М.Г. Туйчиева, преподаватель кафедры «Экономика»
University of science and technologies
Ташкент (Узбекистан)

Current Issues of Strategic Banking Management
Актуальные проблемы стратегического банковского менеджмента

Развитие и расширение конкурентных позиций в банковской сфере требует от коммерческих банков совершенствования механизма их взаимоотношений и взаимодействия с клиентами, повышения эффективности банковского менеджмента с использованием новых технологий и адекватных стратегий развития. Вместе с тем с расширением банковских услуг, развитием способов и методов управления банковской деятельностью актуализируются проблемы выбора стратегий развития банков, определения целевых установок возрастания банковской конкуренции, усиления внешних рисков в экономике.

The development and expansion of competitive positions in the banking sector requires commercial banks to improve the mechanism of their relationships and interaction with clients, increase the efficiency of banking management using new technologies and adequate development strategies.

At the same time, with the expansion of banking services and the development of methods and techniques for managing banking activities, the problems of choosing strategies for the development of banks, determining targets for increasing banking competition, and increasing external risks in the economy are becoming more urgent.

The need to improve the efficiency of bank management requires clear setting of targets and the choice of ways to achieve them, determining the directions of effective activity of each subsystem of banking management, using internal potential and predicting changes in the bank's activities to maintain its competitive advantages.

Currently, banking management is required not only to build the directions of the bank's activities and internal policies, but also to be able to quickly adapt to unstable external conditions. In this regard, there is a need to develop strategic banking management in the general system of functioning of banks, which involves revising the goals, means and methods of regulating banking activities and the mechanism for their implementation in the direction of increasing the efficiency of relationships and interaction between the bank and clients, increasing competitiveness in modern economic conditions.

The contemporary scientific literature does not adequately emphasize the possible contradiction between the goals of bank management and the mission of the bank. At the same time, the goals of bank management do not always coincide with its mission. An analysis of banking practice shows that banks become instruments for redistributing the funds of creditors and depositors in favor of their owners and managers; that they fail to fulfill the functions assigned to them by society; that in their pursuit of profitability, banks lose their liquidity and solvency and become involved in laundering the proceeds they criminally receive It can be seen that. The presence of a subject (owners and managers), an object (banking products and services) and a functional mechanism for their interaction (functions of organization, planning, motivation, analysis, marketing and control) gives grounds to consider bank management as a system. As part of the bank management system, one can distinguish subsystems of strategic and operational management.

In modern scientific literature, there is insufficient emphasis on the possibility of contradictions between the goals of bank management and the mission of the bank. At the same time, the goals of bank management do not always coincide with its mission. An analysis of banking practice shows that a bank can be turned into an instrument for the redistribution of funds of creditors and depositors in favor of its owners and managers, that the functions assigned to the bank by society cannot be performed, in the pursuit of profitability the bank can lose liquidity and solvency, and engage in laundering of income received criminally. The presence of a subject (owners and managers), an object (banking products and services) and a functional mechanism for their interaction (functions of organization, planning, motivation, analysis, marketing and control) gives grounds to consider bank management as a system. As part of the bank management system, one can distinguish subsystems of strategic and operational.

Thus, in modern scientific literature the following definitions of the category "strategy" are found: – a set of interrelated actions aimed at achieving a sustainable competitive advantage; – decisions made, which are the driving or shaping force for most of the actions taken by the company; – the way to create competitive advantages using distinctive characteristics; – the art of rapid transformation, a portfolio of initiatives aimed at growing the company and its value. As can be seen from the analysis, in most of the above definitions the main focus is on the concepts of competitive advantage and competitiveness. Authors V.I. Naydenkov and A.N. Petrov consider strategy as a mechanism for achieving a set goal. N. Egorova and A.M. Smulov understands the strategy of a commercial bank as a set of private bank development strategies that outline the main ways to implement the bank's concept [2]. In this case, the strategies express the individual components of the current planning and management of the bank (credit policy, interest rate policy, regional policy, banking risk management policy). Does each bank have a clearly defined strategy (strategic development plan)? To answer this question, it is necessary to conduct a study of the vision of its goals and positioning in the market. A bank has a clearly defined strategy if: 1) the bank is an initiator of innovation or a leader in its market segment; 2) current activities are planned on the basis of strategic plans and goals; 3) the entire team shares and knows the strategic development goals of the credit organization; 4) strategy is the main criterion for making investment and other long-term decisions; 5) each employee knows the extent of his contribution to the achievement of the bank's strategic target financial and non-financial indicators; 6) a balanced scorecard system has been put into practice; 7) the system of indicators is resource-based and supplemented by a system of employee motivation.

The bank does not have a clear strategy of action, and the principles of strategic management aimed at growing the business and value of the bank are not used if: 1) the concept of the bank's development is concentrated in the head of one or two top managers; 2) it is not known to employees, and therefore is not supplemented by a system of quantitative indicators of their work and motivation; 3) there is no forecast of resource availability for the bank's development; 4) the operating plan is formed only taking into account the current market situation.

By bank strategy we will mean a program of a set of actions aimed at creating and maintaining long-term competitive advantages in target markets. This program reflects the quantitative, qualitative and structural development goals of the bank, and the internal changes that must occur to increase its competitiveness. At the same time, it is necessary to distinguish between the concept of a bank's overall market strategy and its individual components (functional strategies). Each of the functional components of the corporate strategy represents a program of actions of the bank in the corresponding direction in order to achieve certain quality indicators that characterize the future state of the bank. The financial strategy, as a component of the corporate strategy, can be aimed at achieving a certain increase in the market value of the bank, its shares, growth of ROA, ROE indicators while complying with the standards of the Basel Committee on risk and liquidity [5]. A marketing strategy may be aimed at increasing the market share of the bank under study, increasing the team of servicing clients, and developing qualitatively new segments and their capacity. The target criterion of the information strategy may be the share of clients covered by the bank-client system, Internet banking, and online transactions.

The bank of the future cannot be imagined without the introduction of IT technology, which should be focused on creating a given architecture for storing data on all aspects of the bank's activities. The limits of development of specialization and cooperation of industrial and financial capital are determined by the following relationships: the higher the level of specificity of assets, the complexity of transactions, and the frequency of transactions, the more profitable it is to develop and deepen internal specialization and cooperation of production and capital. Specialization and cooperation are effective ways to intensify the use of resources. But they are not able to solve the problem of business sustainability. Spontaneous pricing in the markets in the medium and long term causes instability in the financial position of economic institutions and households and instability of business capitalization. The changing form and methods of state price regulation do not contribute to the stabilization of the rate of profit in individual industries and complexes. Diversified growth is justified in cases where the business line does not provide the institutional unit with opportunities for further growth outside the industry segment that is significantly more attractive.

"Does the company need a strategy?" What is clear is that a company without a strategy is like a ship that has set out to sea without understanding the final destination of the route. No clear management can be built in such a situation.

Why is it necessary to build strategic management at all?

As practice shows, each event has certain side effects. In a situation where all companies strive for development, there are also many side effects. Let's consider the main ones:

• A huge number of launched IT projects

In a small company, 500-700 employees, up to 30 IT projects can be launched simultaneously. One department may have 3-5 different applications. In parallel, the implementation of an ERP system, TMS, and EMS can be launched. In the meantime, financiers can implement holding management. All this happens simultaneously without any strategy. The company has no understanding of how all these projects and systems will contribute to achieving the company's global goals.

• Chaotic launch of new products under the slogan: "Let's try it?!"

It is often encountered in companies that a top manager generates the idea of launching a new product or a whole direction, without bringing up for discussion all the related issues that directly affect the company. As a result, the company invests a lot of money and does not get significant results, while facing enormous difficulties (which is logical when trying to change a huge system in one place without thinking about the relationships)

• Management decisions are made situationally, the company is in a constant state of emergency

Often, a top manager's ability to work in a state of constant emergency is considered a sign of heroism. As a top manager with many years of experience, I am ready to confidently say: a financial director (or supply chain director) running wild-eyed from office to office is a sure sign that the company is "going down", a meteorite has fallen on the plant, or the company I encountered the unprofessionalism of a top manager.

• Nobody knows where the company is heading over the next 7-10 years

In Western corporate governance practice, 7-10 years is long-term planning. For some Russian companies, it is not alien to such a situation when it is impossible to plan even for the next month. In such a situation, when the company does not even know where it is, we are not talking about quality management.

Just understanding that you need to develop is not enough. A company developing without a strategy moves chaotically, wastes a lot of resources and, like a ship without a destination, can disappear in a sea of problems.

So, strategy is a set of tools, principles and the order of their application necessary to achieve the global goals of the system. The role of the system can be a person, a group of people, a country, etc. In our case, the system is a business.

Let's look at this definition in more detail.

A toolkit is a specific set of tools needed specifically for your company. This could be digitalization, the introduction of coaching at every workplace, or something else.

The principles of using tools are the fundamental positions of the company. If we have decided that bonuses will now be paid to employees based on certain achievements, then we implement KPI tools in the company. It turns out that we are using a financial motivation tool according to specific principles. And so it is in everything.

The order of using tools must be strictly defined; it cannot be chaotic, as this may have negative consequences for the company.

Achieving the global goal of the system is achieving what the system was created for. If we are talking about a company, that is, a social system, then a person, when creating this company, pursues some goal. This could be a desire to have several mansions or a certain amount in the account. If a person wants to increase the company's net cash flow, then he needs to increase the number of employees, that is, move the company from point "A" to point "B" within 20 years in order to achieve the desired results.

Now let's figure out what strategic management is.

Strategic management formalizes the practice of applying strategy in a company, that is, it determines what tools the company uses, according to what principles, in what order, and what is the global goal of the company.

A strategic manager is a separate role in a company, a person with high competencies in the field of strategic management. It is he who implements the strategy and is responsible for the application of strategic management tools, regulations and company standards.

Strategic management is a branch of management that differs from operational management in its fundamental approach and has its own theorists (such as Igor Ansoff, for example) [3].

It would be a deep mistake to assign the role of strategic manager to one of the top managers. For example, this role is often assigned to the financial director. Since this specialist does not have the necessary competencies, all strategy development comes down to money, which is not clear how to earn. This is because strategic management is the purview of the R&D director, supply chain director or commercial director, not the CFO.

What problems may arise when working with a company's strategy?

Problem 1. Lack of strategy formally or de facto

First of all, the problem may be the lack of any strategy in the company. Or it may be described by external consultants for 500 pages, and therefore it has never been used and will not be used.

Problem 2: Non-adaptive strategy

The working strategy must be adaptive; it must be able to survive force majeure situations.

Let's look at an example of a real-life strategy when a company hires external consultants:

One very expensive Moscow company had a strategy described on 500 pages. This strategy had absolutely no connection with reality. Within the framework of it was assumed:

• That the company will increase sales figures 10 times

• Complete digitalization in 2 months

• That investments will be made in IT that were 400 times more than working capital

Based on the example above, we see that external consultants describe the strategy in a complex, general way and in a way that makes the customer happy. That is, consultants strive to show what success you will achieve, how much you will earn. From which we can conclude that the services of a business consultant are fiction.

A rare exception will be an external consultant who will come to your company as a business architect, spend a lot of time in it and help develop a strategy. But it will only help, since strategic management is the job of the company’s top manager.

A strategic manager is a full-time employee, he knows the company, shares its goals, values and problems, and not an external specialist who has never spent a day in the company.

Problem 3. Operational management is not debugged

It often happens that companies that do not have established operational management (and do not have the ability to ensure the stable existence of the company without constant rush jobs as part of simple reproduction) spend millions to implement strategic management.

Problem 4: The strategy is not being implemented

Another problem may be that the company simply does not understand how to move from the BSC map to the chain of tasks.

How to solve strategic management problems?

Solution to Problem 1. The company must follow a strategy and use strategic management. It may seem that this principle sounds like a tautology, but it is unacceptable to make changes to the strategy outside the procedures, to change anything in this strategy. If the opening of a new direction was not included within the framework of the architectural vision strategy, then it should not be opened. Otherwise, the strategy turns into chaos, and the entire architectural cycle crumbles into a heap of incoherent debris.

It follows from this that all efforts were in vain, there is conflict in the company, everyone is upset, trust in the practices of strategic management and architecture management has been lost, and results have not been achieved.

Solution to problem 2. The results of the strategy development work must be formalized, that is, this is not a set of verbal good wishes. Here it is necessary to provide specifics, since irrational actions are not suitable for strategic and operational management.

Solution to problem 3. Ensure the development of operational management and its digitization. The control loop must be digitized. Very often companies do not pay attention to this, they have a bunch of programs, a fragmented outline, there is no specifics and there is no such operational flow. But at the same time, the company is already trying to actively engage in strategy; looking into the future is like trying to build the walls of a house when there are many cracks in the foundation, if there is one at all.

Solution to problem 4. To transform the strategy from a balanced scorecard (BSC) into specific work packages, it is necessary to implement an architectural cycle. A strategic session took place, top managers prepared a BSC map (or even several maps). Very often they want to immediately turn the map into specific tasks, but nothing comes of it. Because to do this you need to go through the TAGAF architectural cycle.

Currently, strategic management in enterprises is becoming increasingly relevant due to the constant influence of significant external factors that change the operating conditions of the enterprise and, accordingly, the likelihood of it achieving its initial goals and objectives. Even in the long term, management must be flexible, ready for change, and adequate to the current situation.

Strategic planning is the most important function of strategic management, and at the same time it is a very subtle, individualized tool for setting up a future enterprise, which is a unique socio-economic system, quite fragile and vulnerable in conditions of uncertainty.

Due to the dynamics of changes and the lack of sufficient resources (temporal, intellectual, psychological, personnel, material and others), many enterprises still react to changes, trying to fulfill the original plan at any cost, and the art of management is assessed by how fully it was possible to fulfill this plan in a complex and changing environment. However, in a number of cases, practice shows the ineffectiveness of adherence to previous plans: according to the authors, an effective strategy should allow for non-uniqueness of the strategic plan option and even non-uniqueness of the strategic goal. New options for a strategic goal and strategic plan are adopted on the basis of purely rational considerations, by balancing the expected benefits and the required costs. It should be accepted that if the strategic plan changes, costs may increase significantly, however, the likelihood of achieving a significant result (ultimate effectiveness) in the new conditions also increases.

In a state of permanent uncertainty, the rolling strategic planning method is a good tool for the timely development of sets of tactical tasks at each stage of strategic planning. The use of such a tool is fully consistent with the principles of effective and long-term development of the enterprise.

References:

1. Авдеева, В.И. Финансовый менеджмент: учебник / В. И. Авдеева, О. И. Костина, Н. Н. Губернаторова. – Москва: КноРус, 2021. – 427 с.
2. Афоничкин, А.И. Финансовый менеджмент в 2 ч. Часть 1. Методология: учебник и практикум для вузов / А. И. Афоничкин, Л. И. Журова, Д. Г. Михаленко; под редакцией А. И. Афоничкина. – 2-е изд., перераб. и доп. – Москва: Издательство Юрайт, 2020. – 217 с.
3. Большаков, С.В. Основы управления финансами: Учебное пособие. – М.: ФБК-Пресс, 2019. – 365 с.
4. Бондаренко,Т. Финансовый менеджмент: учебное пособие / Бондаренко Т.Г., Кокуева В.В., Церцеил Ю.С. – Москва: Русайнс, 2023. – 236 с.
5. Братухина, О.А., Финансовый менеджмент: учебное пособие / О.А. Братухина. – Москва: КноРус, 2021. – 238 с.

6. Восканян Р.О. Введение в международный финансовый менеджмент: учебник / Восканян Р.О., Ващенко Т.В. – Москва: Проспект, 2022. – 128 с.
7. Губернаторов, А. М., Финансовый менеджмент: продвинутый уровень: учебник / А.М. Губернаторов, И.В. Балынин, Л.А. Котегова. – Москва: КноРус, 2022. – 400 с.
8. Джеймс К. Ван Хорн, Джон М. Вахович. Основы финансового менеджмента. – М.: Вильямс, 2019. – 627 с.
9. Масленников, В.В., Финансовый менеджмент в управлении коммерческой недвижимостью: учебник / В.В. Масленников, А.В. Талонов. – Москва: КноРус, 2022. – 232 с.
10. Морозко, Н.И., Современные концепции финансового менеджмента: учебник / Н.И. Морозко, Н.И. Морозко, В.Ю. Диденко. – Москва: КноРус, 2021. – 251 с.
11. Москвитин, Г.И. Финансовый менеджмент: технологии, методы, контроль: сборник материалов / Г. И. Москвитин. – Москва: Русайнс, 2021. – 109 с.
12. Общий и финансовый менеджмент: учебное пособие / Ф.М. Узденова, А.Н. Столярова, О.Б. Скрипник [и др.]. – Москва: КноРус, 2020. – 354 с.
13. Рогуленко, Т.М. Актуальные проблемы финансового менеджмента, бухгалтерского учета, анализа, контроля и налогообложения в нефтегазовом комплексе: сборник статей / Т. М. Рогуленко, ; под ред. Т. В. Зайцевой, В. В. Горлова, Л. Н. Отвагиной. – Москва: Русайнс, 2022. – 184 с.
14. Финансовый менеджмент: учебник / С. В. Большаков, М. Г. Булатова, М. Н. Гермогентова [и др.]; под ред. Е. И. Шохина. – Москва : КноРус, 2023. – 475 с.
15. Финансовый менеджмент: учебное пособие / А. И. Барабанов, А. С. Бородина, А. Н. Гаврилова [и др.]; под ред. Е. Ф. Сысоевой. – Москва: КноРус, 2022. – 496 с.
16. Lusardo, A., Mitchell, O. S., & Curto, V. (2010). Financial literacy among the young. The Journal of Consumer Affairs, 44(2), 358–380. https://psycnet.apa.org/doi/10.1111/j.1745-6606.2010.01173.x
17. Mangrum, Daniel. (2022) "Personal finance education mandates and student loan repayment." Journal of Financial Economics , 146.1: 1-26.
18. McCormick, M. H. (2009). The effectiveness of youth financial education: A review of the literature. Journal of Financial Planning, 20(1), 70–83. Retrieved from https://www.bostonfed.org/commdev/conf/2015/leveraging-financial-education/material/Review-of-Effective-FinEd-Prog-2009.pdf (PDF, 14 pages)

19. Norvilitis, Jill M. and Linn, Braden K. (2021) "The Role of Student Debt and Debt Anxiety in College Student Financial Well-Being," Journal of Student Financial Aid: Vol. 50 : Iss. 3 , Article 3.

20. Organisation for Economic Co-operation and Development. (2014). PISA 2012 results: Students and money: Financial literacy skills for the 21st century (volume VI). Retrieved from http://dx.doi.org/10.1787/9789264208094-en

21. Shim, S., Serido, J., Bosch, L., & Tang, C. (2023). Financial identity-processing styles among young adults: A longitudinal study of socialization factors and consequences for financial capabilities. The Journal of Consumer Affairs, 47(1), 128–152.

22. Stoddard, C., & Urban, C. (2023). The Effects of State Mandated Financial Education on College Financing Behaviors. Journal of Money, Credit and Banking.

23. U.S. Department of Labor. (n.d.). Youth programs. Retrieved from http://www.dol.gov/general/topic/training/youth

24. U.S. Department of the Treasury. (2018). Amended charter: President's Advisory Council on Financial Capability. Retrieved from http://www.treasury.gov/resource-center/financial-education/Documents/PACFC%202010%20Amended%20Charter.pdf (PDF, 4 pages)

25. Urban, C., Schmeiser, M., Collins, J. M., & Brown, A. (2023). The effects of high school personal financial education policies on financial behavior. Economics of Education Review, 78, 101786.

26. Varcoe, K. P., Peterson, S., Garrett, C., Martin, A., Rene, P., & Costello, C. (2001). What teens want to know about financial management. Journal of Family & Consumer Sciences, 93(2), 30–34.