

MONEY, FINANCES AND CREDIT

THE ESSENCE AND PROSPECTS OF THE PORTFOLIO (MATRIX) STRATEGIC PLANNING FOR COMMERCIAL BANKS IN UKRAINE

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Current state and vector of the economy development significantly and directly depend on the adequacy and effectiveness of banking. In turn, the reliable functioning of the banking sector requires rational management of commercial banks. Therefore, particularly important is the system of modern extensive portfolio planning for ramified diversified activities of commercial banks.

In modern financial science the sufficient amount of theoretical developments is observed in the field of portfolio bank management and there are objective and serious challenges to banking practices connected with this issue. Unfortunately, financial management of domestic banks has not yet paid sufficient attention to the matrix methods of management for the bank's financial activity, so there is some gap between theory and practice implementation.

The article analyses the current state of science in strategic planning for the commercial banks, in particular, focuses on the portfolio (matrix) methods of planning. A role is underlined and the place of matrix methods is determined in the diversified activity

of commercial banks. The need for objective analysis and portfolio planning in the study of strategic alternatives is substantiated for the development of banking policies and for drawing up strategic plans for banks.

For the existing in science matrix methods review is given, their main strengths and weaknesses are marked, experience of the portfolio planning for foreign and domestic commercial banks is studied, on the base of what promising scientific ways of their further development are outlined.

The constructive and critical assessment of the portfolio strategy development is given, which is made on the example of two commercial banks in Ukraine – PJSC “Ukrsotsbank” (UniCredit bank) and PJSC CB “Privatbank”. For these banks, using matrix analysis, the possibilities of criteria separation for affecting the banks external and internal environmental factors are investigated.

An attention is also paid to the need for further diversification of banking activities and to the introduction of innovative products and services in the bank's portfolio.