

FINANCIAL SUPERMARKET IN FORM OF INTEGRATION INSURANCE COMPANIES

In the article considered essence of the concept "financial supermarket". The proposed structure construction financial supermarket taking into account relevant features reveals the essence the features that distinguish financial supermarket from other financial intermediaries. Advantages and lacks of functioning of financial supermarkets are certain. The mechanism of implementation of the financial supermarket in Ukraine.

Keywords: bank; insurance company; financial services; financial supermarket; integration.

Statement of the problem. *The economy is constantly going cycle of financial resources. Its main subjects are savings and borrowers free capital. During the current activity accumulate some savings, while others there is a need for additional financial resources for the expansion of economic activity. Transfer money from savings to borrowers in the market comes with financial intermediaries through financial services. For a long time the idea of cooperation between banks and insurance companies considered unpromising because both market institutions were not prepared technologically to common productive ideas. Now the joint activities of banks and insurance companies have grown significantly, new opportunities open up their integration and globalization of financial markets. The need to study this interaction resulted relevance and objectives of this article.*

Analysis of recent research and publications. *The study of interaction between banks and insurance companies to identify their specific characteristics, patterns and the formation of the basis of certain paradigms discussed in the foreign and domestic scientific literature. Theoretical study of conceptual approaches to various aspects of the integration of banks and insurance companies and a set of practical ways to address the problem noted in the writings of Vovchak O.D., Hrushko V.I., Kuznetsov A.Y., Luciw B.L., Frost A.M. Prymostka L.O., Kostogryz V.G., February I.O., Medvedev I.B., Harutyunyan R.D., Reverchuk S.K. and others. From the results of their research were the basis of development of scientific and methodological approaches to designing and implementing the integration of banks and insurance companies in terms of financial supermarket.*

Unsolved aspects of the problem. *Many scientists have made a significant contribution to the formation of the system palette study the specific interaction between banks and insurance companies, the mechanism of their functioning and regulation, as well as analysis of their specificity and development issues. In prior research on the problems of the banking and insurance business, have been formed some theoretical and methodological foundations. However, most researchers focused their attention on specific aspects and problems of development. At the same time, economic restructuring and transformation processes of development led to the need for comprehensive and systematic research status and prospects of the banking and insurance business in Ukraine up to date global trends. In addition, poorly formed and justified questions related to the analysis of the conditions and factors of financial supermarkets in Ukraine, which requires more detailed study.*

Purpose of the article. *The study is theoretical and methodological basis and development of conceptual approaches to the formation and development of financial supermarkets as a prerequisite for sustainable development of cooperation of the banking and insurance business in Ukraine.*

The main material. *The idea of joint activities in the financial markets of banks and insurance companies using financial supermarket is to provide the public and businesses a package of financial services to individuals in the same office. Using a financial supermarket saves administrative, managerial and technological resources, such cooperation increases the competitiveness of each individual financial institutions and stimulate the culture of customer service. Thus there is a general preference for clients - always easier and more convenient to come in one office, which offers the widest range of [1, p. 239].*

It is believed that financial supermarkets - is relatively new, but the most promising organizational form of economic interaction between banking, insurance and other financial institutions that are at the stage of cooperation and collaboration. Financial supermarket - a model of customer- oriented business, which is the only integrated channel clients to access financial services [1 , p. 128]. Savranskaya G.V. notes that one of the components of the financial supermarket is that it provides a real and concrete benefits for the client, his family, provides insurance guarantees that your savings and income contribution [1, p. 23].

Financial supermarket as territorial, marketing, financial associations various companies aimed at implementing a broad range of financial (banking, insurance, leasing, investment) and additional (brokerage, registrar, audit, legal, real estate) services. Paying attention to the development of its product range, market share, financial position and strengthening market positions in terms of specialists almost falls is a significant component of any financial intermediary, as a system of cash management. Moreover such an important feature of mediation as investment participants performed a financial supermarket, hardly considered. It becomes especially important when a significant amount of growth and speed of financial flows. The modern period of Ukraine's economy is characterized by the curtailing of investment by most businesses, the lack of budget investment resources for the implementation of regional projects in field of transport and social infrastructure, housing and communal services, innovation. Without strengthening of investment activity cannot overcome the macroeconomic imbalance of economic and structural transformation, solving all complex social problems.

The essence of the concept of "financial supermarket" is to provide a wide range of financial services and accessibility in the way of obtaining them. Vision researchers regarding the definition of "financial supermarket" are given in Table 1.

Table 1

The definition of "financial supermarket"

Author	Definition
Reverchuk C. [2, p. 22]	Financial supermarket - an institution that provides a broad range of financial services. Financial supermarket - an association of professional financial market participants to provide customers with various services.
Medvedev I.B. Smirnov Y.V.[3]	Financial supermarket - a regional association of profitable and sustainable companies is a complex financial structure to provide various services (banking, insurance, investment, accounting, factoring, leasing, realtor, legal, consulting, publishing, travel, etc.).
Skrypar Y.V. [4]	Financial supermarket - an association (legal, marketing or just regional) banks and other professional participants of the financial market (insurance, investment, brokerage, leasing, consulting firms, etc.), which is able to offer not a single product or service, and complex problem solving corresponding to the specifics of the client's business or complex queries individuals.
Lucas A. [4]	Financial supermarket - a system that connects people to facilitate transactions, including the purchase / sale of securities (equally of products liability), household items (such as precious metals) and other operations to reduce fees for services provided within the existing market.
Medvedev I.B. Smirnov Y.V. [3]	Financial supermarket - a structure that offers clients in the same place under the same brand of a wide range of banking, insurance and investment services.

To these definitions should be added that one of the main features and differences, which features financial supermarket from other forms of interaction between insurance companies and banks are financial accountability structures only supermarket management center. Indeed, the creation of a financial supermarket provides just purchase a financial intermediary of another, and this in turn implies the need for coordinated their work and their subordination to a single goal since the beginning of their joint activities.

Hence, under the financial supermarket offering understanding of legally association of financial intermediaries to provide clients with a wide range of financial services (banking, insurance, investment, leasing, consulting, realtor, auditing, factoring) in one place and under one brand.

Distinctive features of the financial supermarket from other financial institutions can be considered:

- Ability to create surplus value.
- New service standards: a high level of service and individual approach to each client.
- Excessive demands on staff a financial supermarket.
- Introduction of advanced financial products.

The figure shows that the financial supermarket is a universal financial intermediary that is able to provide clients with a nearly full range of financial services. However, in terms of real economic package offered by the financial supermarket is a bit narrower. Its basic components that are in steady demand in the market are banking, insurance and investment.

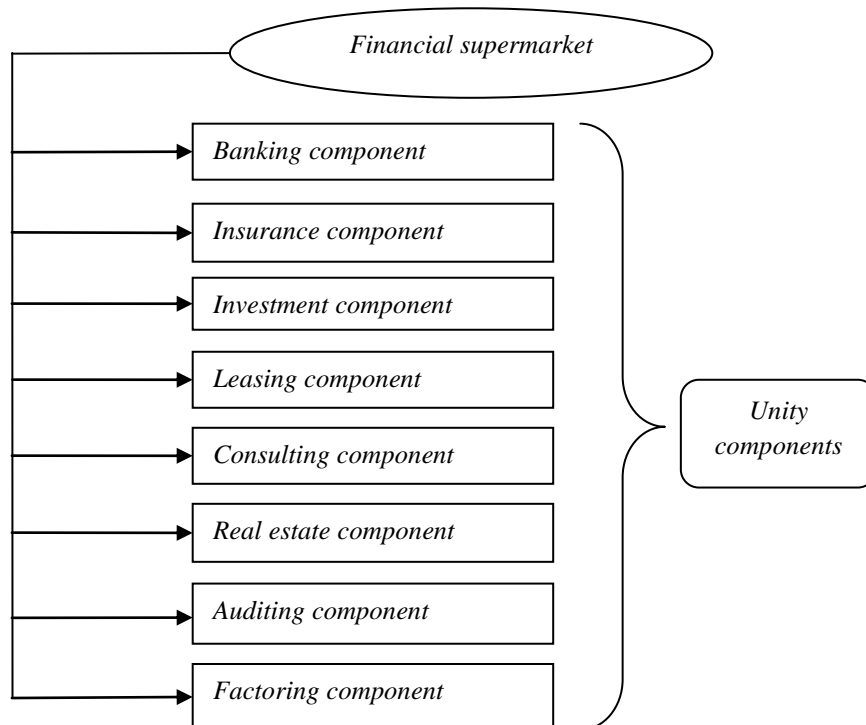


Figure 1. Structure of the financial supermarket

Adding other components of the financial supermarket is determined according to:

- legal limits governing the financial activities ;
- existing and potential demand for financial products ;
- the level of development of the financial market of the country as a whole and its individual segments;
- stability and solvency of organizations that are candidates to the entrance of the financial supermarket.

The outside of the financial supermarket model is that coming to his office, the customer can see, decorated in the same style, multifunctional financial office where you can get a wide range of financial services.

The inner part of the financial supermarket is to develop all the participants of a single coordinated pricing and product policy. To this end, as part of a new organization created by the joint committee on organ sales, which includes representatives of all businesses supermarket. Budgeting, the level of expenditures and financial plan of the organization has the financial committee. Investment committee corrects the issue of mutual investment among financial supermarket. With the introduction of new information technologies in the implementation of the financial services committee responsible investment technologies [5].

Analysis of foreign banking and insurance business shows that in financial services, banks and insurance companies are trying to work together. As a result, in developed countries, the financial supermarket formed from banks and insurance companies. However, in Ukraine

often initiated the establishment of the financial supermarket banks, which in the long term plan to establish or purchase an insurance company. If you create a financial supermarket initiates an insurance company, the subsequent step is to find its way to acquire the bank.

At present, the financial supermarket can be seen, first, as a client-oriented business model, which is a single integrated channel access clients to financial products and services, and secondly, as a regional marketing associations or financial institutions that offer a wide range of services - banking, insurance, leasing, investment and others.

Analysis of the literature to determine the advantages and disadvantages of cooperation of individual institutions as a financial supermarket and identify positive and negative factors. Their characteristics presented in Table. 2.

Table 2.

Advantages and disadvantages of functioning financial supermarket

	For Customers	For participants in the financial supermarket	
		Bank	Insurance company
Advantages	possibility of saving their own resources (time, energy)	saving administrative, management, marketing and technological resources	
	isolation of service that all issues - legal, notary, insurance, etc. - can be resolved without going beyond a single office	increase competitiveness	
	opportunity to buy insurance cheaper than insurance companies	increased sales service	
	getting the right advice from the client's products and services	opportunity to work with a specific stakeholder audience	
	service after the sale in the form of free legal advice and support	expansion of the customer base	
	stimulating the development of culture of customer service	introduction of special partner programs within the financial supermarket	access to new channels to sell their products and new customers within one office
	improve services and prevent poor level of service at the supermarket	accumulation of resources and the creation of the resource base for the credit program	increase loyalty from clients due to their confidence in the bank cooperates with these institutions
Disadvantages	no desired product (eg, insurance)	the need for retraining and additional training	
	failure to provide insurance services that require significant document	the need to minimize the time selling products synchronization channel the flow of information about the products of a software product that can combine the list of services	
	complexity of selecting one of the alternatives due to financial illiteracy, the appearance of no confidence on the reliability of customer data	need to form an impressive array of alternative services, products must be compared with each other	

In our opinion, in Ukraine, a financial supermarket as a new promising innovative financial model of the business must provide buyers and sellers include:

- Firstly, the financial supermarket sales of financial services expanding its representation in the market and increase sales to its customers by reducing the price of services, and cost of administrative, marketing and technological resources;

- Secondly, the sellers of financial services under the "umbrella" pay more attention to their image and credibility. Financial supermarket forcing its members to value their reputation and prevent deterioration of service and quality of services;

- Thirdly, the benefit to buyers is an extensive, complex and harmonious range of financial services at a lower cost. Prices of products and services offered by a financial supermarket for final consumption is 10-15% lower than in some structures. The more services a customer buys, the cheaper it costs each.

The combination of banking and insurance services is the first step to a more penetrating the insurance and banking markets as a result of development of the financial supermarket. The complementarity of various financial services in time and space not only creates preconditions for cross-selling, but also supports their integration into a more innovative level. Thus the integration of services is uneven impact on different groups of consumers. It is therefore necessary to elaborate on differentiating ways to integrate financial services. It should be noted that, as in the concept of "product" (insurance, banking, financial) and "service" (insurance, banking, financial) are used in terms of consumer cost, their ability to meet the needs of clients of insurance companies and banks.

As for ways to integrate services can distinguish three relevant criteria to differentiate between types of financial services (Figure 2): the level of fitness services to specific customer requirements; basic level of quality consulting services for specific services; added value for the customer, which is the ultimate goal of integrating financial services.

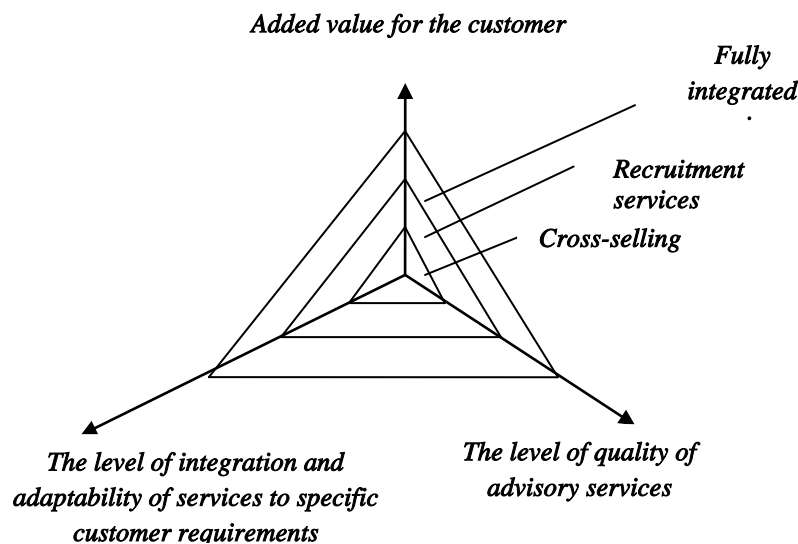


Figure 2. Methods integration services

Based on this approach can define the following types of financial services in the context of the integration of insurance companies and banks: standard services, comprehensive services and integrated financial services (Table 3).

Table 3.

Types of financial services in the context of the integration of banks and insurance companies

Type of financial services	Level of integration	Level of quality of advisory services	Level of added value for the customer	Form of integration of the insurance company with the bank	Method of implementation
(I) Standard service	Low	Low	Low	Agreement on distribution / joint venture	Cross-selling
(II) Complex services	Average	Average	Average	Formation of a new insurance company	Sales through the newly created insurance company
(III) Integrated financial services	High	High	High	The financial holding group or buying bank insurance company (or vice versa)	Selling through captive insurance company / bank

I. Standard services implemented through cross-selling and providing the lowest level of integration and adaptability of services to specific customer requirements, limited use of advisory services and, therefore, the least degree of added value for the customer. That there is a focus on maximizing the volume distribution of such products. For this latter must be standardized as much as possible, which will facilitate their implementation, such as bank employees in cross- selling.

As part of the cross-selling of insurance policies life insurance sold with a standard loan and deposit banking.

II. Comprehensive services, which occupy an intermediate position between standard integrated financial services and financial services, with the average level of integration and adaptation to the specific needs of the client, advisory services and related value added. These services are a set of services of insurance companies and banks that are most popular with consumers.

III. Integrated financial services characterized by the highest level of integration and consulting services, increasing their added value for customers. In this situation, the financial institution is trying to find a variety of competitive services, personalized in terms of the life cycle of natural or legal persons or specially created for specific purposes or events. It can be concluded that the full integration of financial services is one of the approaches to marketing communications, which is a marketing strategy aimed at establishing long-term relationships with customers by providing sustainable meet their needs.

Financial supermarkets can be of three types:

The first - a holding which unites several subsidiaries offering both banking and insurance services under one brand. These structures are created by large corporations.

The second type - a free, market . In this case, the bank and the insurance company enter into a partnership agreement on a common agent to sell their services.

The third type - brokerage. Intermediaries, brokers that gather information about all financial services and look for for a client who asked for them, the best option for him.

Today in Ukraine more developed the first two types of supermarkets, and the third is still at an early stage of development. It is believed that the country should go through some Western countries, where the financial services sphere of production and sale separate. Production deal with banks and insurers, and sales - specialized companies - financial brokers. This scheme is beneficial and customers: brokers can find them the best option, as they are not structurally related to the specific bank or insurance companies [6].

International experience has shown high efficiency of creating financial supermarkets. The most common are France, UK, Spain, Portugal, Italy, Belgium and Switzerland. Bank insurance also developing various forms of Latin America and Asia, particularly in Japan and South Korea. Financial supermarket model used by most major European financial groups (KBC, AIG, Allianz i Kredit Suisse First Boston and others) that offer a wide range of banking, insurance and investment services.

Despite the fact that the financial supermarket model is widespread in Europe, Ukraine, until recently, no such service offered.

The first in this area has recently become some Ukrainian banks (Brokbiznesbank, JSC " Bank " Creditprombank, UkrSibBank , Uksocbank) who have initiated the implementation of this system in our country. Improvement of banking, in our opinion, provides that financial supermarkets in Ukraine should be an effective tool to revitalize the banks on issues linked to the attraction of foreign investments and servicing of complex investment process.

The current approach to developing a mechanism for implementing financial supermarket in Ukraine is shown in Figure 3.

Modern financial supermarket has a complex structure, as a matter of principle management division of powers between banks and enterprises - business partners. This distribution should provide a balance between the interests of (strategy) of the bank and the interests of companies - business partners and ensure coordinated joint activity on attracting foreign investment necessary for the timely implementation of Ukrainian enterprises investment projects.

Business financial supermarket is focused on the consumer (client) and its peculiarity is that it focuses on complex queries satisfaction of certain groups of consumers (clients). Our studies have shown the benefits of such organizational structure compared to conventional banking institutions:

- To obtain a set of financial services in one office (one structure);*
- Ensuring efficiency and quality of service;*
- Attract the most competent customer service specialist organizations - participants of the financial supermarket;*
- Efficiency in solving unusual situations;*
- Increasing personal responsibility consultants financial supermarket for quality, speed and safety of customer service [7].*

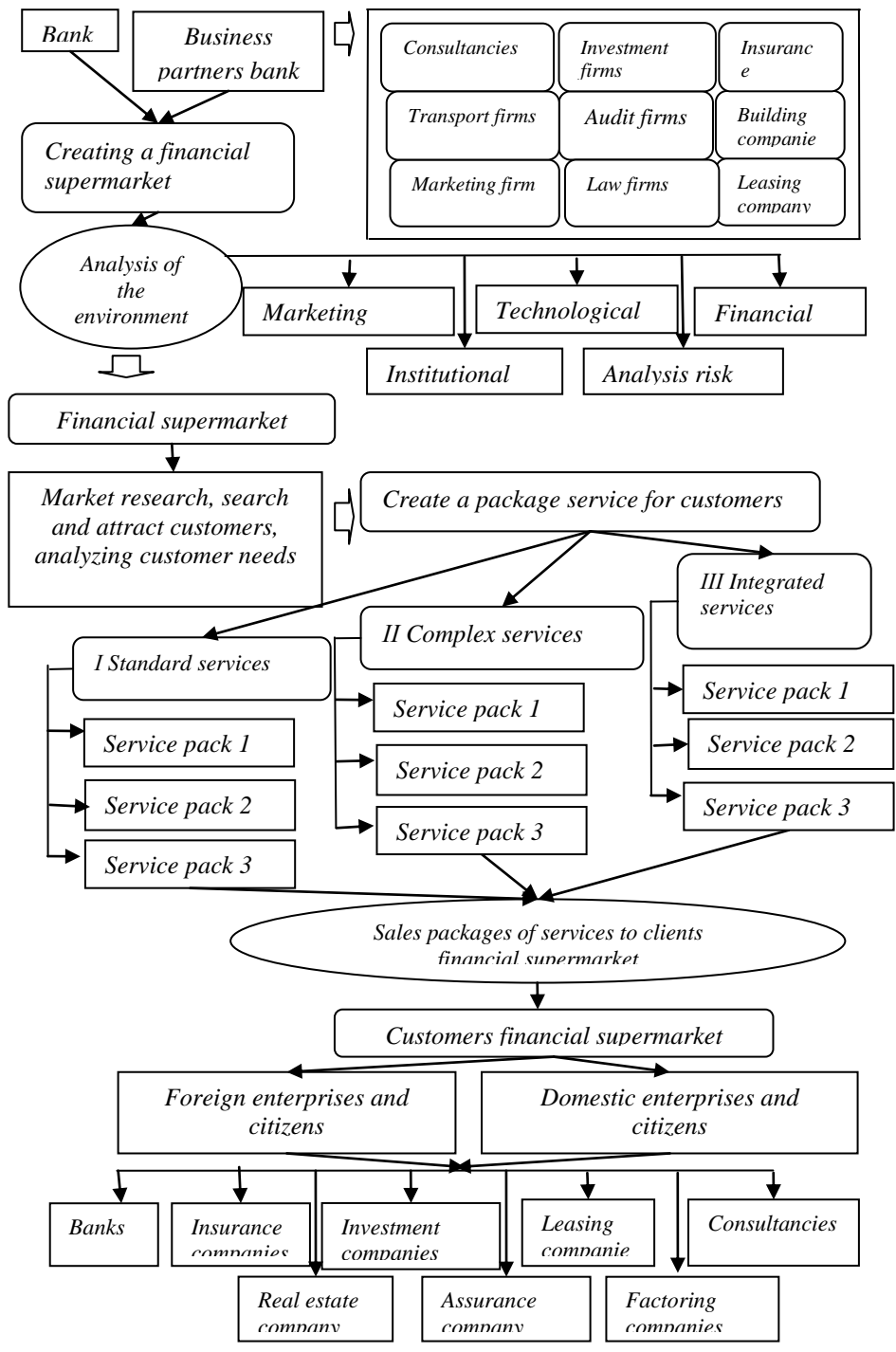


Figure 3. Develop a mechanism for implementing financial supermarket in Ukraine

We believe that successful implementation of the financial supermarket model is necessary, first, to conduct an effective marketing policy (to develop a clear and simple advertising addressed a wide range of customers to explain the merits of the financial supermarket, and the services it provides). Name supermarket responsible bank or title insurance company on which he constituted, should be associated with clients with reliability and trust.

Secondly, a necessary condition for the success of the project is its location. Financial supermarket should be located in the most convenient location for clients (eg city center). His room must be large enough and space in order to provide convenience and comfort for customers.

Third, the Bank and all participants must have financial supermarket modern technologies to automate business processes. This will provide faster rendering services is a clear advantage for the customer and will not load managers.

Fourth, it requires special training each participant (specialist) financial supermarket on:

- Quality of customer service (consulting, offering services rate customer service);
- Formation of high corporate culture of the client;
- Work with automated systems of business processes.

Fifth, to ensure the efficient operation of the financial supermarket is necessary to create a special unit, which will include employees of the National Bank, the Commission and other bodies, which will be authorized to supervise the activities of members of the financial supermarket.

Also, in our opinion, is necessary to ensure the functioning of the financial supermarket necessary legislative and regulations, and to develop and implement at the national level measures to revitalize the financial incentives supermarkets.

Conclusion. Financial supermarket - a promising concept, innovative development of a commercial bank, according to which the client must not only satisfy the bank needs banking services but also get a wider range of services, including insurance services, consulting, investment, leasing, marketing, accounting, legal, brokerage, real estate and other companies.

The principal activities of the financial supermarket should be: organizational, consulting, finance and investment, analytical, information.

Generators create a financial supermarket can be any strong financial structure, but most likely it will build and finance group, which included - banks, insurance companies and investment companies (funds).

In further studies, we believe that it is necessary to focus on:

- To deepen the theoretical principles and the development of scientific and methodological provisions for the development and application of modern innovative approaches for improving and evaluating the effectiveness of the financial supermarket;

- To develop proposals for the functioning of the financial supermarket necessary legislative and normative acts, as well as the development and implementation at national level of measures to revitalize the motivation of financial supermarkets.

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