

ЕКОНОМІКА І РЕГІОН

№ 1 (56)
2016

ЕКОНОМІКА И РЕГИОН



ECONOMICS AND REGION



Науковий вісник Полтавського національного технічного
університету імені Юрія Кондратюка

Лютий 2016 р.

РЕДАКЦІЙНА КОЛЕГІЯ:

- ОНИЩЕНКО В.О.** – головний редактор, д.е.н., проф., ректор Полтавського національного технічного університету імені Юрія Кондратюка;
- КОМЕЛІНА О.В.** – заступник головного редактора, д.е.н., проф., декан факультету менеджменту і бізнесу Полтавського національного технічного університету імені Юрія Кондратюка;
- ПТАЩЕНКО Л.О.** – відповідальний секретар, д.е.н., проф., кафедри фінансів і банківської справи Полтавського національного технічного університету імені Юрія Кондратюка;
- БРИЖАНЬ І.А.** – д.е.н., доцент кафедри економіки підприємства та управління Полтавського національного технічного університету імені Юрія Кондратюка;
- ВАРНАЛІЙ З.С.** – д.е.н., проф., кафедри фінансів Київського національного університету імені Т.Г. Шевченка;
- ВОЛКОВА Н.І.** – к.е.н., доцент кафедри фінансів і банківської справи Полтавського національного технічного університету імені Юрія Кондратюка;
- ДУБІЩЕВ В.П.** – д.е.н., проф., завідувач кафедри економічної теорії та регіональної економіки Полтавського національного технічного університету імені Юрія Кондратюка;
- КОЗАЧЕНКО Г.В.** – д.е.н., проф., проф. кафедри фінансів і банківської справи Полтавського національного технічного університету імені Юрія Кондратюка;
- КОРГАНШВИЛІ Л.Д.** – д.е.н., проф., керівник центру забезпечення якості та наукової діяльності Міжнародної школи туризму Тбіліського державного університету імені І. Джавахішвілі;
- МАЗАРАКІ А.А.** – д.е.н., проф., ректор Київського національного торговельно-економічного університету;
- МОМОТ Т.В.** – д.е.н., проф., завідувач кафедри фінансово-економічної безпеки, обліку та аудиту Харківського національного університету міського господарства імені О.М. Бекетова;
- ОБОЛЕНСЬКА Т.Є.** – д.е.н., проф., проректор з науково-педагогічної роботи Київського національного економічного університету імені В. Гетьмана;
- ПОГОРЕЛОВ Ю.С.** – д.е.н., проф., завідувач кафедри обліку та аудиту Полтавського національного технічного університету імені Юрія Кондратюка;
- РОЛЛІНК-САДОВСЬКА Є.** – доктор філософії (PhD), асоц. професор факультету менеджменту Белостоцької Політехніки, м. Белосток (Польща);
- ХВЕСИК М.А.** – д.е.н., проф., директор Інституту природокористування та сталого розвитку НАН України, член-кореспондент УААН;
- ЧЕВГАНОВА В.Я.** – к.е.н., проф., завідувач кафедри економіки підприємства та управління персоналом Полтавського національного технічного університету імені Юрія Кондратюка;
- ЧИЧКАЛО-КОНДРАЦЬКА І.Б.** – д.е.н., проф., завідувач кафедри міжнародної економіки та маркетингу Полтавського національного технічного університету імені Юрія Кондратюка;
- ШВІЛЬ ЮРГЕН** – доктор наук, проф., Департамент підприємництва та управління / Міжнародний менеджмент та маркетинг. Університет прикладних наук, м. Бранденбург (Німеччина);
- ШИНКАРЕНКОР.В.** – к.е.н., доц., декан фінансово-економічного факультету Полтавського національного технічного університету імені Юрія Кондратюка;
- ЮРКІВ Н.Я.** – д.е.н., доц., завідувач кафедри управління банківською безпекою Університету банківської справи НБУ.

Журнал "Економіка і регіон" Внесений до переліку
наукових фахових видань України
(наказ МОН України № 1279 від 16.11.2014).

Вид видання – науковий журнал.
Концепція журналу базується на багаторічному науковому, фаховому висвітленні актуальних проблем економіки України і світу.
Основні рубрики: економіка та управління національним господарством; розвиток продуктивних сил і регіональна економіка; економічна теорія та історія економічної думки; світове господарство і міжнародні економічні відносини; економіка та управління підприємствами (за видами економічної діяльності); економіка природокористування й охорона навколишнього середовища; демографія, економіка праці, соціальна економіка та політика; гроші, фінанси і кредит; бухгалтерський облік, аналіз та аудит; статистика; математичні методи, моделі й інформаційні технології в економіці; економічна безпека держави та суб'єктів господарювання.

Видається з липня 2003 р. Виходить шість разів на рік. Свідчення про державну реєстрацію КВ 7560, видане 15.07.2003 р. Державним комітетом інформаційної політики, телебачення і радіомовлення України.

Засновник і видавець журналу – Полтавський національний технічний університет імені Юрія Кондратюка.
Назва, концепція, зміст і дизайн журналу "ЕІР" є інтелектуальною власністю редакції журналу "Економіка і регіон" та охороняється законом про авторські й суміжні права. При передрукуванні посилання на журнал "ЕІР" обов'язкове. Матеріали друкуються мовою оригіналу. Відповідальність за точність поданих даних несуть автори матеріалів, редакція не завжди поділяє думку авторів.

ISSN 2218-1199 (Print)
ISSN 2414-0538 (Online)
ПЕРЕДПЛАТНИЙ ІНДЕКС 98763

Рекомендовано до друку Вченою радою Полтавського національного технічного університету імені Юрія Кондратюка (прот. № 13 від 26.02.2016 р.)
Верстка А.О. Чайкіна.
Коректор Я.В. Новічкова.
Здано до набору 15.02.2016 р.
Підписано до друку 26.02.2016 р.
Формат 60x80 1/8. Обл.-видавн. арк. 16,27.
Тираж 300 прим. Замовлення № 133.
Надруковано поліграфцентром Полтавського національного технічного університету імені Юрія Кондратюка. Свідчення про внесення суб'єкта видавничої справи до державного реєстру видавців, виготовників і розповсюджувачів видавничої продукції ДК № 3130 від 06.03.2008 р.

Адреса: 36011, Полтава, Першотравневий просп., 24.
Тел.: (05322) 2-98-75; e-mail: v171@pntu.edu.ua;
Сайт журналу: <http://eir.pntu.edu.ua/>

ЕКОНОМІКА І РЕГІОН

Vol. 1 (56)
2016

ЕКОНОМІКА І РЕГІОН



ECONOMICS AND REGION



Scientific journal of Poltava National Technical
Yuri Kondratyuk University

February, 2016

Editorial board:

- ONYSHCHENKO V.O.** – Editor-in-Chief, Doctor of Economics, Professor, Rector of Poltava National Technical Yuri Kondratyuk University;
- KOMELINA O.V.** – Deputy Chief Editor, Doctor of Economics, Professor, Dean of the Management and Business Faculty, Poltava National Technical Yuri Kondratyuk University;
- PTASCHENKO L.A.** – Executive Secretary, Doctor of Economics, Professor, Finance and Banking Department, Poltava National Technical Yuri Kondratyuk University;
- BRYZHAN I.A.** – Doctor of Economics, Associate Professor of the Enterprise Economy and Personnel Management Department, Poltava National Technical Yuri Kondratyuk University;
- VARNALIY Z.S.** – Doctor of Economics, Professor, Department of Finance, Taras Shevchenko National University of Kyiv;
- VOLKOVA H.I.** – PhD, Associate Professor of the Finance and Banking Department, Poltava National Technical Yuri Kondratyuk University;
- DUBISHCHEV V.P.** – Doctor of Economics, Professor, Head of Economic Theory and Regional Economics Department, Poltava National Technical Yuri Kondratyuk University;
- KOZACHENKO G.V.** – Doctor of Economics, Professor, Finance and Banking Department, Poltava National Technical Yuri Kondratyuk University;
- KORGANASHVILI L.D.** – Doctor of Economics, Professor, Head of Quality Assurance and Research Activities Centre of the International Tourism School at Ivane Javakhishvili Tbilisi State University;
- MAZARAKI A.A.** – Doctor of Economics, Professor, Rector of Kyiv National University of Trade and Economics;
- MOMOTOV T.V.** – Doctor of Economics, Professor, Head of the of Financial and Economic Security, Accounting and Auditing Department, O.M.Beketov National University of Urban Economy in Kharkiv;
- OBOLENSKA T.E.** – Doctor of Economics, Professor, Vice-rector for Academic Affairs and Research, Vadym Hetman Kyiv National Economic University;
- POGORELOV Yu.S.** – Doctor of Economics, Professor, Head of the Accounting and Audit Department, Poltava National Technical Yuri Kondratyuk University;
- ROLLNIK-SADOWSKA E.** – Ph.D., Bialystok University of Technology;
- HVESYK M.A.** – Doctor of Economics, Professor, Director of the Public Institution “Institute of Environmental Economics and Sustainable Development”, NAS of Ukraine, UAAS Associate Member;
- CHEVGANOVA V.Ya.** – PhD, Professor, Head of the Enterprise Economy and Personnel Management Department, Poltava National Technical Yuri Kondratyuk University;
- CHICHKALO-KONDRATSKA I.B.** – Doctor of Economics, Professor, Head of the International Economics and Marketing Department, Poltava National Technical Yuri Kondratyuk University;
- SHVIL JURGEN** – Sc.D., Professor, Business and Management, International Management and Marketing Department, Brandenburg University of Applied Sciences;
- SHYNKARENKO R.V.** – Ph.D., Associate Professor, Dean of the Finance and Economics Faculty, Poltava National Technical Yuri Kondratyuk University;
- YURKIV N.Y.** – Doctor of Economics, Associate Professor, Head of the Banking Security Management Department, University of Banking, NBU.

*Journal “Economics and Region” is included into
The register of specialized scientific publications
of Ukraine (MON of Ukraine Departmental
Order No. 1279 of 16.11.2014).*

Publication – scientific journal.
Conceptual paradigm of the journal is based on the long-term scientific and professional treatment of topical problems of the world and Ukrainian economics.

Main milestones: economics and national economy management; productive forces development and regional economy; economics theory and economic thought history; world economy and international economic relations; economics and business administration; economics of nature management and environmental protection; demography, labor economics; social economics and politics; money, finance and credit; accounting, analysis and audit; mathematic methods, models and information technologies in economics; economic security of the state and economic entities.

Issued since July, 2003.
Six issues published yearly.
State Registration Certificate KB 7560, issued 15.07.2003
by the National Committee for the Information Policy,
Television and Radio Broadcasting of Ukraine.

The journal's founder and the owner: Poltava National
Technical Yuri Kondratyuk University.

The name, conceptual paradigm, content and design of the
journal “Economics and Region” is the intellectual property
of the journal's Editorial Board and is copyright.

Pass-through copyright.
Printed in the source language. Liability for the data
precision rests with the authors. The Editorial Board does
not always share the author's opinion.

ISSN 2218-1199 (Print)
ISSN 2414-0538 (Online)
SUBSCRIPTION INDEX 98763

Recommended for publication by the Academic Board of
Poltava National Technical Yuri Kondratyuk University
(№ 13 of 26.02.2016)

Computer-assisted makeup by A.O. Chaikina
Proof-reader: Ya.V. Novichkova.
Sent to the printer's on 15.02.2016 p.
Signed to print on 26.02.2016 p.
Page size: 60x80 1/8. Published sheets 16,27.
Circulation: 300 copies. Print Order No. 133.

Printed by the Printing and Publishing Centre of Poltava
National Technical Yuri Kondratyuk University. Certificate
of the publishing venture entity registration in the State
Register of editors, manufacturers and distributors of
printed output DK No. 3130 of 06.03.2008.

Address: Pershotravnevyi Avenue, 24, Poltava, 36011.
Phone: (05322) 2-98-75; e-mail: v171@pntu.edu.ua;
the journal's site: <http://eir.pntu.edu.ua>

ГРОШІ, ФІНАНСИ І КРЕДИТ

- 5 Qin Wei, V. Levchenko, Y. Khudolii. Private Banking and Wealth Management: new challenges
- 11 З.В. Герасимчук, О.К. Гоманюк. Аналіз розвитку регіональних ринків банківських послуг в Україні
- 17 В.В. Волкова. Тенденції розвитку страхового ринку в умовах нестійкого ринкового середовища

ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

- 25 Л.І. Гальків, Д.В. Гришук. Статистична бібліографія наукових досліджень з проблем процесно-орієнтованого управління в Україні

ЕКОНОМІКА ТА УПРАВЛІННЯ ПІДПРИЄМСТВАМИ (ЗА ВИДАМИ ЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ)

- 31 В.В. Гришко, Л.М. Болдирева. Управління транспортною логістикою в умовах євроінтеграції
- 38 В.В. Вахлакова. Інструменти управлінського супроводу екологізації діяльності промислового підприємства
- 47 О.П. Голобородько, О.В. Марченко. Вдосконалення організації інноваційно-інвестиційної діяльності на підприємствах машинобудівної галузі України
- 52 Ю.А. Харченко. Автоматизація процесів управління виробничою діяльністю машинобудівного підприємства
- 58 Н.С. Носань. Стратегічне управління фінансовим оздоровленням підприємства

РОЗВИТОК ПРОДУКТИВНИХ СИЛ І РЕГІОНАЛЬНА ЕКОНОМІКА

- 65 Л.Г. Богуш. Інноваційність як механізм сталого розвитку і реформування соціального комплексу регіону
- 71 Ю.М. Попова. Маркетингові інструменти оцінювання інвестиційної привабливості регіону

- 77 V.A. Moltusov, M.Y. Batyuta. Innovative method agricultural development of Ukraine

ЕКОНОМІЧНА БЕЗПЕКА ДЕРЖАВИ ТА СУБ'ЄКТІВ ГОСПОДАРЮВАННЯ

- 82 О.В. Тимошенко. Фінансова децентралізація як напрям посилення економічної безпеки регіонів

ДЕМОГРАФІЯ, ЕКОНОМІКА ПРАЦІ, СОЦІАЛЬНА ЕКОНОМІКА ТА ПОЛІТИКА

- 90 Г.В. Пінковська. Суспільні механізми підтримки сфери культури територіальних громад
- 96 N. Mkheidze, A. Kakutia. Motivation, changes of leadership approaches in different cultures
- 100 Ts. Lomaia, T. Chakhunashvili. Management innovations in primary healthcare (case of Tbilisi children's polyclinics)
- 105 M. Chechelashvili, N. Shavishvili. Intercultural business relations identifiable factors

БУХГАЛТЕРСЬКИЙ ОБЛІК, АНАЛІЗ ТА АУДИТ

- 121 Ю.Ю. Миронова, В.А. Панасенко. Проблеми організації обліку розрахунків з оплати праці на підприємстві
- 127 С.В. Діденко, Я.О. Горбенко. Організація служби внутрішнього аудиту на підприємстві
- 132 О.В. Коба, Н.В. Сагайдак, К.С. Туржанська. Облік витрат на утримання і експлуатацію автотранспорту на підприємстві

МАТЕМАТИЧНІ МЕТОДИ, МОДЕЛІ Й ІНФОРМАЦІЙНІ ТЕХНОЛОГІЇ В ЕКОНОМІЦІ

- 139 О.Г. Климко, В.С. Рибас. Економіко-математичне моделювання асортименту товарів малого підприємства

MONEY, FINANCE AND CREDIT

- 5 Qin Wei, V. Levchenko, Y. Khudolii.
Private Banking and Wealth Management:
new challenges
- 11 Z.V. Herasymchuk, O.K. Gomanyuk.
The analysis of the development of regional
market for banking services
- 17 V.V. Volkova. Tendencies of the in-
surance market development in the conditions
of the unstable market environment

**ECONOMICS AND NATIONAL
ECONOMY MANAGEMENT**

- 25 L.I. Galkiv, D.V. Hryshchuk. Statisti-
cal bibliography of scientific research on pro-
cess-oriented management in Ukraine

**ECONOMICS AND BUSINESS
ADMINISTRATION**

- 31 V.V. Hryshko, L.M. Boldyrieva.
Management of Transport Logistics under the
Conditions of European integration processes
- 38 V.V. Vakhalova. Instruments of man-
agerial support for greening of industrial en-
terprise activity
- 47 O.P. Goloborod'ko, O.V. Marchenko.
Perfection of organization innovative of in-
vestment activity on the enterprises of ma-
chine-building industry of Ukraine
- 52 Yu.A. Kharchenko. Automation of the
production activity management process at
engineering enterprises
- 58 N.S. Nosan. Strategic management of
financial recovery

**PRODUCTIVE FORCES
DEVELOPMENT AND REGIONAL
ECONOMY**

- 65 L.G. Bohush. Innovativeness as a
mechanism for sustainable development and
reformation of the region's social complex
- 71 Yu.M. Popova. Marketing tools for
assessment of the region's investment attrac-
tiveness
- 77 V.A. Moltusov, M.Y. Batyuta. Inno-
vative method agricultural development of
Ukraine

**ECONOMIC SECURITY OF THE STATE
AND ECONOMIC ENTITIES**

- 82 O.V. Tymoshenko. Financial decen-
tralization as the direction of strengthening of
the region economic security

**DEMOGRAPHY, LABOR ECONOMICS,
SOCIAL ECONOMICS AND POLITICS**

- 90 G.V. Pinkovska. Public mechanisms
for supporting cultural sphere of territorial
communities
- 96 N. Mkheidze, A. Kakutia. Motivation,
changes of leadership approaches in different
cultures
- 100 Ts. Lomaia, T. Chakhunashvili. Man-
agement innovations in primary healthcare
(case of Tbilisi children's polyclinics)
- 105 M. Chechelashvili, N. Shavishvili.
Intercultural business relations identifiable
factors

ACCOUNTING, ANALYSIS AND AUDIT

- 121 Yu. Yu. Mironova, V.A. Panasenko.
Problems of accounting calculations of wages
at the enterprise
- 127 S.V. Didenko, Y.O. Gorbenko. Organ-
ization of internal audit service in the enter-
prise
- 132 O.V. Koba, N.V. Sagaidak,
E.S. Turzhansky. Accounting for the cost of
maintenance and operation of vehicles in the
enterprise

**MATHEMATIC METHODS, MODELS
AND INFORMATION TECHNOLOGIES
IN ECONOMICS**

- 139 O.G. Klymko, V.S. Rybas. Economic-
mathematical modeling of the goods range of
small enterprise

ГРОШІ, ФІНАНСИ І КРЕДИТ

UDK 336.71

PRIVATE BANKING AND WEALTH MANAGEMENT: NEW CHALLENGES

Qin Wei, Business School, Shandong University of Technology, China
Veronika Levchenko, Business School, Shandong University of Technology, China
Yuliia Khudolii, Ph.D., Associate Professor.
Poltava National Technical Yuri Kondratyuk University

© *Qin Wei*, 2016.

© *Levchenko Veronika*, 2016.

© *Khudolii Yuliia*, 2016.

Стаття отримана редакцією 27.12.2015 р.

Introduction. With the development of economic environment and technology innovation, there are more and more high-level wealth people accumulating in the world. Focusing on a great deal of wealth, private banking market emerges at the right moment. However, private banking is closely related to wealth management. The wealth management industry is developing rapidly. Competition and client diversification lead to private banking practitioners concentrating on innovation in products and customers retaining. Meanwhile, geographical differential plays an important role in wealth management distribution strategy. More of wealth managers lay emphasis on client segmentation and intergeneration in the ways of cultivating longer-term relationship and offering customized products [3]. In order to grab market share, varieties of private bank organizations launch talent war to storing relative professional elites. Traditional perception and methods of wealth management cannot be adequate for changeable environment. New items and structures must be popular.

Outline of the latest sources of research and publications. The Beaverstock J. V., Hall S. and Wainwright T. researched the private wealth management industry that has developed to service the high-level wealth customers. In the article of Dong Jin Shin and Brian H.S. Kim has highlighted evidence of improvements in bank competition and results after consolidation. Cheng-Ru Wu, Chin-Tsai Lin, Pei-Hsuan Tsai their study applied the method to build an efficiency evaluation structure for wealth management banks. In the article of Driga, I., Nita, D. and Cucu, I. has examined the features of the private banking business.

The aim of the study is to study different challenges in development wealth management and private banking in new changeable conditions.

Main material and the research result.

1. Main Features of the Market

1.1 Definition of Wealth Management and Private Banking

There is no uniform explanation of wealth management. The basic meaning of wealth management is to be faced with rich people, mainly to provide individuals and their family with financial services. Private Banking is closely related to wealth management. One of the most important wealth management operation entities is private banking. Private banking is to offer broader services including banking services and personalized wealth management [3]. Private

banking has a longer history. For example, UBS private banking services can be traced from the year 1968 [14]. However, wealth management is more than private banking in many aspects.

1.2 More Personalized and Complicated Services

In the new era, wealth management industry develops rapidly in many detailed positions. Wealth management prefers supplying consultation related to both product fields and customer groups. There are more advisory and diversified services provided to customers by many wealth managers with conventional products taken into consideration because customers are most of the rich groups who have much of independent idea of their wealth management and asset allocation and are not satisfied with uniformly mass services [4]. Therefore, on the other side, the relationship with customers is also very important in wealth management. Faced with diversified customers, the wealth manager must have a deep knowledge of their characteristics, and then offer more complicated and personalized services in order to cultivate a more stable relation with customer group. Due to the differences in wealth management location of customer groups, there are two kinds of wealth management. Domestic wealth management is onshore in contrast with offshore that is implemented in foreign countries and regions [7]. Actually, many customers pay attention to offshore wealth management. Methods of wealth management are more and more complex.

1.3 The Growth of Wealth Management

There are so many of measurement methods of wealth management market scale because of different definitions of wealth [7]. However, no matter which kinds of measurement, there is a bigger scale of wealth management frequently. High-level wealth customers have been increasing fast in recent years. New emerging economies are growing rapidly such as Asia-Pacific, Latin America, and Mid-east Asia. There are lots of factors that make the wealth management market grow fast. Among those factors, economic growth and technological innovation are causing the change in characteristics of high-level wealth customers [16]. Additionally, a geographical factor is also influencing the growth of wealth management [1]. As a result of different maturity degree of markets, many regions and countries vary in services operational styles of wealth management especially between North America and West Europe. Other regions like Mid-East areas have unique ways of growth (oil utility) in wealth management.

1.4 Economical Characteristics of Wealth Management

Wealth management has its own popularity. Wealth management is a big market that has a potential to develop faster and broader to bring more of opportunities for practitioners. With the potential development and more of opportunities, chances are that margins can be attained in the ways of convenience and high quality in terms of specific customers groups [6]. If every pre-period is well organized, wealth managers of an institute and financial corporate will have a sustained surplus in operation services and products. Meanwhile, due to the well-organized pre-period in wealth management institutes, internal departments may benefit from each other by sharing resources and information so that external competition facing them could be weakened to some degree. As for every practitioner, a more suitable customer group may contribute to balance cost and fees of wealth management, more importantly, wealth managers prefer portfolio among different customer groups as well, which can reduce risks coming from singleness and simplification [13]. As for the whole industry of wealth management, lots of margins lead to severe competition among wealth management organizations. The practices that wealth management organization is geographic and regional [7] can be reflected in services structure and regulatory. At the same time, disunity of wealth management composition is prevailing in current market trend.

2. Financial Features of the Private Bank

2.1 About the Private Bank

Private banking pertains to wealth management. Private banking is of great antiquity. One of the renowned private banks, United Bank of Switzerland (UBS) can be traced to the year 1862. UBS established its first office of a Swiss Bank in about 1898. However, the real private banking service of UBS was started from 1968 due to the individual wealth increasing fast at that time [14]. Generally, private bank focuses on richer customer groups that have one hundred million dollars for investing at least. The relationship managers can build a stable and closely relation with corresponding customers, understand what their customers want and need, and then directly or indirectly offer products and services linked with the profit maximization of wealth management. Therefore, the customer groups of private banking are different from that of general wealth

management operation. At present, changeable market derives untraditional private bank such as trust bank and family office.

2.2 The Client

Customers are considered as the core factor in private banking. With the development of macroeconomic environment, technology progress, and high-level education, customers are becoming more personalized and diversified than even before. Recently, UBS (2014) conducts a survey on customer service satisfaction with only 45.6 percent of participant content with private banking services and products. However, although UBS has a lot of customer groups globally, yet some of the existing customer groups show distrust in wealth managers or relationship managers' investing decision due to a relatively unappealing performance of wealth management [14]. Market complexity and high-level education lead to customers being more cautious and multi-necessity in their asset management. Therefore, customers are becoming more sophisticated and willing to have the whole control of their asset management rather than just a participant in wealth management.

2.3 Business Operation

There are lots of factors affecting the business operation such as products, pricing, distribution, and operation mode. Firstly, as mentioned above, due to customers diversified and personalized demand, wealth managers of the private bank have to push out series of high-quality products to cater to customers from a different position of wealth band [10]. UBS has listed open architecture products on their products and services development since a few years ago. Shorter product cycle and flexibility in asset portfolio are popular with high-level wealth customers. Secondly, pricing in products and services control is of vital significance. Trends are that in order to retain the relation, an additional discount is always inevitable when private banking implemented [14]. However, the discount given by private bank practitioner is undoubtedly a big cost to offset. A good pricing strategy can eliminate unnecessary cost and fees during wealth managing [8]. Currently, negotiation is commonly used in making the price. Thirdly, as for distribution channel for products and services, a lot of practitioners in UBS hold the view that relationship manager is prior to the next step of private banking. If relationship managers spend more time on the knowledge of customers and retaining, the distribution channel can be smoother and longer last. Additionally, it depends on the relationship managers' decision that is related to their talent. Therefore, many private banks have their own ways of talent storing and obtaining. For example, UBS (2014) focuses on talent nurturing so that graduate trainee program (GTP) is carried out every year. Finally, the operation mode plays an important role in the private bank. Recently, UBS is taking action on consolidating and cooperating at some areas of services with other private banks in Asia-Pacific. The cooperation among different private banks is undergoing in response to challenges brought by customers' coordination. To cut down corporate cost, mergers and acquisitions in the private banking are on the way. More or less, the private banking is still in need of large consolidation that can change the market structure and distribution patterns [14].

2.4 Competition Environment

More attention on the internal competition is what most top practitioners usually did in the past few decades. However, external industry and macroeconomic environment are the current key point that private bank should concentrate on [11]. Investment banking can bring about 2.3 percent growing benefit for private banking [14]. Although some external industries compete with the private bank about market share, the private bank can always benefit because of its unique customer group and flexibility operation. Typically, there are more of synergy between investment banking and private banking in spite of limited competition. Internal competition can be simplified as resource war intra-industry. The source of clients and talent war are main problems. As mentioned above, some of the private banks have established elite and talent reserving program. The internal competition may also be reflected by the transparency of private banking operation. A favourable performance of transparency can attract source of high-level wealth client groups. The macroeconomic environment is changing such as Latin America, Asia-Pacific, and Mid-East regions. Practitioners are faced with challenges coming from emerging economy especially for Asia-Pacific [5]. Cultural fusion and market aggregation may intensify the competition internal and external industry. Severe competition means lots of opportunities for private banking to develop new products and services. Therefore, competition may contribute to more of innovation and prosperity.

3. Products & Services on Offer

3.1 Creative Types

As a result, of the diversified demand of customers and the strategy of wealth management organization, plenty of new products and services are coming earlier. As mentioned above, competition between private banking department of universal banks and franchised private banks

undoubtedly facilitates innovation in the development of products and services. In order to trace the performance of the specific market, tracker products are produced and well popular. Generally, it's used to peg on some market index. Most recently, structured products have been developing rapidly. One of the products on the offer of UBS Wealth Management in America is to provide investment opportunity of structured products for qualified customers to complement their portfolio strategies [14]. Structured products are mainly used to lower risks and obtain the high return. Those are commonly dedicated to preserving principal and then obtain high-profit margin. There are some of the products that are linked to real estate, which have a correlation with changes in a housing market. Meanwhile, there are differences in the regional application of structured products. Trends are that innovative products and services are produced with more attention on principal preserving and high return from the volatile market. Customers' diversification and segmentation are what many private bankers focus on.

3.2 Alternative Investment

Lots of alternative investment tools have been made in recent years. Alternative investment tools cover an extensive range. Typically, a hedge fund is one of the most widely applied investing tools, which is mainly offered to private banking customers. The hedge fund was originally applied to investees who are high-level wealth customers and then was applied by corporate investors. The overall increase in products of UBS stemmed from corporate hedge funds in 2014. Relatively, hedge funds institutes are free of management in legal market operation. UBS locates middle-class on the global hedge funds ranking. Meanwhile, some of the hedge funds can decentralize return sourcing and lower risks because of specific investment strategic combination. Another most popular investment tool is private equity. As is known, venture investment is widely applied to the initial stage of an enterprise while venture capital is one of the ordinary forms of private equity [2]. Obviously, private equity directs at enterprise and corporate investment. As for venture capital, it is aimed at long-term return [9]. Similarly, angel investment is the subset of venture investment. Data display that there is the limited capital volume of private equity of UBS applied into small and medium-sized enterprises. However, there are large quantities of longer-term profit margins in private equity while detail transparency of investing activity is a big problem due to limited disclosure.

4. Learned from the Past & Future Strategies

4.1 New Staring Points

Traditionally, wealth management and private banking concentrate on products sale and services offering. Wealth managers prefer to offer customized advisory services for specific client groups rather than provide in distinctive items for all kinds of customers. It means that customer segmentation is paid more attention to and marketing strategy is more flexible. Additionally, there are lots of old customers draining because of relationship managers' nonfeasance in retaining. According to the survey on UBS relationship managers' time scheme, only minority percent of time spent on customer knowledge [14]. At present, wealth managers lay emphasis on intergeneration wealth management of the cluster of customers, which shows that closely connected relation between customers and practitioners must be cultivated. Besides, markets of distribution are changing a lot. The existing North America and West Europe are still the major driving force in profit growth. However, the investable customer growth has slackened in the recent year partly on account of financial crisis influence. In contrast, as a result, of different regimes of macroeconomic, Asia-Pacific and other areas have grown robustly. Therefore, new client group orientation will be in those countries and regions.

4.2 Changes in Structure

Industry insiders consider mergers and acquisitions lying in wealth management to be an obvious posture that is on the way. Seeking for new growing opportunity and market, more of universal banking institutes have consolidated some industry organizations that may specialize in a certain business [15]. Although franchised institutes of small scale are widely distributed throughout the earth, yet integrated type of bank group will be well popular in future. Most of the acquisitions happened inside a certain region. UBS (2014) is now a universal bank that is not only involved in private banking but also investment and commercial banking. With the whole global capital market and macroeconomic maturing gradually, wealth management convergence is in progress [12]. The global change of market structure and industrial organization may bring something uncertain, but a new business model and profit environment can be substantially charming.

Conclusion. In the background of the complicated and changeable market, private bank organizations are focusing on their new strategy making. Wealth management for high-level wealth group can be hierarchical by their treasure ranking. The relation between wealth managers and customers is in need of patience and care by taking more time. However, the relationship managers can develop the pre-period of wealth management paving the way for intergeneration cooperation with specific client groups. At the same time, customized products and services are produced to cater to the diversified demand of customers. Meanwhile, there are trends that customer is not a participant any longer, but as a controller for the whole process of wealth management, which undoubtedly brings a lot of problems to practitioners when they implement wealth management. One of the problems lying in private banking services is transparency. More of private bankers that cannot disclose some of their management process details due to commercial confidentiality are faced with competition inside the industry. In addition, geographical factor has influenced the development of wealth management industry in recent years. This is not because the existing market is saturated and severely competitive but emerging markets are generating the creative type of opportunity due to the difference in culture and economic development. Asia-Pacific and other emerging economies have an abundant source of specific client groups and favourable industry organization. With the market maturing gradually, more of consolidations are implemented inside the region. Chances are that universal and integrated banking institutes and organizations will be established through cross-region and large-scale acquisitions.

REFERENCES:

1. Beaverstock, J. V., Hall, S. & Wainwright, T. (2013), 'Servicing the Super-Rich: New Financial Elites and the Rise of the Private Wealth Management Retail Ecology', *Regional Studies*, Vol 47, No 6, pp. 834-849.
2. Colombelli, A. (2010), 'Alternative Investment Market: A Way to Promote Entrepreneurship', *Journal of Industry, Competition and Trade*, Vol 10, No 3, pp. 253-274.
3. Driga, I., Nita, D. & Cucu, I. (2009), 'Private Banking and Wealth Management Services Offered by Banks', *Annals of the University of Petroșani, Economics*, Vol 9, No 1, pp. 231-240.
4. Horn, C. & Rudolf, M. (2011), 'Service quality in the private banking business', *Financial Markets and Portfolio Management*, Vol 25, No 2, pp. 173-195.
5. Hsu, P., Wang, C. & Wu, C. (2013), 'Banking systems, innovations, intellectual property protections, and financial markets: Evidence from China', *Journal of Business Research*, Vol 66, No 12, pp. 2390-2396.
6. Mark, D. C., Andrew, H. & Thomas, R. (2003), 'Transforming the wealth management industry', *Journal of Financial Transformation*, Vol 9, No 1, pp. 105-113.
7. Maude, D. (2006) *Global Private Banking and Wealth Management: The New Realities*. England: John Wiley & Sons.
8. Merlin, S. (2002), 'Managing wealth: A new approach in the U.K', *Journal of Financial Transformation*, Vol 4, No 3, pp. 77-94.
9. Müllner, J. (2012), 'Private equity and venture capital funds—from the state of research to a comprehensive model and an interdisciplinary research outlook', *Journal für Betriebswirtschaft*, Vol 62, No 2, pp. 119-167.
10. Oesch, D. (2009), 'Thorsten Hens and Kremena Bachmann: Behavioural Finance for Private Banking', *Financial Markets and Portfolio Management*, Vol 23, No 2, pp. 205-206.
11. Saha, B. & Sensarma, R. (2004), 'Divestment and Bank Competition', *Journal of Economics*, Vol 81, No 3, pp. 223-247.
12. Shin, D. J. & Kim, B. S. (2013), 'Bank consolidation and competitiveness: Empirical evidence from the Korean banking industry', *Journal of Asian Economics*, Vol 24, No 3, pp. 41-50.
13. Tabak, B. M., Fazio, D. M. & Cajueiro, D. O. (2012), 'The relationship between banking market competition and risk-taking: Do size and capitalization matter?', *Journal of Banking & Finance*, Vol 36, No 12, pp. 3366-3381.
14. UBS (2014) *UBS Group AG and UBS AG Annual Report 2014*, Available from: https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2014.html, [accessed 30th Aug 2015].

15. Walter, I. (2012), 'Universal banking and financial architecture', *The Quarterly Review of Economics and Finance*, Vol 52, No 2, pp. 114-122.

16. Wu, C., Lin, C. & Tsai, P. (2010), 'Evaluating business performance of wealth management banks', *European Journal of Operational Research*, Vol 207, No 2, pp. 971-979.

UDK 336.71

Qin Wei, Levchenko Veronika. Business School, Shandong University of Technology, China.
Khudolii Yuliia, Ph.D., Associate Professor, Department of Finance and Banking. Poltava National Technical Yuri Kondratyuk University. **Private Banking and Wealth Management: new challenges.** Wealth management market is becoming more and more mature with new products and services offered to customers. Meanwhile, private banking is one of the most important branches of wealth management. As a result, of diversified demand of customers, economic development, severe competition both internal and external and new geographical distribution, private banking of institutes and organizations (UBS, etc.) have to recognize the situation where they live. Practitioners of private banks are changing strategies from traditional single patterns to innovative and flexible forms. Those are laid more emphasis on staying close relation with high-level wealth customers, offering more complicated and diversified products and services, clearing markets distribution of convention and emerging in geography and economic background and making adequate cooperation and consolidation both internally and inter-industry.

Keywords: private banking, wealth management, diversified demand.

УДК 336.71

Цинь Вэй, Левченко Вероника, Бизнес-школа, Шаньдунский технический университет, Китай. **Худолій Юлія**, кандидат технических наук, доцент кафедры финансов и банковского дела, Полтавский национальный технический университет имени Юрия Кондратюка. **Частное банковское обслуживание и управление капиталом: новые вызовы.** Рынок управления капиталом становится все более зрелым и наполняется новыми продуктами и услугами, предлагаемыми клиентам. В то же время частное банковское обслуживание является одной из важнейших отраслей управления капиталом. В результате диверсифицированный потребительский спрос, экономическое развитие, жесткая внешняя и внутренняя конкуренция и новое географическое распределение требуют от институтов и организаций, предоставляющих услуги частного банковского обслуживания (UBS и т.д.), осознания ситуации, в которой они находятся. Поэтому практики частного банкинга переходят от традиционных стратегий работы к инновационным и гибким, позволяющим делать больший акцент на сохранении тесной взаимосвязи с клиентами высокого уровня благосостояния, предлагая более сложные и разнообразные продукты и услуги, очищать рынки распределения от условностей и расширять их экономические и географические границы, а также осуществляют рациональное внутриотраслевое и межотраслевое сотрудничество и консолидацию.

Ключевые слова: частное банковское обслуживание, управление капиталом, диверсифицированный спрос.

УДК 336.71

Цинь Вей, Левченко Вероника, Бизнес-школа, Шаньдунский технический университет, Китай. **Худолій Юлія**, кандидат технических наук, доцент кафедры финансов и банковского дела, Полтавский национальный технический университет имени Юрия Кондратюка. **Приватне банківське обслуговування та управління капіталом: нові виклики.** Ринок управління капіталом стає все більш зрілим і наповнюється новими продуктами і послугами, що пропонуються клієнтам. У той же час, приватне банківське обслуговування є однією з найважливіших галузей управління капіталом. У результаті диверсифікований споживчий попит, економічний розвиток, жорстка зовнішня і внутрішня конкуренція й новий географічний розподіл вимагають від інститутів і організацій, які надають послуги приватного банківського обслуговування (UBS тощо), усвідомлення ситуації, в якій вони знаходяться. Тому практики приватного банкінгу переходять від традиційних стратегій роботи до інноваційних і гнучких, що дозволяють робити більший акцент на збереженні тісного взаємозв'язку з клієнтами високого рівня добробуту, пропонуючи більш складні й різноманітні продукти та послуги, очищати ринки розподілу від умовностей і розширювати їх економічні та географічні кордони, а також здійснювати раціональне внутрішньогалузеве й міжгалузеве співробітництво і консолідацію.

Ключові слова: приватне банківське обслуговування, управління капіталом, диверсифікований попит.