фінансова звітність за 2011-2019 <https://about.pumb.ua/finance/annual_reports> (2020, серпень, 11); АТ УНІВЕРСАЛ БАНК (2020). Річна фінансова звітність за 2011-2019 рр. <<https://www.universalbank.com.ua/financial-reports>> (2020, серпень, 11).

- support for the development of educational institutions for orphans and children from troubled families, as well as children's medical institutions and charitable foundations that care for children, public organizations and foundations that care for orphans, the disabled, veterans: JSC „Raiffeisen Bank Aval”;
- support for the provision of assistance to medical institutions, health care organizations; providing assistance to WWII veterans, poor categories of citizens: JSC „ALFA-BANK”;
- support of charitable events and charitable projects: JSC „Raiffeisen Bank Aval”;
- support for cultural development: JSC „Raiffeisen Bank Aval”, JSC „ALFA-BANK”, JSC „KREDOBANK”;
- support for strengthening international cultural ties, participation as a permanent partner of the International Jazz Festival Alfa Jazz Fest: JSC „ALFA-BANK”;
- development and implementation of a certain initiative aimed at the development of professional skills in children of different ages and social status: JSC „OTP BANK”;
- co-organizer and partner of the Ukrainian-Polish social action „Mykolay without borders”: JSC „KREDOBANK”;
- support of a number of social projects aimed at supporting different people: with Down syndrome, care for children with cerebral palsy, printing a book in Braille and purchasing equipment for medical institutions: JSC „UKRSIBBANK”;
- corporate volunteering: JSC „Raiffeisen Bank Aval”.

In modern conditions, in order for the public to receive the necessary information about sponsorship and charitable events of commercial banks in Ukraine, the latter must provide more information about them both in the media and on social networks.

Conclusions. In today's conditions, the features of PR-activities of banks are sponsorship and charity, charitable activities (charitable, social, charitable projects), volunteering, publicity events. PR-activity of banks is aimed at:

- development of the bank's image;
- formation of clients' ideas about the bank's reliability and trust in it;
- informing customers about the charity and sponsorship of the bank;
- increase in the bank's clients.

Using secondary marketing information, the article identifies the main areas of sponsorship of commercial banks in Ukraine and analyzes the costs of sponsorship of some commercial banks in Ukraine with foreign and private capital. The analysis showed that not all commercial banks reflect costs on sponsorship in their annual financial statements, although such measures are carried out by them. In addition, it was found that in Ukraine, the costs of sponsorship and charity are often equated, which from a theoretical point of view are different concepts. The results of the study showed that one of the commercial banks that spends the most funds on sponsorship and charity is JSC „Raiffeisen Bank Aval”.

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