

ГРОШІ, ФІНАНСИ І КРЕДИТ

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TOOLSET OF STRATEGIC FINANCIAL CONTROLLING FOR COMMERCIAL BANKS

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Introduction. In a market economy extremely important aspect of business is the need to master the art of financial management in times of economic turbulence and some uncertainty. After the financial management of the enterprise requires flexible financial philosophy and strategy of permanent search for new teaching methods of management decisions, use of new financial technologies and instruments of implementation these decisions. In the system of such technologies takes an important place the financial controlling.

The latest sources of research and publications review. Research carried out in strategic controlling by national and foreign scientists such as M. Adamenko, N. Dyachenko, G. Partynym, L. Pustovit [1-4], R. Kaplan, D. Norton, G. Eliyahu [5, 7] and others. The main provisions on implementation and controlling its instruments outlined in the works of O. Golovin, N. Gora, A. Zorin, L. Ptashchenko, [9-11]. However, the introduction of a mechanism controlling the activities of a commercial bank wasn't investigated.

Therefore, the solution of this issue is particularly important and requires special care.

Objective article. The goal of article is to examine the controlling instruments the financial management system of commercial banks.

The basic material and results. Financial problems that arise in business entities often connected with a lack of clear leadership in strategic development, long-term financial plans and lack of understanding of the mission the entity. As a result, enterprises are having difficulty with the definition of capital requirements and other types of resources: power idle funds frozen in illiquid

stocks and receivables, certain sectors of activity are unprofitable and so on. To avoid (or neutralize) the strategic nature of problems in the company should introduce mechanisms for strategic controlling.

Under the strategic financial controlling understand complex functional tasks, tools and methods for long-term (three more years) financial management, cost and risk. It is believed that controlling the strategic time horizon is unlimited.

As part of the strategic financial controlling force financial services companies focused on fulfilling the following main objectives:

- Determination of strategic directions of the company;
- Determining strategic success factors;
- Identify goals and develop a financial strategy of the company;
- Implementation of an effective early warning system and response (permanent analysis of opportunities and risks, strengths and weaknesses);
- Determination of planning horizons;
- Long-term financial planning: planning gains and losses, Cash-flow, balance sheet, key financial indicators;
- Long-term cost management company and the profits of its owners;
- Ensuring the integration of long-term strategic goals and operational objectives that are put before individual employees and departments [2].

The most important task of strategic controlling is to ensure the viability of the company in the long term based on existing management potential and create additional success factors. Available in enterprise development potential determined by the following factors:

- Financial support and opportunities to raise additional capital;
- Availability of qualified personnel;
- The existence of reliable and cheap sources of raw materials;
- Availability of markets for products;
- Production potential;
- Effective organizational structure;
- High quality management.

The main tools of strategic controlling includes analysis of strengths and weaknesses, building strategic balance, portfolio analysis, organizational analysis, functional and cost analysis, lifecycle model, early warning system and response, discriminant analysis, shareholder-value, Balanced-Scorecard, benchmarking and others [7].

Many enterprises run into the problem of absence of logical combination of strategic aims and operative tasks that is executed by separate workers and structural subdivisions.

The corporate strategic planning and short-term annual budgeting is often enough examined as a two-parallel, even something autonomous processes.

Under the control of the focus on compliance with budget targets without binding them to the strategic goals that jeopardizes their achievement. On the other hand, it appears that the implementation of specific operational tasks lacking the necessary resources or budget deficit too.

Particularly balanced is to achieve monetary goals. To overcome this kind of weaknesses in the present controlling recommended implementing specific operational measures special tools to ensure the transformation of strategic objectives, which is denoted as Balanced-Scorecard. Intercoordination the specific targets strategic and operational controlling is achieved by building an integrated system of long-term and operational planning.

The strategic planning system can be built not only on the level of individual enterprises, but also on a consolidated basis – at the level of the group. Large companies tasks that are the responsibility of strategic controlling, often solves specially created department of strategic planning. Along with the strategic planning crucial for effective strategic controlling is a balanced scorecard, which will be discussed later.

Inextricable link between strategy and structure of the capacity of the organization is one of the basic elements of scientific direction, titled the Balanced Scorecard (Balanced Scorecards – BSC). In

the context of the principles BSC strategy – is an effective tool that converts a single organization focused mechanism [5].

The essence of the BSC is all based management processes – planning, allocation and use of resources, budgeting, periodic reporting and activity management – focused on overall strategy. Organizational processes are directed from the top down – a concept (mission) of the company, strategy and resource allocation, and implementation tasks carried out by innovation, feedback and information flows, moving from top to bottom, from the immediate perpetrators to top managers. As a result, the practical implementation of this approach has been obtained outstanding results – an amount higher than the parts, that is achieved by synergy efforts of individual units. This system is formed by two main provisions:

First, some financial indicators are not enough to fully and comprehensively (balanced) reflect the state of the company, and must be supplemented by other indicators; Second, the system parameters can be used not only as a comprehensive indicator of the enterprise, as well as a management system that is able to link strategic policy owners or top managers and operations management company.

Balanced retains traditional financial figures, but these figures give only a description of past events. Management approach that was based only on financial performance was adequate for the industrial age, when investments in long-term competitive advantage and relationships with customers and partners have been critical to business success.

The main structural BSC idea is to balance the metrics in the form of four groups. The logic of the relationship of these parameters is shown in Fig. 1.

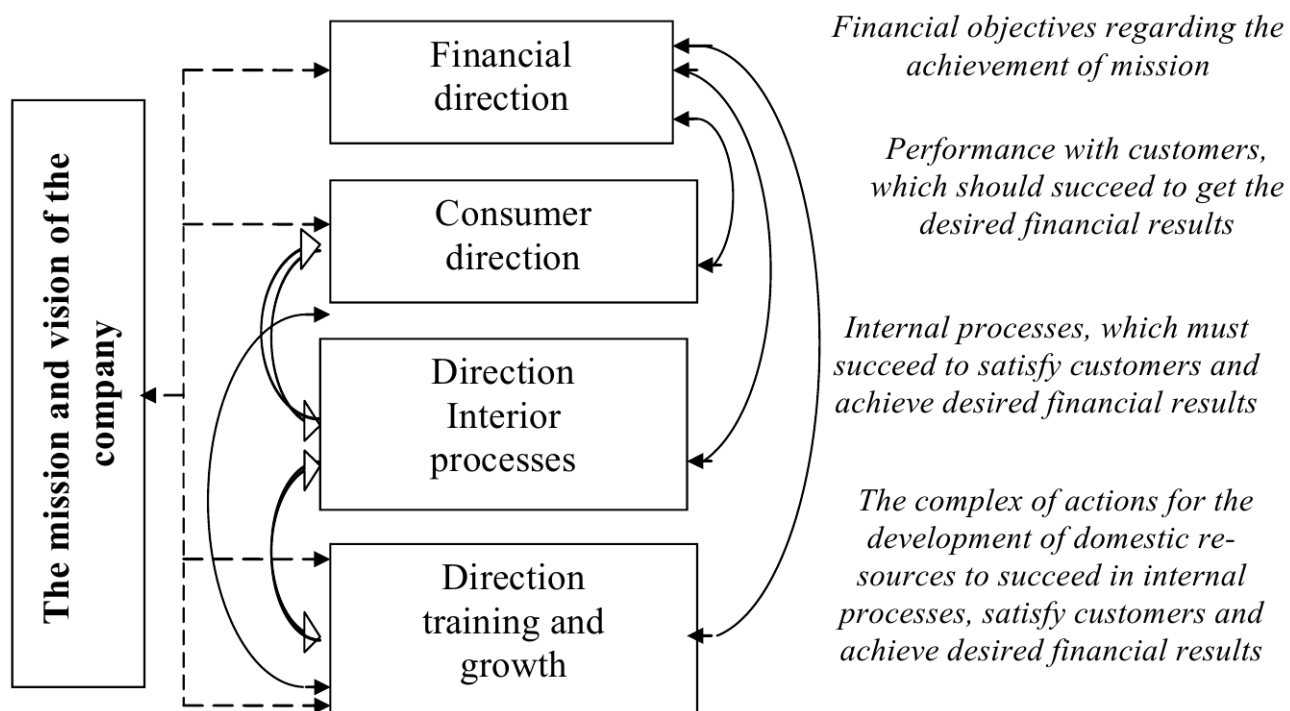


Fig. 1. The structure of the Balanced Scorecard

The first group includes traditional financial indicators. It would not have proved the importance of market orientation of the company and improve internal processes, primarily owner interest rates of financial return on invested capital. Because balanced system should start (in classification) and end (the final assessment) with financial indicators.

The second group describes the external environment of the company, its customer relationships. The focus here:

- The ability of the enterprise to meet customer needs;
- The ability to keep the enterprise customer and buy new;
- Profitability of the client;
- Of the market;
- Market share in the target segment.

The third group describes the internal processes of the enterprise, including:

- Innovation process;
- Product development;
- Preparation of production;
- The supply of essential resources;
- Production;
- Marketing;
- After-sales service.

The fourth group to determine the ability of companies to learning and growth, which focuses on the following factors:

- People with their abilities, skills and motivation;
- Information systems that enable supply critical information in real time;
- Organizational procedures to ensure interaction between stakeholders and determine the system of decision making.

An essential element of the Balanced Scorecard is to establish the relationship between indicators of individual groups. The chain of causes and effects must penetrate all four directions and combine all BSC targets and indicators.

Balanced Scorecard is a consumer trend that is primarily associated with the creation of consumer strategy. The focus here is on an advantage of consumer groups in terms of price, quality, functionality, prestige, reputation and nature of customer relationships

Example balanced scorecard development bank market operations and non-traditional services

Building a balanced scorecard, both for the creation and implementation of a particular type of product, and for the development of the whole enterprise requires compliance with certain rules. Such rules have been reflected David Norton and Robert Kaplan in five basic principles:

- Bringing the strategy to operational level;
- The creation of strategic relevance;
- Strategy as the daily work of each employee;
- The strategy as a continuous process;
- Activation changes as a result of effective management of top managers.

The first principle requires consideration in a balanced scorecard of all the factors that may affect the achievement of strategic objectives in the field of leasing Factoring and remote customer service. You need to consider not only financial (growth financing) or quantitative component (the share of the bank in the market of individual services, increasing the number of customers, speed of information or payments and payments) and qualitative components – a sufficient level of professionalism front-office, customer satisfaction, proximity centers of selling products to consumers. Also, this principle requires proof of the strategic objectives directly to artists using strategy maps, which is a reference and information sources available to all departments and employees. This is reflected in strategic maps of indicators characterizing the efficiency of the operation or provision of services. Any bank has a large number of structural units, departments, branch offices, divisions, each of which performs certain functions. To the bank was able to achieve defined strategic objectives, all structural units to be seamlessly linked. This is a requirement laid in principle the establishment of strategic relevance. To address the problem of fragmented to highlight sections that are most closely associated with the development of unconventional operations and services. So for leasing and factoring characteristic is that all clients are entrepreneurs, users of remote services are individuals – owners of plastic cards, as well as large and medium-sized enterprises engaged in calculations on the «Client-Bank» and «Internet-client-bank». So trust units

implementing the strategy for development in the operations and services department is working with entities (corporate clients) unit to work with plastic cards department and back office (accounting) that provides for payments. That employee of structural units requires the most thorough explanation of the strategic objectives of financial institutions to expand the range of non-traditional operations. The third principle requires proof strategy directly to the performers – the front office staff personally communicates with customers by offering a particular banking product. It is necessary to work incentives aimed at implementation of the basic indicators of implementation strategies. Often this collective remuneration defines particularly important role for teamwork. The fourth principle is constant monitoring of the dynamics of indicators, identify negative trends and implement corrective action. Considerable importance in this process is the system of controlling and operational meetings of middle managers and senior executives. Also part of this principle is the system of open accounts, in which ordinary performers have access to the necessary information to perform their tasks. So for the increase in funding for the leasing or factoring, increased non-cash payments «Internet Client-Bank» by increasing the customer base, employee front office requires certain information about potential customers: the volume of revenue and expenditure (cash turnover), the accounts debt level of depreciation. The last principle assigns a decisive role in the implementation of GSP senior managers that are able to prepare some changes to the organization and guide it in the direction of implementing strategic objectives.

Readiness of the bank's management to the implementation of these principles is a prerequisite for creating an effective balanced scorecard. Let's build this system of indicators covering the following components of the bank in the market of non-traditional banking products: finance, customers, internal business processes, learning and career growth (Fig. 2).

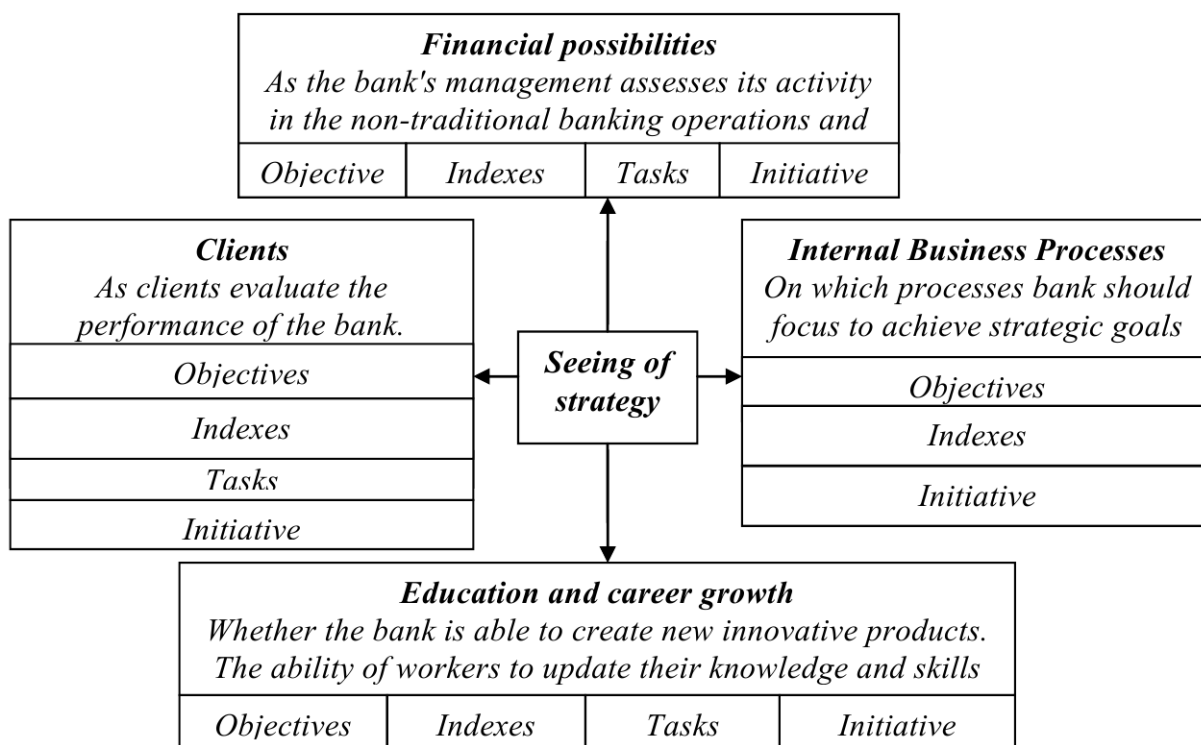


Fig. 2. Elements of Balanced Scorecard performance of the bank in the market of non-traditional banking products

The main strategic objectives of the bank on market of non-traditional operations and services is further increase in financing leasing and factoring, increase the number of customers using the services of remote banking services; fully meet customer needs. To achieve the strategic goals of developing local system is important differentiated targets for each the bank segment (table 1) [9].

Table 1

Determination of the main objectives for each segment of the bank on market of non-traditional operations and services

<i>Leasing operations</i>	<i>Factoring operations</i>	<i>Services for remote customer service</i>
<i>The financial component</i>		
<i>The growth of bank profitability</i>		
<i>Expanding income structure through:</i>		
<i>The increase in the customer base;</i>		
<i>Reducing the number of problem loans</i>	<i>Reducing the cost of service (time saving of processing electronic documents)</i>	
<i>The client component</i>		
<i>Increasing the level of customer satisfaction in the service</i>		
<i>Growth market segment</i>		
<i>Holding various promotions</i>		
<i>Bringing the customer information about the main advantages of using unconventional operations and services are:</i>		
<i>legislative incentives (tax benefits)</i>	<i>reducing the length of the operational and financial cycles</i>	<i>lower rates of service, than manual processing of documents (for legal entities)</i>
		<i>the convenience of obtaining information about card account in the implementation of various bank transfers)</i>
<i>A component of internal business processes</i>		
<i>Learning the basic needs of customers and develop appropriate banking products</i>		
<i>The differentiation of products depending on the operating conditions of customers</i>		
<i>Making cross-service</i>		
<i>Reduced processing time requests</i>		
<i>The implementation of an effective monitoring system aimed at reducing arrears</i>	<i>Improving communication facilities, information support</i>	
<i>Continued work on improving the customer base</i>	<i>The gradual reduction of tariffs</i>	
<i>New sales channels of banking products</i>		
<i>A component of learning and career development</i>		
<i>Holding conferences, seminars, tests</i>		
<i>Interaction with universities in terms of training and selection of new specialists</i>		
<i>Providing strategic information (access to customer financial statements)</i>		
<i>Stimulation of staff</i>		

Strategic indicators represent a «balanced view of the overall strategy», which reflects, in addition to the financial component, customer, internal business processes, and learning and development components. This approach allows the early stages to evaluate how successful have financial institutions.

Strategy Map helps bring to the attention of individual units and employees of their role in implementing the strategy.

Conclusions. We noted that one of the benefits of a balanced scorecard is a possibility of correction at any stage of the strategy. Once feedback system begins to operate, management can check the relevant hypothesis for the development of various processes, the impact of some other indicators, establish the closeness of the connection between performance using mathematical and statistical methods. At the divergence of actual results with the expected priorities and balanced results adjusted.

Those who have a balanced scorecard tools can easy form of organizational system of bank management. It will promote the development of the bank and be competitive.

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Volodymyr Onyshchenko, D.Sc. (Economics), Professor, Rector. Poltava National Technical Yuri Kondratyuk University. **Strategic financial controlling instruments co of the commercial bank.** We consider the role of controlling in strategic management of the organization system. We analysed the Balanced Scorecard and controlling tools in the system of financial management of commercial banks. A model of building a Balanced Scorecard of commercial bank in the market of non-traditional banking services was suggested.

Keywords: strategic financial controlling, Balanced Scorecard, a commercial bank, financial management, banking services.

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Владимир Александрович Онищенко, доктор экономических наук, профессор, ректор. Полтавский национальный технический университет имени Юрия Кондратюка. **Инструментарий стратегического финансового контроллинга коммерческого банка.** Рассмотрены роль стратегического контроллинга в системе управления организацией. Проанализированы Сбалансированная система показателей и инструментарий контроллинга в системе финансового управления коммерческих банков. Предложена модель построения сбалансированных показателей деятельности коммерческого банка на рынке нетрадиционных банковских услуг.

Ключевые слова: стратегический финансовый контроллинг, Сбалансированная система показателей, коммерческий банк, финансовое управление, банковские услуги.

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Володимир Олександрович Онищенко, доктор економічних наук, професор, ректор Полтавського національного технічного університету імені Юрія Кондратюка. **Інструментарій стратегічного фінансового контролінгу комерційного банку.** Розглянуто роль стратегічного фінансового контролінгу в системі управління організацією. Проаналізовано Збалансовану систему показників та інструментарій контролінгу в системі фінансового управління комерційних банків. Запропоновано модель побудови збалансованих показників діяльності комерційного банку на ринку нетрадиційних банківських послуг.

Ключові слова: стратегічний фінансовий контролінг, Збалансована система показників, комерційний банк, фінансове управління, банківські послуги.