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FINANCE AND BANKING

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COMPETITIVENESS OF THE BANK AND WAYS TO INCREASE IT
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INTRODUCTION

The relevance of the topic of the thesis is that the banks organize the circulation of a significant part of the funds that occupy a dominant position in the total money supply. They act as intermediaries in the redistribution of capital which significantly increases the overall efficiency of production affecting the structural, investment and social policy of the state. Therefore, one of the most important strategic tasks of the state is creating and maintaining a competitive banking system.

In order to achieve and ensure the competitiveness of banks a certain set of measures is needed to protect and preserve their competitive position. Competitiveness assessment is one of the elements aimed at identifying factors that can optimize the activities of banks.

A number of foreign scholars such as Porter (2008), Ricardo (1817), Marshall (1890), Chamberlin (1933), Samuelson (1947), Smith (1776) who defined the essence of competitiveness as an economic category in relation to different levels of competition as for the country, business entity, products. Among modern scientists Khatun (2019), Corbae (2019), Akbarov (2018), Gonzalez (2020), Ijaz (2020), Pestovska (2019) and Tian (2020) dealt with the issue of competition and competitiveness.

The purpose of the study is to explore the theoretical foundations of banks' competitiveness, propose the most appropriate approach to assess the competitiveness of banks and assess their competitiveness in different banking markets.

Achieving this goal contributes solving the following tasks:

- to generalize the theoretical foundations of banking competition;
- to identify modern problems and features of the formation of the competitiveness of Lithuanian banks;
- to propose methodological approaches to assessing the competitiveness of banks;
- to analyze the credit and deposit activities of the group of banks of Lithuania and Ukraine;
- to provide an assessment of the level of competitiveness of a group of banks by type of activity;
- to propose the ways to increase bank's competitiveness.

The object of study is competition in the Lithuanian and Ukrainian markets of banking services.

The theoretical and methodological basis of the master research was the scientific works of scientists, materials of scientific and practical conferences and periodicals of the economic press, monographic studies of scientists, official reporting data of banks as well as personal observations of the author.

The study is based on general scientific and special methods:

- theoretical generalization and formation of conclusions on the theoretical foundations and methods of competitiveness of banks;

- statistical and economic methods (vertical analysis - for the structure of deposits and loans of banks, horizontal analysis - to assess the competitiveness of banks);

- abstract-logical methods for proposals to increase the competitiveness of the bank.

The scientific novelty of the research consists in the development of recommendations for improving the methodology for assessing the competitiveness of the bank.

The practical significance of the study is the development of recommendations for improving the methodology for assessing the competitiveness of a commercial bank based on the identification of the most important criteria of its activities which form the main competitive advantages.

The theoretical part of the master's thesis reviews the current state of banks' competitiveness and the development of financial technologies in the modern market as well as the general concept of competition. In the second part the existing methods of assessing bank's competitiveness are considered and the author proposes the best method, in her opinion, for carrying out such assessment. The practical part of the work analyzes the competitiveness of Ukrainian and Lithuanian banks on the credit and deposit markets. After conducting the analysis the author proposes ways that may help increase the bank's competitiveness in the market.

1. FUNDAMENTALS OF BANK COMPETITIVENESS

The sphere of banking services is constantly changing. This is due to growing competition of banks. Based on this the issues of improving approaches to the formation of banking development strategy to ensure long-term competitive advantage become especially relevant. At the same time in order not to lose competitive advantage banks must constantly improve their services in accordance with customer needs, implement progressive management structures, respond in a timely manner to the impact of external processes and make appropriate management decisions. However, despite the urgency of this issue, the problem of competitiveness of banking institutions remains unresolved given the dynamics of global banking systems. That is why we need to delve into the study of this topic in order to understand the essence of the competitiveness of the banks.

1.1 Current state and problems of ensuring the competitiveness of banks

The current state of the Lithuanian and Ukrainian banking system is characterized by increasing financial instability due to external factors such as world pandemic, political situation, etc. and market concentration which negatively affects the level of competitiveness and hence the functioning of banking institutions. All these affects the fact that the banking sector of Lithuanian and Ukrainian economy today faces necessity of improving the efficiency of its activities because working in the market of financial services, where competition is fiercer, banks are forced to adjust their development strategies, develop principles, methods and tools to manage their competitiveness and the competitiveness of services provided by them. In order to deal with these problems and offer options for their solution we need to understand the essence of this issue and what is the competitiveness of a bank. Many researchers are exploring these issues. Below we will consider what they think about this.

Researchers Ijaz, Hassan, Tarazi and Fraz (2020) consider that competitiveness of a commercial bank has three levels: the competitiveness of the bank, the competitiveness of the banking service and the competitiveness of the banking sector of the economy in the financial market within the country and abroad. The competitiveness of the bank means the degree of stability of its positions in relation to major competitors in the existing competitive market structure which is achieved by creating a unique value of banking products and services for customers. Thus, we can assume that the competitiveness of the bank can be seen as its ability to be profitable and efficient compared to other financial institutions.

Pestovska (2019) claims that we should also understand that the concepts of "competitiveness of banking services" and "competitiveness of the bank" are not the same. It is important to understand it because there are examples when a bank that has a high level of

development compared to its competitors may provide services with relatively low competitiveness which may lead to inefficient tariff policy. On the contrary, the level of services (speed of payments, competence of bank employees) which have a high competitiveness compared to the proposals of other banks can be observed in a bank with low financial condition or low profitability. Therefore, the competitiveness of the bank is its efficient economic activity and profitability in a competitive market. In turn, the competitiveness of a particular banking service is its ability to compete with similar products in the market.

Many scientists, in particular Shavlo and Dereza (2017), highlight such distinctive features of banking competition from which we can see that modern banking competition has a number of specific features that distinguish it from competition in other sectors of the economy:

- the bank in the market can act as a seller and a buyer;
- the object of competition is not goods, but resources that the bank forms for transactions;
- significant influence of state regulation;
- a significant number of competitors, for example, "bank - bank", "bank - non-bank financial institutions" or "bank - non-financial companies";
- banks are multidisciplinary and operating in many markets: financial, banking services, labor, equipment, information, advertising and others;
- no problem in unavailability of sales channels as the production and sale of banking services is carried out within the bank;
- significant entry and exit barriers;
- application of both price and non-price competition;
- significant impact of banking competition on ensuring the economic and national security of the state;
- the social nature of competition due to the significant involvement in the sphere of activity of banks of individuals.

There are also different approaches to defining competitiveness criteria. For instance, Young (2019), Salome (2018), Nashsyah (2020) and Korauš (2018) have analyzed bank's competitiveness each of them in different country. From their research we can see that there is no single approach to defining and evaluating the concept of competitiveness. It helps us to conclude that the generally accepted structure of indicators of competitiveness of banks has not been developed yet. In addition, the competitiveness of a commercial bank as a financial intermediary between market participants is directly dependent on the socio - economic situation and stability of the country as a whole. Thus, increasing the bank's competitiveness should be considered as a long consistent process of finding and implementing management decisions in all areas of its activities taking into account changes in the external environment and its condition.

Due to the fact that competitiveness of the bank is a rather complex concept that depends on many factors, so many things affect it. In the literature there are many approaches to the definition of competitiveness, competition and competitive position. Some of these definitions are given in Table 1:

Table 1

Definitions of "competitiveness", "competition" and "competitive position"

Concept	Author	Definition
Competitive-ness	Mai Thi Phuong Thuy	is the bank's ability to provide services that are better in quality and more in quantity than other banks, in terms of effective use of competitive potential, increasing existing and creating new competitive advantages at the lowest cost per unit of services provided.
	Kumar Debasis Dutta	is a system of relations for the formation, development and implementation of competitive advantages in the market of banking products and services, by identifying and using its internal and external capabilities to achieve its goals.
	Dean Corbae	is indicator or set of indicators that characterize the bank's position in the market.
Competition	Francisco Gonzalez	is economic rivalry between banking institutions for the acquisition and retention of consumers on the most favorable terms of sale of financial products.
	Toni Ahnert	is a dynamic process of competition between commercial banks, credit institutions and other financial institutions in the process of which they try to secure a strong position in the market of banking services as well as in alternative new markets for substitute services.
Competitive position	Jane Wanjira	is comparative characteristics of the main parameters of the subjects in relation to leading competitor.
	John Donnellan	is the position of the firm in relation to the subjects of the competitive environment.

Source: Thuy, 2021, Dutta, 2021, Corbae, 2019, Gonzalez, 2020, Ahnert, 2019, Wanjira, 2019 and Donnellan, 2019.

A lot of researchers, in particular Khatun (2019), tried to highlight the problems of banks' competitiveness. From her statement we can say that the main issues are as follows: there is a low level of public confidence in banks, unrecognizability of many brands of banks, insufficient number of banking points, especially in small towns and villages. Apart from it there is a problem with non-compliance with international service quality standards of many banks, insufficient transparency of banks' operations and high interest rates on services provided due to high costs of banks for their activities. It is worth mentioning too about the presence of a wide range of competitors whose activities go beyond the market of banking services and high dependence on socio-economic and socio-political events in the state and the world. That is why the successful

operation of a commercial bank is associated not only with the ability to professionally build its domestic policy, but also to adapt to external conditions with maximum benefit, anticipate market trends and gain competitive advantage. Consequently, banks must strive for a competitive advantage that allows them to use high quality services and stay ahead of the competitors.

AlSharif (2019) considers that the competitive advantages today include good image and business reputation, stable customers, high professionalism of employees, effective advertising and marketing activities. And it is difficult to disagree with it as these advantages are one of the important indicators of a successful bank. However, in order to achieve competitive advantages the bank's managements need to make a lot of efforts. There are three common ways to do it. The first is the bank's mastery of a certain market segment and the development of customer-oriented services. The second is improving the quality of services and create a sense of uniqueness of the client. This approach leads to increased customer loyalty and attracting new ones. The third approach is based on the bank's pricing policy. It is an example of price competition. Each of the participants in banking competition in the process of implementing financial services creates its own competitive advantages because every bank has their own strategy.

Apart from the banks the non-banking financial institutions operate in a financial market. And they also create their competitive advantages. Aramonte (2021) highlights many pluses of non-banking sectors, but to my mind, the main advantages of the non-banking financial sector over banks are a more flexible approach to the client and simplified procedures for conducting a particular financial transaction. Customers can see it in the credit and securities markets, trust and advisory services where banks are inferior to the non-banking financial sector in a number of factors. For example, the latter are characterized by flexibility of pricing policy, individual approach to customer service and simplified procedures for providing relevant services.

However, according to research of Karim (2018), Sampe (2022) and Rusmahafi (2020), potential customers still choose banks. Such choice may be due to the level of development of the banking sector. Banks are the only financial institutions in Lithuania and Ukraine that provide large-scale financing of the economy in contrast to the non-banking financial sector which does not have such a resource base. In addition, a bank is a financial institution that provides a wide range of financial services. Other institutions are specialized and provide only a limited range of financial services depending on their legal status and the availability of licenses. And finally, banks stand out among other financial institutions with the level of protection of the interests of their clients.

The question of the nature of the relationship between banking competitiveness and the stability of the financial system is one of the actively discussed in the literature since this topic is relevant today. For instance, this question was asked by a number of researchers such as Rakshit

(2020), Lopez-Penabad (2021) or Guidi (2021). Thus, there are many directions that explain the impact of competitiveness on the stability of the banking sector and the financial system. Goetz (2018) and Zakaria (2018) have reviewed this topic. Some of them support the point of view that with the increase in the degree of competition in the market there is a tendency of banking organizations to use risky strategies and make questionable transactions. Therefore, risks are increasing that leads to decreasing in the stability of each banking organization and the sector as a whole. Other alternative explanations for the negative impact of competitiveness on stability can be simplified monitoring of borrowers when banks have income, a variety of business strategies of banking organizations with a high level of competition, as well as complicating the tasks of the regulator in terms of monitoring the market with a large number of players.

However, there is another point of view on this issue which shows that the relationship between competition and stability is negligible. This happens in the absence of information asymmetry and the introduction of additional control over banks. In this case, an increase in competitiveness can create incentives to improve the efficiency of market mechanisms for regulating banking activities which as a result, can lead to an improvement in risk management mechanisms for banks and an increase in the stability of the banking system.

There is also another question that worries many economists. Social and environmental issues have great importance in the modern economic system. The financial system plays an important role in this process. Banks have huge investment potential to finance environmental and social projects. Due to the relevance of such projects this also serves as one of the indicators that can increase the competitiveness of the bank. There are many interpretations of the concept of green banking. Sultana (2020) and Hoque (2019) dealt with this issue. The generalized concept may be such green banking is a bank's activities aimed at reallocating monetary resources and financing projects to protect the environment. In addition, such banks increase the efficiency of their internal processes in order to minimizing environmental risks that can be made by their activities. The main tools for achieving such goals can be paperless document flow, online banking, issuing special bank cards and green bonds and investments, lending or mortgages that are provided solely for financing or refinancing new or existing environmental projects.

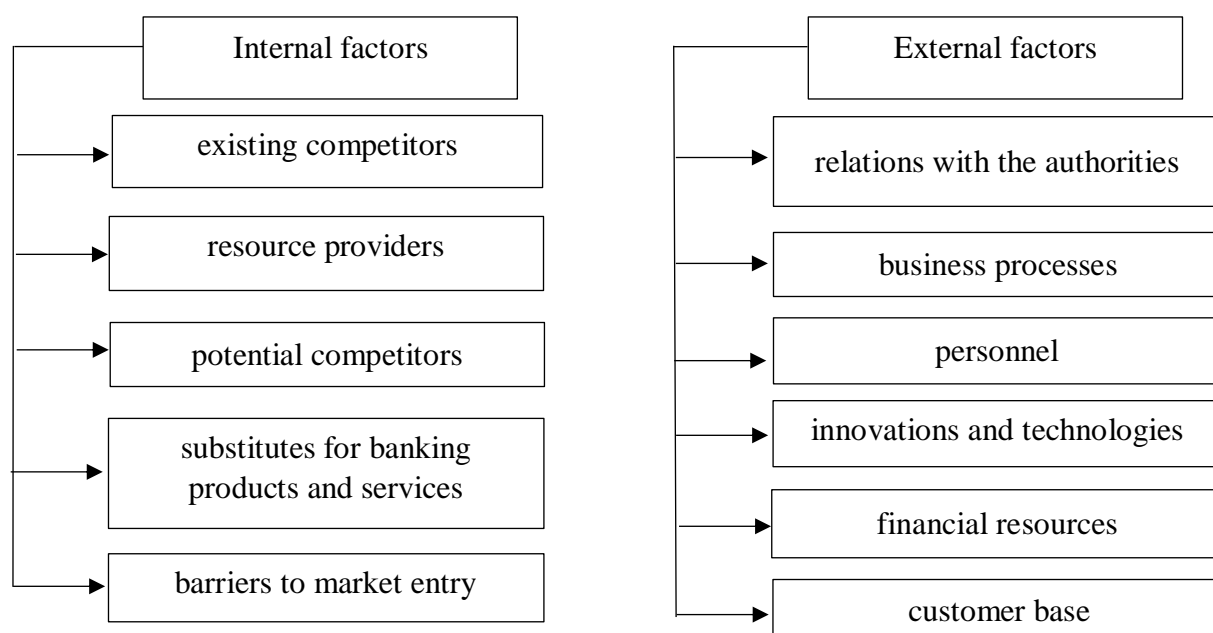
Given the dominant role of the banking sector in the structure of the financial market there is no doubt that it is banks that can become leaders in the redistribution of financial resources based on the principles of social and environmental responsibility. Accordingly, being one of the first banks to implement this program in their activities the green bank is becoming more competitive in this matter because it leads to increasing the organization of social significance and rating, securing a strong position among competitors and increasing economic efficiency of the institution.

1.2 Banking competition and its features

The level of competitiveness of a bank determines its ability to function effectively in today's market of banking products and services and in the current economic, political and social conditions. Another definition that should be mentioned as we go deeper into the topic of the competitiveness of a bank is its competition. Competition is an integral part of the banks. It depends on the many factors that affect it. In general, they can be divided into two groups, internal and external factors. In turn, these groups include many indicators. These factors are shown in Figure 1:

Figure 1

Internal and external factors of banking competition



Source: Harrison, 2019

It goes without saying that one of the most important external factors of competition is the existing competitors of the bank. Therefore, bank's managers should paid to this topic special attention in order to remain competitive. In order to understand who the main banks' competitors are we should look through the most appropriate definition of the levels of banking competition that was researched by many financiers. For instance, Hac (2019) highlights following levels of competition between competitors in the banking market.

The first level is the struggle between commercial banks which are divided into universal banks that offer almost the entire range of financial services for all market segments and specialized banks that specialize in a particular market segment and, accordingly, offer services

specific to this segment. The second level is competition from non-bank financial organizations, for example investment funds, leasing organizations, pension funds and credit unions. The third level is competition from non-financial organizations which can offer a limited number of services, but it can become serious competitors in a particular type of service, for instance, trading houses or post office.

Another one of the most important factors is consumers that directly affect the level of competition and competitiveness of the bank in the market of banking services. Without consumers a banking system may not exist. Consumers are segmented into two groups. They can be individuals and business. Martinović (2018) claimed that banks can shape their policy due to the needs of the clients, so this factor is very significant for banks' competition. Despite the importance of the bank's competitors and clients, it is necessary to take into account other factors that may affect the competition among banks. Therefore, another important external factor that determines the competitive climate and competitiveness requirements is the threat of appearing of new competitors which are in the banking sector. Direct competitors are the most serious threat for existing banks. Consumers can easily switch to the product they offer if this product has the best price, quality, service, terms of cooperation and after-sales service.

Nevertheless, Gorgun (2021) emphasizes that the presence of direct competitors forces banks to look for new ways to promote and develop innovative products as well as optimize its activities. Indirect competitors, in turn, offer substitute products on the market that have the same consumer value for the consumer and can replace it. The presence of such competitors encourages a commercial bank to develop itself and its product for a qualitative change in its consumer value. There is also such a category as potential competitors. These include organizations that are considering entering the same market offering a similar product and, thus, are able to change the existing situation on it. Such a competitor can be considered an organization that meets the needs of customers with its unique product in a more efficient way or with lower resource costs.

It is going without saying that banking is a very complex system that can affect the entire economy. That is why it is subject to strict control and it is difficult enough to start such activities. Thus, next important factor influencing the level of competition in the market of banking services and the effective functioning of banks is the presence of entry barriers that can limit the number of market participants as well as reduce the likelihood of new ones.

Li (2019) researched entry barriers in financial sector and how it influences on market participants. From his study we can distinguish the following main entry barriers. Firstly, all banks need to go through a complicated procedure and obtain a banking license. After this step new market participants can face to a number of problems such as a large number of banking market participants, high differentiation of services and high costs of attracting consumers. The next

barrier also can be lack of sufficient legal regulation and high level of risk. In turn, it is difficult to disagree with Yin (2020) who claims that the state which setting various legal barriers the most influences on the level of competition and, accordingly, the competitiveness of banks. Such barriers include regulatory systems, licensing, supervision of banks and regulation of their activities. Another factors that can affect competitiveness is substitutes for banking services and the suppliers of resources. The latter are necessary for bank's successful and efficient operations and Konovalova (2021) proposes to divide it into the following groups such as financial, labor, material, information and technological resources.

Different channels are the suppliers for these resources, so we should understand how it creates. For example, the suppliers of financial resources are clients of the bank, Central bank of the country and other financial organizations that provide bank lending services. The suppliers of labor resources are educational institutions, the labor exchange and people. Information resources come from various sources such as external (consumers, government, media, the Internet) and internal (organizational staff, internal systems). The technological resources of the bank include a set of software that allows the bank to carry out its activities as well as ensures the security of operations. Software providers can be both specialized firms and employees of the bank's IT department. Material resources include office and office equipment. Providers of such resources have a little influence on the bank's activities and are easily replaced.

If we speak about internal environment of the bank then the main key qualitative and quantitative factors which are proposed for using by different researchers, in particular Nwaubani (2019), are these indicators:

- financial resources (assets and liabilities of the bank, their structure and dynamics);
- financial results, indicators of bank efficiency;
- personnel (labor productivity, professionalism, moral and material motivation of employees);
- business processes of the bank (formation of the range of banking products, marketing, image creation, advertising, setting tariffs, sale of banking products, management and other processes);
- innovations (professional development, introduction of innovative products and services);
- communication and information technologies;
- customer base (structure, commitment, loyalty);
- relations with the authorities.

Except external and internal factors for banking competition is necessary to constantly track and analyze of competitors. Such research will allow to develop a strategy to strengthen its

position in the banking sector. On this case there is the most common used information for competitive monitoring. Arce (2018) was one of the researchers who studied this problem. In general, it can be grouped into such categories:

- name of the bank, its organizational and legal form, founders, management;
- the size of the authorized capital in the dynamics of the last few years;
- types of banking operations in accordance with the license of Bank of Lithuania;
- branch network, its size, territorial location;
- list of basic banking products and services, price and consumer feedback on them;
- system of payment and motivation of bank employees;
- organizational structure of the bank;
- brand and image of a competing bank;
- advertising;
- service quality system.

It should be noted that the above list can be changed based on the needs of the bank and their specialists conducting the study, so it is not necessary use all categories.

In order to understand what type of competition between banks is on financial market we should deep in these definitions. There are a lot of studies of this topic and many financiers, for example, Yuanita (2019), Liyanagamage (2021) and Goetz (2018) have their own opinion on these issues, but below we highlight the main essence of types of competition. Currently there are different types of competition between banks. The main ones are shown in Figure 2.

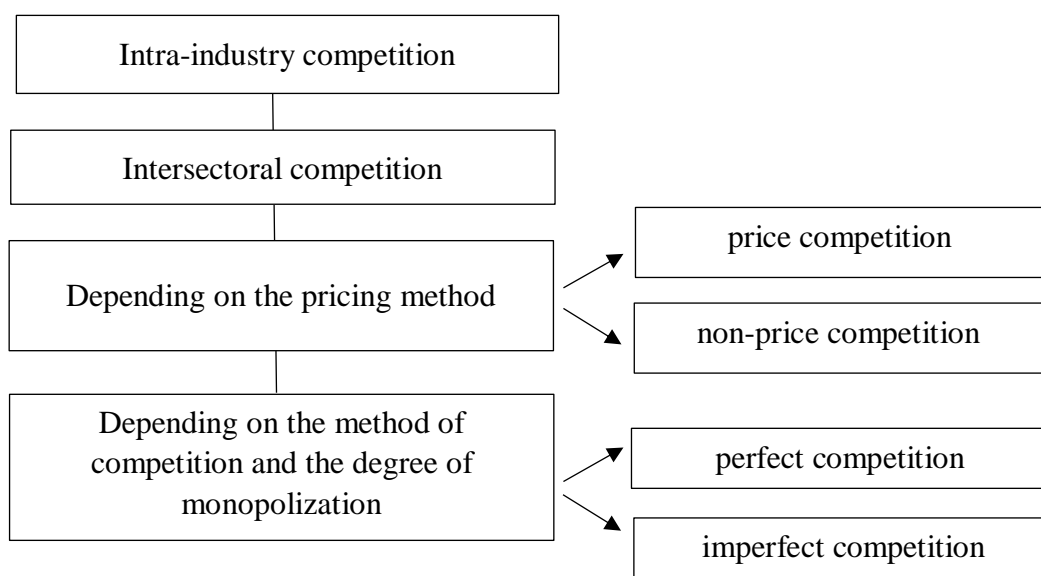
To begin with, intra-industry competition we can observe between banking institutions that produce similar products and services and meet the same need but are differ in a price. Intersectoral competition is a competition between banks and other institutions in different industries. Such competition type become more widespread recently because of growing competitive organization in a financial sector.

Depending on the pricing method we can observe two types of competition. First of them is price competition. Ribeiro (2019) have researched the topic of such competition that carried out by changing prices. Given that in the banking sector there is no clear relationship between the value of the banking product and its price, so credit institutions have the opportunity to vary prices for banking services by changing interest rates, tariffs, commissions. It is worth noting that despite the ability of banks to set interest rates themselves, they can still be limited by the state through the establishment of minimum and maximum limits. Regulation of the banking sector by the state is necessary, on the one hand, to control the legality of commercial banks, and on the other hand, to protect the population as the main consumers of banking products and services. Non-price competition is based on improving the quality of the banking product or service as well as

conducting a targeted policy of its differentiation (including advertising and sales promotion measures). According to Tian (2020) the main quality criteria that each commercial bank can choose individually is, for example, the quality of customer service, the bank's schedule, the correctness of banking operations and etc.

Figure 2

Types of competition between banks



Source: Akbarov, 2018

Depending on the method of competition and the degree of market monopolization there are also two types. Perfect competition represents unrestricted competition where there are a lot of market participants in the market who are on equal terms and cannot independently influence the price of the product. Lucchetta (2017) considered this model in which we can observe a balance of supply and demand. Imperfect competition is competition that is limited due to the fact that one or more subjects of market relations occupy a dominant position in the market. In turn, imperfect competition is divided into three types such as monopoly, oligopoly and monopolistic competition. Trebicka (2014) have described these types in the next way. Monopoly is a market in which a single firm sells 100% of a product that has no substitutes. Penetration into the industry of additional firms is blocked, so the firm represents the entire industry. Oligopoly is characterized by a small number of firms and this means that the decisions on the determination of prices and volumes of production are interdependent. Products can be homogeneous or differentiated. As a rule, joining oligopolistic industries is quite difficult. Finally, monopolistic competition resembles perfect competition in that it also presupposes the presence of many small firms as well as ease of entry and exit. However, in this case, the products of different companies are differentiated.

Product differentiation is the basis for creating favorable conditions for the sale and renewal of products.

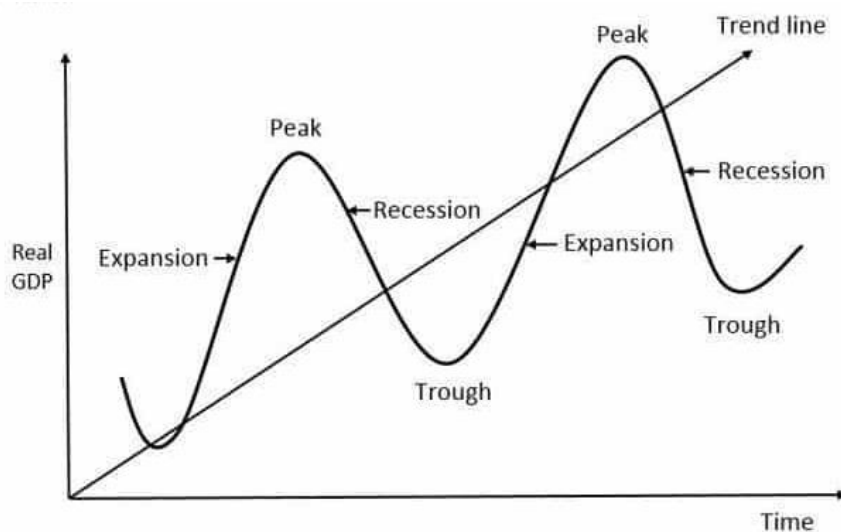
It is also worth noting that competition is a component of financial economic cycles, and therefore, there is a certain relationship between them. Many researchers, in particular Băeșu (2019) and Klinov (2021) were engaged in the study of this actual topic. Look through the research we can say that financial economic cycles are a system of factors that characterize the state of demand, supply, prices and the level of competition in the financial market as a whole or in its individual segments.

The following four stages are observed in this financial market situation:

- expansion;
- peak;
- recession;
- trough. For better understanding such economic cycles it is shown in Figure 3:

Figure 3

The economic cycles of the financial market



Source: Business yield, 2021

Berger (2020) and Alexandrov (2018) tried to deep in this topic. From the research we can say that there is expansion in economic cycles when the market observes increasing of activity of market processes in connection with the recovery of the economy. Manifestation of the situation is characterized by an increase in demand for certain financial instruments, rising prices (interest rates) for them, increasing competition among financial market operators, financial intermediaries, etc. Peak is characterized by a sharp increase in demand for major financial instruments. During this period prices (interest rates) for investment objects is rising, incomes of investors and financial

intermediaries are increasing. Contraction is associated with a decrease in investment activity due to the beginning of the recession in the economy and the relatively high supply of various financial instruments with declining demand for them. This stage is characterized first by stabilization and then the beginning of lower prices for most financial instruments. The stock market during this period begins to take shape as a "bear". Trough is the most unfavorable period in terms of investment activity, sales of financial instruments and the level of their profitability. At this stage of the financial market prices (interest rates) for investment objects are significantly reduced. Such fluctuations affect banking activities which can change the competitiveness of banks.

From all of the above, we can claim that the banking system is one of the most important elements of a market economy the efficiency and stability of which largely determines the degree of development of the economy of each country. The competitiveness of the banking system is a universal tool and a key link in solving the problem of increasing the country's competitiveness. There is the difficulty of studying this issue in the field of financial relations because of the existence of debatable points and the lack of consensus in science. In accordance with this determining the essence of the bank's competitiveness in the economy is one of the global issues of economic theory. However, solving such difficulties is the direction of development of the banking sector today by increasing the efficiency of its operation which can be achieved by removing barriers to the development of fair competition between banks and increasing the transparency of the banking sector. The ability of the system to provide high-quality and cost-effective financial intermediation services for all national economic agents from large and medium-sized businesses to small businesses and individuals depends on this.

1.3 Development of financial technologies in the banking sector

It is no revelation to anyone that in order to maintain the competitiveness of any business it is necessary to constantly develop. This directly applies to the financial services sector whose consumers expect more and more new services and offers from financial institutions every year. People of the new generation are characterized by a high degree of involvement in digital technologies. They are accustomed to using various online services, so for them the priority is not only the availability of online financial applications, but also the ease of use.

At the moment companies specializing in the creation of new technological solutions for classic financial services have already formed a whole industry called "financial technology" ("FinTech"). Therefore, Dwivedi (2021) stated that in some areas Fintech was already beginning to compete with traditional financial institutions. It is also impossible to imagine a modern bank without automated management systems. But before the active development of "FinTech", banks

developed an IT direction mainly to increase the security of operations and minimize operating costs. In turn, “FinTech” is focused, first of all, on convenience of clients.

Many researchers, namely Ky (2019), Le (2021) or Bilan (2019) have studied this topical issue. From their research we can identify the following main ideas. On the one hand, Fintech companies create additional risks to maintain the competitive position of banks in the financial market, and on the other hand, the possibility of establishing partnerships between these structures and banks. Thakor (2019) considered this issue in his research and tried to understand how fintech interacts with the banking system and what consequences such interaction has. This topic is especially relevant in the current development of the banking business and the simultaneous growth of the virtual market. We can say that today FinTech companies are actively developing programs for financial transactions using mobile phones, creating payment systems and platforms for transactions, as well as attracting customers to conduct financial transactions without the participation of banks.

What is financial technology? According to Wang (2021) financial technologies (“FinTech”) is the introduction of innovative technologies in the field of creation and delivery of financial services and products. In other words, it is a set of modern technologies that allow individuals and businesses to receive financial services and conduct financial transactions remotely via electronic means (mobile applications, other software interfaces) securely and automatically without the direct participation of a bank or other financial institution. It is worth noting that this industry is quite dynamic and each significant breakthrough in a particular technology can determine a whole new direction in the development of “FinTech” for several years to come. Feyen (2021) claims that the main factors of origin and development of “FinTech” can be development of technologies and innovations, in particular, the Internet has become widespread.

According to Legowo (2021) a lot of factors influence fintech. For instance, smartphones and mobile applications have appeared and are gaining popularity even in developing countries as well as social networks are spreading rapidly. Moreover, technology companies of the "Big Five" (Amazon, Facebook, Google, Apple, Microsoft) have developed innovative products and services that set new standards of quality, speed and convenience for consumers. Labor migration increased and, accordingly, remittances increased. Small and medium-sized businesses began to look for alternative ways to finance their activities. If we analyze the areas in which the implementation of the largest number of innovations, there are several main types of financial service. The most popular area is payments and money transfers. After it there is lending, management of capital and operations in financial markets and insurance.

However, both banks and fintech companies have their strengths and weaknesses. The main corresponding data are shown in Table 2:

Table 2

Comparison of advantages and disadvantages in the activities of banks and FinTech companies

Banks	FinTech companies
Benefits	
Possess significant financial resources and are capable conduct large-scale operations	Provide speed and ease of use of products, as customers regardless of their location can quickly obtain the necessary data via the Internet
Have more experience in the field of financial services and compliance with regulatory requirements	Able to use more quickly and efficiently in its work the latest advances in information technology and financial innovation
Have a stable relationship with customers and use their greater confidence	Offer a large selection of personalized products at based on the information collected about their customers
Have a well-developed customer base data	They offer more favorable conditions for their own services due to saving significant funds for the maintenance of physical infrastructure
Have the opportunity to offer more services in one place	Have fewer restrictions from financial market regulators
Drawbacks	
Have limited opportunities to quickly reorient to the growing needs of customers, as the activities are seriously regulated by the regulator of financial market	Have limited access to capital and funding, and a lack of time to gain trust customers
Sometimes are conservative in the introduction of the latest information and financial technologies	Do not guarantee stability in work because they proceed from a technological solution without reference to life practice
Not ready to invest in the development of innovative products own time and human resources	Exposed to the risk of non-compliance with the rules of confidentiality of customer data
They spend a lot of money on the maintenance of physical infrastructure	Specialize in a narrow range of services and operations

Source: Bilan, 2019

Hence, we can say that for both banks and FinTech companies the most sensible strategy is not competition, but the use of various mutually beneficial options for cooperation. That is why the banking services market is currently experiencing an increase in the number of measures aimed at deepening cooperation with financial startups. This is done in order to introduce innovative methods of work, new banking products and services to increase and expand the customer base and increase the competitiveness of the bank.

There are a number of advantages to integrating fintech solutions into banking services. This can be the convenience of receiving banking services without being tied to branches and business schedules or speed of operations due to automation and reduction of errors due to the human factor. There will be also gradual transition from offline to Internet and mobile banking. Uniqueness will be created because new solutions provide significant competitive advantages. Moreover, such integration will lead to reduction of costs for banks, increasing of economic efficiency and income growth.

In Frederica's (2021) opinion, joint work between FinTech companies and banks can only improve their work. Options for cooperation between them may be different. For example, a bank can improve an existing product, develop a completely new (unknown to the market) product or develop a new product for the bank, but already known to the market. Cooperation with FinTech startups covers all aspects of the bank's activities including internal innovations that are directly used within the bank (for new types of banking products, services, new methods of work) and external which aimed at improving or applying new methods of selling banking products or development of new marketing technologies. At the same time, the knowledge, experience and loyal customer base gained by banks are a great value for FinTech projects. In fact, customers may not trust their data or money to an unfamiliar brand or digital market, but they will continue to trust banking security.

One example of a technological partnership between banks and fintech companies was given by Abdrazakova (2019) in her research. This is an "open API" ("Application Program Interface"). With access to the banking API, developers from FinTech companies can create applications based on bank data. This is beneficial for the bank in terms of obtaining new ideas, as well as minimizing the time and labor costs of employees to innovate. In turn, FinTech companies receive funding for their projects. That is why banks should build partnerships with FinTech firms in order to remain competitive and have market share.

This partnership creates a lot of benefits for both traditional banks and FinTech firms. First, banks will provide freedom for experimentation as FinTech operates in an environment free of infrastructural and cultural constraints. Second, traditional banks can help FinTech firms expand their business by providing the financial infrastructure, capital and access to their vast customer base. Third, FinTech companies can offer banks innovative technologies to improve customer relationships, reduce costs and increase cybersecurity. As a result, the cooperation will help both traditional banks and FinTech companies to focus on their competencies and make a significant contribution to the banking industry.

2. METHODOLOGY FOR ASSESSING OF BANK'S COMPETITIVENESS

Today the assessment of the competitiveness of a commercial bank is a very important topic. In the process of competition there is a problem of assessing the level of competitiveness of commercial banks aimed at identifying the pros and cons of their activities. Currently an important aspect in the development of Lithuania is a decent support of the competitive environment among banks. That is why in order to achieve a high level of competitiveness in the banking sector it is necessary to pursue an effective management policy of a set of measures to preserve the competitiveness of the bank. For it we need to have operational and objective methods of assessing competitiveness.

2.1 The ways of assessment of banks' competitiveness

There are many options for assessing the competitiveness of the bank offered by various researchers. One of the options proposed by Plotnikova (2020) is based on internal reporting system, system for collecting external information, information analysis system and system of marketing research.

In order to conduct a qualitative analysis banking specialists must understand what these indicators include. Kolesnik (2017) reviewed in his work what factors should be included in the study of the competitiveness of financial institutions. The internal reporting system should be aimed at fully reflecting current business information about the bank's activities. The system of collecting external information involves the accumulation of various data on the situation in all markets especially those where the bank operates, on all subjects of market relations (existing and potential competitors, customers, etc.) as well as the state of macro-environmental factors. Basic external information can be obtained from the following sources: the media, the Internet where annual reports are published, statistical reporting, banking publications, directories, other specialized publications, personal contacts with customers, exchange of information with management and employees of other banks or acquisition of necessary information in specialized organizations.

The main purpose of the information analysis system is to process the available data which allows to draw appropriate conclusions within the research problem and to develop the main ways to solve it. The analysis system includes statistical methods of information processing and methods of mathematical models designed to solve optimization problems related to various aspects of the bank. The need for a set of marketing research is determined by the specific situation facing the bank when management can no longer rely on internal reporting and collection of external information.

Many economists, particularly Sitnikova (2021), have asked questions why it is important to pay much attention to the bank's competitiveness and conduct this type of analysis. It goes without saying, each researcher has different answers. From the research we can highlight the most important of them. In our opinion, assessment of the competitiveness of a bank is necessary for development of measures aimed at improving it, identification of contractors for joint activities, development of a strategy for the bank to enter new markets, new regions etc. and implementation of investment activities.

The assessment of banks' competitiveness can be carried out by various entities. The main of them which can analyze of the state of banks are:

- Central bank of the country;
- specialized rating agencies;
- commercial banks;
- different authors who develop their private methods for assessing.

Each of these subjects of analysis pursues its own goals. Kuznyetsova (2018) identified the following goals: Central bank performs supervisory functions. It sets and approves standards that can affect the competitiveness of banks. Finance institutions carry out this work within the risk management system, for improving own politics, etc. Private authors use it for their scientific works and research.

Competitiveness in the banking sector is actively assessing by the rating agencies. It is a commercial service which may be substituted by the deputies of the state, the company, the financial organization. Filip (2019) examined the largest rating agencies in his research. Such companies play an important role in the activity of banks. The recognition of the rating gives the banks the opportunity to promote their services to a greater number of customers, to rob more of them and inject into their reputation. Rating agencies are subdivided into international and national ones. For example, international well-known rating agencies are Fitch, Moody's, DBRS and Standard & Poor's.

According to Ruddy (2021) due to ratings the potential customers can give an independent thought about the financial stand of the bank on the market, about the safety of the investment and the position of the bank. The same agencies check financial institution not only at the moment of assigning the rating, but also in extending the period of time, so clients may have access to information in fact in real time.

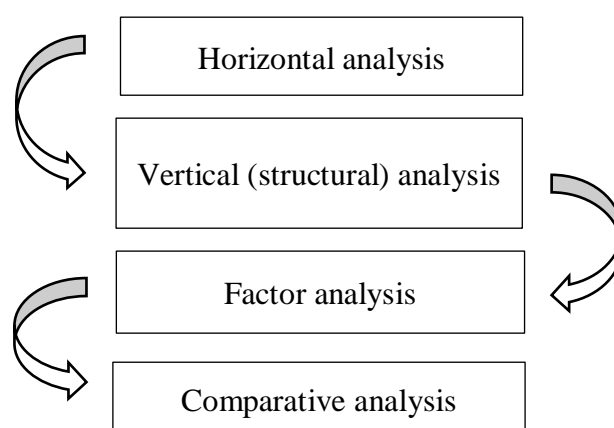
2.2 Methods and techniques of competitiveness analysis

Features of the use of financial information as well as the objectives of the analysis of organizations cause differences in existing methods for evaluating their activities. Many methods are based on identifying the financial position of the bank. Others determine the degree of its reliability, solvency or stability. In most cases the result of final performance of the bank is one-sided and despite the practical significance of the study cannot serve as a characteristic of the overall level of the banking system. For this reason, the application of many such techniques should be considered as part of the assessment of the competitiveness of finance institutions which involves an analysis of the most important aspects of their activities.

There are different techniques for doing the analyses. Fuior (2021) identifies such the main methods of competitiveness analysis that are shown in Figure 4:

Figure 4

Techniques of competitiveness analysis



Source: Fuior, 2021

All of them characterize the bank's competitiveness from different angles. Horizontal analysis shows the change in the studied parameters for different periods. Vertical (structural) analysis shows the structure of the analyzed parameters and the impact of their changes on the final performance. Factor analysis allows to determine the degree of influence of various factors on the magnitude of changes in key indicators. The comparative analysis consists in comparison of indicators of the researched organization with indicators of the basic competitors in the market.

In the modern economic literature there are a large number of methods for assessing the competitiveness of the bank which differ depending on the approaches to the object of study. The main approaches to assessing the competitiveness of banks are:

- PEST-analysis for identifying political, social, economic, technological environmental factors that affect the functioning and prospects of development (Barabas, 2018);

- analysis of Porter's five forces which reveals the content of threats and opportunities for further development of appropriate strategies (Hole, 2019);

- CAMELS rating system that based on the calculation of six indicators names of which make up the abbreviation (Gaul, 2021): “C” (capital adequacy) is capital adequacy ratio which determines the amount of the bank's own funds required to guarantee creditors; “A” (asset quality) is an indicator of asset quality which determines the degree of risk of assets; “M” (management) is an indicator of the quality of management and compliance with laws and regulations; “E” (earnings) is an indicator of profitability and its sufficiency for future growth of the bank; “L” (liquidity) is liquidity ratio which determines the adequacy of funds that can be quickly converted into money. “S” (sensitivity) shows how risk influences the institutions.

According to the results of the assessment the bank belongs to one of the following categories: “1” demonstrates the strong management policy of the bank, its reliability and efficiency. This position is called "strong". “2” reflects a satisfactory situation in the bank and a sufficient level of risk management. “3” is in banks with significant shortcomings and an average position. If the deficiencies are not corrected they can lead to irreversible consequences. “4” and “5” are groups "marginal" and "unsatisfactory" respectively. These banks need close supervision and appropriate reorganization procedures.

- SWOT analysis which assesses the complex of internal and external factors influencing the development of the bank (Vlados, 2019). The abbreviation SWOT stands for as follows: "S" are strengths and advantages of the company over competitors. "W" are weaknesses, shortcomings and the features because of it the bank loses to competitors. "O" are opportunities and resources to increase competitiveness. "T" are threats to the organization that must be anticipated or force majeure circumstances. In general, the matrix of SWOT analysis is presented in Table 3:

Table 3

Matrix of SWOT analysis

	Positive impact	Negative impact
Internal environment	Strengths	Weaknesses
External environment	Opportunities	Threats

Source: Siddiqui, 2021

An assessment of the competitiveness of a bank based on a comprehensive analysis allows us to assess the bank's ability most accurately to actively promote in the market for various activities.

2.3 Proposing the most appropriate method for assessing competitiveness of the bank

In the process of competition there is a problem with the use of methods for assessing the level of competitiveness of banks because there is a lack of in-depth theoretical and practical work as well as the fragmentary nature of research that does not affect many important aspects of banking competitiveness. Therefore, the search and possibility of applying the methods of assessing the competitiveness of the bank which would include an analysis of the most important areas of its activities and is universal for financial market stakeholders is quite relevant. Competitiveness is determined by many indicators that characterize the efficiency of the bank. In Momot's (2019) opinion, modern assessment methods have both advantages and disadvantages which must be considered individually in each case. That is why for the effective assessment of the competitiveness of banks it is necessary to conduct an analysis using both quantitative and qualitative characteristics.

Calculation and analysis of quantitative and qualitative indicators of banks has a paramount importance in assessing its competitiveness. One of the methods to analyze the situation of the bank is the method developed by Spitsyns (1993). The essence of this method is that the competitiveness of the bank is assessed as a whole and calculated according to the criteria for the currency of the bank's balance sheet. However, we consider that this method of assessment is incorrect nowadays. In our opinion, the method of estimating the balance sheet currency was appropriate in the early 90's. The level of competition among banks which were mostly state-owned was very low. The market for banking services was just beginning to develop.

Thus, in the developed market of banking services it is necessary to assess the competitiveness of the bank in the markets of different banking products and by different activities. For example, the bank has a high level of competitiveness in the credit market but is weak in the deposit market, and vice versa. Different banks may specialize in different markets depending on their strategy. Their loan and deposit portfolios are formed according to it. Therefore, it is difficult to compare such banks in general in order to assess their competitiveness.

In our research, we plan to determine the competitiveness of the bank and its competitors in the markets of different banking services and compare them. At the same time, we apply the general approach of Spitsyns to the evaluation criteria.

According to this methodology, in order to assess the bank's competitiveness it is necessary to compare its position with the position of the main competitors in the market. Such a comparison is based on a number of criteria:

- absolute and relative share of deposits and loans;
- the trend of these criteria;
- relative profitability;
- relative quality of services;
- relative price of services;
- relative activity of the bank among individuals and legal entities.

The banks that will be compared in our work operate in Lithuania and Ukraine. These banks are the most popular and serve most of the market each in their own country, so a comparison of them will be relevant in our study. The list of them is shown in Figure 5:

Figure 5

The list of selected banks for assessing competitiveness of the banks

Lithuanian banks	Ukrainian banks
AB SEB Bankas	JS CC Bank “Privatbank”
Luminor Bank	JSC “Alfa-bank”
AB Swedbank	JSC “State savings bank of Ukraine”
AB Šiaulių Bankas	JSC “Raiffeisen bank Aval”

Source: built by the author

The analysis in the research is conducted on the basis of annual reports for 2021. The period for establishing the change in the trend is conducted from 2017 to 2021. Reporting data published by all banks allows us to calculate the total amount of loans and customers' deposits after which we can determine the absolute share of each bank of the main competitors in the banking system. In turn, the relative share of granted loans and deposits are determined by the ratio of the share of each bank to the total amount of loans and deposits to major competitors.

Since the change in the share of the bank in the credit or deposit markets are accompanied by a change in the growth rate of the whole market, it is not correct to conduct a comparative

analysis of market share growth of each of the surveyed banks without taking into account the credit or deposit markets growth rate. Thus, it is also necessary to consider the trend of these markets.

The main indicator of the bank's profitability is the ratio of profit to the bank's equity. Comparing the profitability of the bank with a similar average of the main competitors determines the decision made by customers when they are placing funds in a particular bank or borrowing it. It is worth noting that the profitability of banks depends largely on increased competition between them. In addition, the main criteria by which the bank's position is compared with the position of major competitors are the relative quality and relative cost of banking services. We propose to combine these two criteria and apply a modified approach to assessing the market position of banks assessing the competitiveness of banks. Its essence is to use the method of positioning services provided by banks which allows a more accurate to assess their place in the market as well as more accurately to identify the main competitors for each bank.

For assessing the quality of credit and deposit services the following parameters were selected: assortment, terms of products' provision, speed of provision, ways of promotion, quality of after-sales service and level of consulting services. We will assess the level of development of parameters for each of them based on the available information about the activities of competing banks and customer feedback and, as a result, we will obtain the overall actual and relative level of quality of services provided by each bank. For this purpose a fifty-point scale is used according to the following principle:

- 1) 50 points - the best level;
- 2) 40 points - above average level;
- 3) 30 points - average level;
- 4) 20 points - a level below average;
- 5) 10 points - low level.

We will also estimate the level of cost of credit and deposits services according to the data on tariffs of banks with this a fifty-point scale. However, the distribution of points for loans will be carried out in reverse order, namely:

- 1) 50 points - low price level;
- 2) 40 points - a level below average;
- 3) 30 points - average level;
- 4) 20 points - above average level;
- 5) 10 points - a high level of prices.

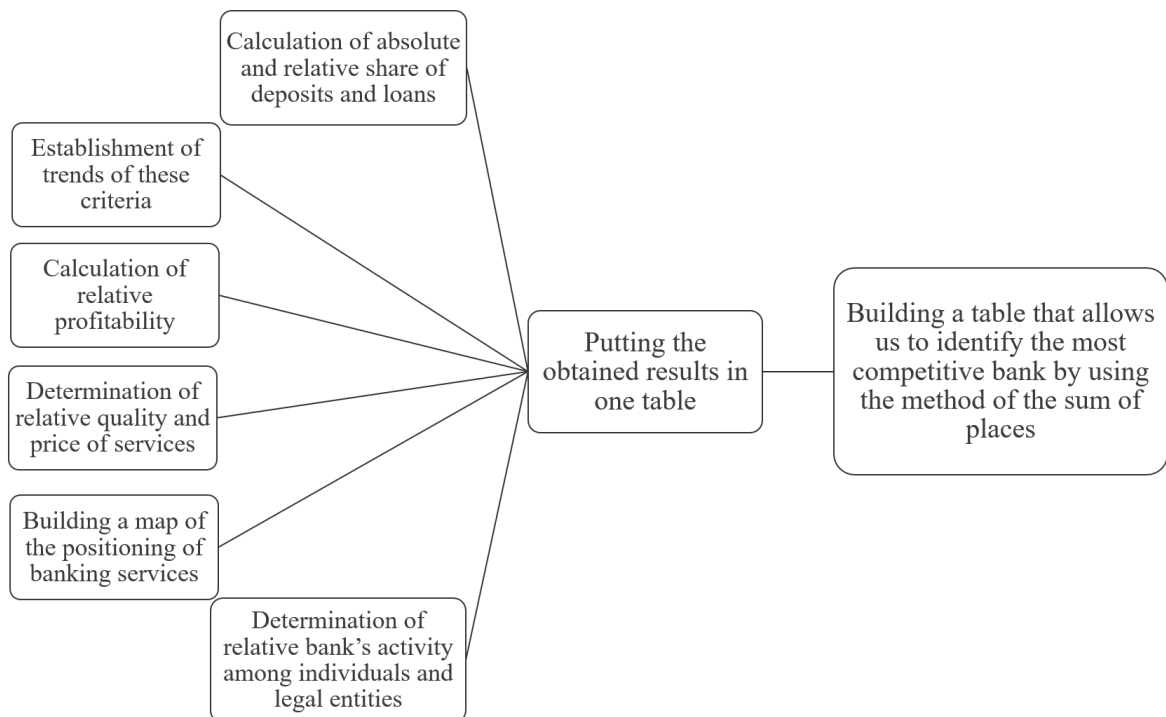
After it, a map of the positioning of banking services is built based on the obtained actual indicators of the level of quality and cost of services of banks which reflects the level of

development of all activities of commercial bank. In this case the x-axis reflects the value of service quality and the y-axis - the value of the cost of services, resulting in four quadrants: low price and low quality; low price and high quality; high price and low quality; high price and high quality. Building a map of the positioning of banking services in terms of quality and price allows us to more accurately determine the position of the bank in relation to major competitors and, consequently, improve the quality of assessment of its competitiveness.

Moreover, different banks may specialize in the market of services for both individuals and legal entities depending on their strategy. To determine the competitiveness of banks among them it is necessary to find the relative weight of loans and deposits among individuals and legal entities. Having analyzed the position of the main competitors in the market according to the presented criteria, we will conduct a comparative comprehensive evaluation of the results of the study using the method of the sum of places and, thus, determine the level of competitiveness of competing banks. After the procedure of organizing the criteria for growth, we will build a table that allows us to identify the most competitive bank by the amount of points. For better understanding the sequence of analysis is shown in Figure 6:

Figure 6

The sequence of analysis for assessing competitiveness of the banks



Source: built by the author

As we can see, this method takes into account not only quantitative but also qualitative indicators. In addition, the comparison is conducted in different markets of banking services which allows to assess more accurately the competitiveness of the banks. That is why, in our opinion, the use of this method is the most appropriate.

3. ASSESSMENT OF BANKS' COMPETITIVENESS

Lending and deposit activities are one of the main activities of every bank regardless of its type. Lending is the most important activity of banks because of it determines the profitability and stable financial condition of the bank. Bank loans play an important role in financing the development of a market economy as they meet the temporary needs of some enterprises and individuals in additional funds due to their temporary surplus in others.

An important basis for the activities of banks is the formation of the resource base because for carrying out commercial and economic activities banks must have a certain amount of money. The deposit portfolio is an important component of this base. The most important performance indicators of a banking institution depend on the efficiency of the deposit portfolio management. That is why it was expedient to assess the competitiveness of certain Lithuanian and Ukrainian banks by these types of activities.

3.1 Assessment of the level of competitiveness of banks in the credit services market

According to the method of Spitsyns, firstly we have to determine the absolute and relative shares of banks and after that compare the shares held by each bank. The results are in Table 4.

Table 4

Absolute and relative share of loans to customers in the banking system which were provided by major competing banks on 2021.12.31

Lithuanian banks				Ukrainian banks			
Name of the bank	Volume of loans to bank's customers, EUR million	Absolute share, %	Relative share, %	Name of the bank	Volume of loans to bank's customers, EUR million	Absolute share, %	Relative share, %
AB SEB Bankas	6914	17.42	27.3	JS CC Bank "Privatbank"	10016	30,01	53,37
Luminor Bank	9946	25.06	39.27	JSC "Alfa-bank"	2694	8,07	14,35
AB Swedbank	6579	16.57	25.97	JSC "State savings bank of Ukraine"	3472	10,40	18,50
AB Šiaulių Bankas	1890	4.76	7.46	JSC "Raiffeisen bank Aval"	2586	7,75	13,78
Volume of loans of competing banks, EUR million	25329	63.18	100	Volume of loans of competing banks, EUR million	18768	56,24	100
Total amount of loans granted to customers, EUR million	39693	100		Total amount of loans granted to customers, EUR million	33372	100	

Source: built by the author on the basis of Annex 1

The Table 4 shows that the main competitors serve more than half of the entire credit market of Lithuania and Ukraine. Lithuanian banks have 63.18%, Ukrainian ones - 56.24%. In Lithuania the largest absolute share belongs to “Luminor Bank”. This indicator is 25.06%. In relation to its main competitors, this bank serves 39.27% of the credit market. Other Lithuanian banks have smaller absolute and relative shares, so the ranking results show that the second place belongs to “SEB Bankas”, “Swedbank” is the third and “Šiaulių Bankas” has the smallest share of loans among the main competitors. Its absolute share is 4.76% and relative share is 7.46%. If we talk about the Ukrainian credit market, we can see the next results. “Privatbank” is the undisputed leader. Its absolute share is 30.01% and the relative share is as much as 53.37%. Other Ukrainian banks have much lower results, among which “Raiffeisen bank Aval” has the lowest absolute and relative shares, 7.75% and 13.78%, respectively.

The results of the analysis of the total volume of loans granted to customers by competing banks revealed trends in their share in 2017-2021 (Table 5 and Annex 4).

Table 5

Dynamics of the total volume of loans granted to customers by Lithuanian competing banks from 2017 to 2021

Year	Indicator	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	Total volume of loans granted, EUR million
2017	Volume of loans to customers, EUR million	5960	11987	4830	1103	25736
	Share throughout the banking system, %	23.16	46.58	18.77	4.28	100
2018	Volume of loans to customers, EUR million	6407	11472	5344	1265	27373
	Share throughout the banking system, %	23.41	41.91	19.52	4.62	100
	The growth rate of the share, %	1.07	-10.02	4.02	7.83	-
2019	Volume of loans to customers, EUR million	6332	10222	5933	1510	29199
	Share throughout the banking system, %	21.69	35.01	20.32	5.17	100
	The growth rate of the share, %	-7.35	-10.90	11.02	19.37	-
2020	Volume of loans to customers, EUR million	7696	9431	7008	1592	36283
	Share throughout the banking system, %	21.21	25.99	19.31	4.39	100
	The growth rate of the share, %	-2.19	-25.75	-4.94	-15.15	-
2021	Volume of loans to customers, EUR million	6914	9964	6579	1890	39693
	Share throughout the banking system, %	17.42	25.06	16.57	4.76	100
	The growth rate of the share, %	-17.88	-3.60	-14.19	8.52	-

	The average value of the growth rate, %	-6.59	-12.57	-1.02	5.14	-
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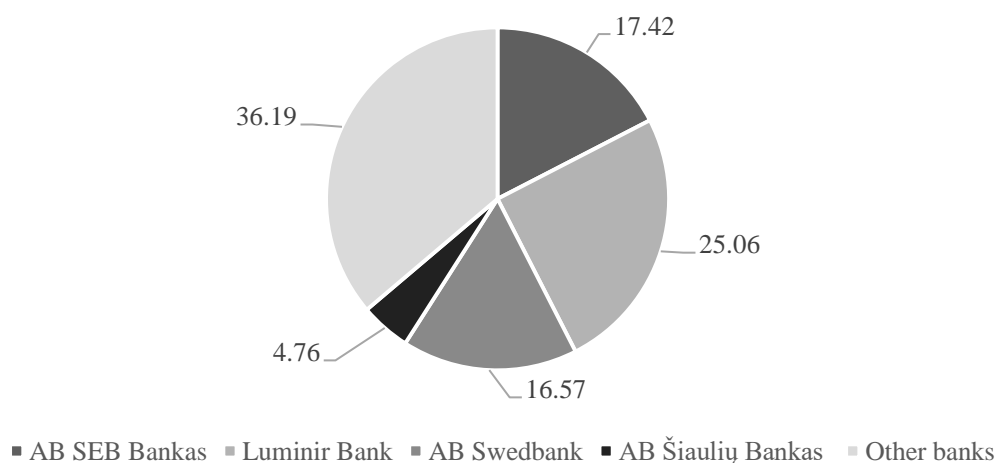
Source: built by the author on the basis of Annex 1

Table 5 and Annex 4 show that the average share of loans decreased in half of the cases and increased in the other half. A decrease in the average share of loans is observed in “SEB Bankas”, “Luminor Bank”, “Swedbank” and “State savings bank of Ukraine”. In “Šiaulių Bankas”, “Privatbank”, “Alfa-bank” and “Raiffeisen bank Aval” this share is growing. “State savings bank of Ukraine” has the largest curtailment of credit activities. Its share decreased by 13.11% over 5 years. “Luminor Bank” has an almost similar result at 12.57%. Such reductions in the share of banks in providing loans to customers may be due to the desire of these banks to limit risky operations in their activities. At the same time, “Alfa-bank” and “Raiffeisen bank Aval” show an increase in lending. Their shares increased by 20.55% and 15.72%, respectively, over the 5 years.

For greater clarity Figures 7 and 8 show the share of loans in total number of loans among competing banks in 2021.

Figure 7

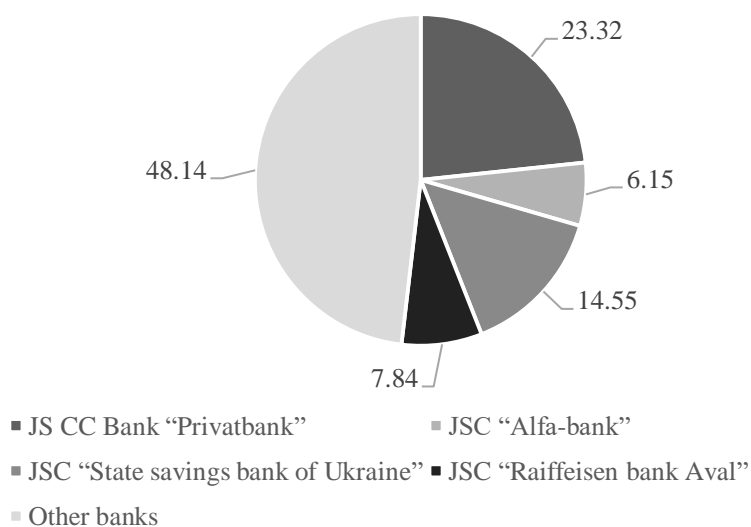
The share of loans to customers granted by Lithuanian banks in the total number of loans on 2021.12.31, %



Source: built by the author

Figure 8

The share of loans to customers granted by Ukrainian banks in the total number of loans on 2021.12.31, %



Source: built by the author

After it our task is determining the profitability of competing banks. Data about banks' profitability in 2021 are shown in Table 6.

Table 6

Relative profitability of Lithuanian and Ukrainian banks on 2021.12.31

Name of the bank	Profit before income tax, EUR million	Total equity, EUR million	Profitability of the bank	Relative profitability of the bank
AB SEB Bankas	144	943	0.15	1.03
Luminor Bank	82	1549	0.05	0.36
AB Swedbank	94	1013	0.09	0.63
AB Šiaulių Bankas	67	408	0.16	1.11
JS CC Bank "Privatbank"	403	2237	0.18	1.21
JSC "Alfa-bank"	102	504	0.20	1.36
JSC "State savings bank of Ukraine"	35	905	0.04	0.26
JSC "Raiffeisen bank Aval"	186	614	0.30	2.04
Average profitability of the main competitors	0.15			

Source: built by the author on the basis of Annex 2

The table shows that "Raiffeisen Bank Aval" has the highest profitability. Receiving 0.30 euros of profit per 1 euro of equity, which could make it more attractive to customers. As a result, the relative profitability of this bank was also at the highest level, 2.04. The lowest level of return

on equity compared to competitors is observed in “State savings bank of Ukraine”. Its indicator is only 0.04. Relative profitability of this bank is 0.26. However, this bank is a state-owned bank, therefore, large profits are not expected.

The next step is to score the quality of credit services provided by competitors. As a result, the overall level of quality of services provided by each bank was obtained. The corresponding data are shown in Table 7.

Table 7

Determining the level of quality of credit services provided by Lithuanian and Ukrainian competing banks in 2021

Evaluation criterion	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank “Privatbank”	JSC “Alfa-bank”	JSC “State savings bank of Ukraine”	JSC “Raiffeisen bank Aval”
	Rating							
Assortment	50	50	50	40	50	50	50	50
Terms of products’ provision	40	40	40	40	40	50	40	30
Speed of provision	40	50	40	40	40	40	40	40
Ways to promote	50	40	50	30	50	30	40	40
Quality of after-sales service	40	40	40	40	50	40	50	40
Level of consulting services	50	40	50	40	50	40	40	30
Total	270	260	270	230	280	250	260	230
Average quality level	255							
Relative quality level	1.10	0.98	1.02	0.90	1.10	0.98	1.02	0.90

Source: built by the author on the basis of questionnaires (Annex 6)

As we can see from the table, “SEB Bankas” and “Privatbank” have the highest relative level of quality of credit services, so according to the bank's customers the level of service provision is the best. Their indicator is 1.1. Close competitors with slightly lower results are “Swedbank”, “State savings bank of Ukraine”, “Alfa-bank” and “Luminor Bank”. “Šiaulių Bankas” and “Raiffeisen bank Aval” have the worst score of 0.9 among competitors. From this we can say that these banks do not fully satisfy the demands of their customers for credit services.

The results of estimating the level of cost of credit services are in Table 8.

Table 8

Determining the level of prices for credit services from Lithuanian and Ukrainian competing banks in 2021

Name of the bank	Rating	Average cost	Relative cost level
AB SEB Bankas	50	41.25	1.21
Luminor Bank	50		1.21
AB Swedbank	30		0.73
AB Šiaulių Bankas	40		0.97
JS CC Bank “Privatbank”	40		0.97
JSC “Alfa-bank”	30		0.73
JSC “State savings bank of Ukraine”	40		0.97
JSC “Raiffeisen bank Aval”	50		1.21

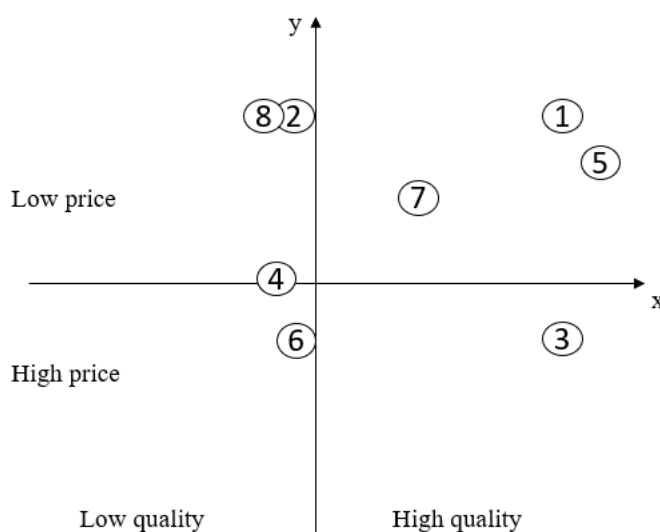
Source: built by the author

According to Table 8, “SEB Bankas”, “Luminor Bank” and “Raiffeisen bank Aval” have the best prices for borrowers. Their relative value is the highest and is 1.21. “Swedbank” and “Alfa-bank” have the lowest rate of 0.73, thus, these banks have the highest interest rates on loans which are unfavorable for the clients of these banks.

Next, based on the results of indicators of the level of quality and cost of services of commercial banks, we build a map of the positioning of banking services which reflects the level of development of all activities of commercial banks (Figure 9). For convenience AB SEB Bankas, Luminor Bank, AB Swedbank, AB Šiaulių Bankas, JS CC Bank “Privatbank”, JSC “Alfa-bank”, JSC “State savings bank of Ukraine” and JSC “Raiffeisen bank Aval” was named with the numbers 1, 2, 3, 4, 5, 6, 7, 8, respectively.

Figure 9

Map of positioning of banking services of competing banks in the credit market



Source: built by the author

As can be seen from Figure 9, the main competitors are the “SEB Bankas” (1) and “Privatbank” (5) which provide high quality services at a fairly low price. “Swedbank” (3) has a high quality, but also a high price. “State savings bank of Ukraine” (7) is in the middle, therefore, it has an average credit prices and an average quality of services. “Luminor Bank” (2) and “Raiffeisen bank Aval” (8) have a low price for credit services, but the quality of services is also low. “Šiaulių Bankas” (4) and “Alfa-bank” (6) have services of lower quality than their competitors at above average prices.

It is worth noting that despite the variance in the level of quality of credit services, which is both relatively low and high quality, prices for services in most banks are low in the opinion of customers which is a good indicator.

Tables 9 and 10 present an analysis of the credit activity of the competing banks among individuals and legal entities, respectively.

Table 9

Analysis of credit activity of banks among individuals on 2021.12.31

	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank “Privatbank”	JSC “Alfa-bank”	JSC “State savings bank of Ukraine”	JSC “Raiffeisen bank Aval”
Loans to individuals, EUR million	3240	5640	4361	553	2492	1232	645	327
Assets, EUR million	11068	13317	16731	3919	15529	4405	9678	5001
The weight of loans in the bank's assets	0.29	0.42	0.26	0.14	0.16	0.28	0.07	0.07
Average value	0.21							
Relative weight of loans in bank's assets	1.39	2.00	1.23	0.67	0.76	1.32	0.32	0.31

Source: built by the author on the basis of Annex 1 and 7

As we can see from the Table 9, in 2021 “Luminor Bank” has the largest share in the structure of active operations lending to individuals. Accordingly, the relative weight of loans in the bank's assets is the largest among competitors, namely 2.00. “SEB Bankas” and “Alfa-bank” have almost similar but slightly lower results. Their relative weights are 1.39 and 1.32, respectively. “Raiffeisen bank Aval” and “State savings bank of Ukraine” have the smallest

relative share of loans to individuals in its assets, about 0.31. From which it can be concluded that individuals are not their target audience.

Table 10

Analysis of credit activity of banks among legal entities on 2021.12.31

	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
Loans to business customers, EUR million	2936	3923	2152	1212	675	1462	2827	2259
Assets, EUR million	11068	13317	16731	3919	15529	4405	9678	5001
The weight of loans in the bank's assets	0.27	0.29	0.13	0.31	0.04	0.33	0.29	0.45
Average value	0.26							
Relative weight of loans in bank's assets	1.26	1.39	0.61	1.46	0.21	1.57	1.38	2.14

Source: built by the author on the basis of Annex 1 and 7

At the same time, according to the data in Table 10, "Raiffeisen bank Aval" has the largest relative share in the structure of active operations among corporate lending. This indicator is 2.14. In addition to lending to individuals, "Alfa-bank" also has one of the largest shares among lending legal entities, namely 1.57. Among Lithuanian banks, "Šiaulių Bankas" is the leader with a relative share of 1.46. "Privatbank" has the lowest share among lending to legal entities in the bank's assets, namely 0.21. As we can see this bank has small share in credit activity and is not a leader in it.

Having analyzed the position of the main competitors in the market according to the presented criteria, we propose to conduct a comparative comprehensive assessment of research results using the sum of places method and, thus, determine the level of competitiveness of competing banks. The result of it is shown in Table 11:

Table 11*Initial data for a comprehensive assessment of banks*

Evaluation criterion	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
Absolute share of loans	17.42	25.06	16.57	4.76	30.01	8.07	10.4	7.75
Relative share of loans	27.3	39.27	25.97	7.46	53.37	14.35	18.5	13.78
The trend of the share of loans	-6.59	-12.57	-1.02	5.14	8.09	20.55	-13.11	15.72
Relative profitability	1.03	0.36	0.63	1.11	1.21	1.36	0.26	2.04
Level of quality of services	1.1	0.98	1.02	0.9	1.1	0.98	1.02	0.9
Level of price of services	1.21	1.21	0.73	0.97	0.97	0.73	0.97	1.21
Credit activity among individuals	1.39	2	1.23	0.67	0.76	1.32	0.32	0.31
Credit activity among legal entities	1.26	1.39	0.61	1.46	0.21	1.57	1.38	2.14

Source: built by the author

After the procedure of streamlining the criteria for growth, we build the Table 12 which allows us to identify the most competitive bank by the number of places.

Table 12*Process of assessment of the most competitive bank in the credit market*

Evaluation criterion	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
	Place							
Absolute share of loans	3	2	4	8	1	6	5	7
Relative share of loans	3	2	4	8	1	6	5	7
The trend of the share of loans	6	7	5	4	3	1	8	2
Relative profitability	5	7	6	4	3	2	8	1

Continuation of Table 12

Level of quality of services	1	3	2	4	1	3	2	4
Level of price of services	1	1	3	2	2	3	2	1
Credit activity among individuals	2	1	4	6	5	3	7	8
Credit activity among legal entities	6	4	7	3	8	2	5	1
The sum of places	27	27	35	39	24	26	42	31
Competitiveness assessment	3	3	5	6	1	2	7	4

Source: built by the author

To sum up, “Privatbank” who received 24 points has the highest degree of competitiveness among major competitors. Despite the fact that the credit activity of this bank is the lowest, the quality and price of services provided by the bank as well as the share of loans are the best among the main competitors.

“Alfa-bank” is next in terms of competitiveness which received a total of 26 points. This bank differs significantly from its main competitors in terms of increasing the share of loans granted over 5 years. The change in this share is the largest among banks. In addition, “Alfa-bank” has a good quality and price of services offered to customers that helped it to take a second place.

With almost similar values of competitiveness, namely 27 points, “SEB Bankas” and “Luminor Bank” carry out their activities, each of which has different results in relation to the chose indicators. In these banks we can observe leading positions in the quality, prices of services and lending activity among individuals, but low indicators in lending activity among legal entities, profitability and changes in the share of loans.

“Raiffeisen bank Aval” has 31 points and is in fourth place in terms of competitiveness. Despite the first place among the prices of provided services and the highest credit activity among individuals, other indicators are low.

According to the results of the competitiveness assessment, “Swedbank” received 35 points and took the fifth place. This bank is not the worst among the criteria, but due to the fact that in most cases the bank had fourth or lower places, it did not have enough points to overtake its competitors.

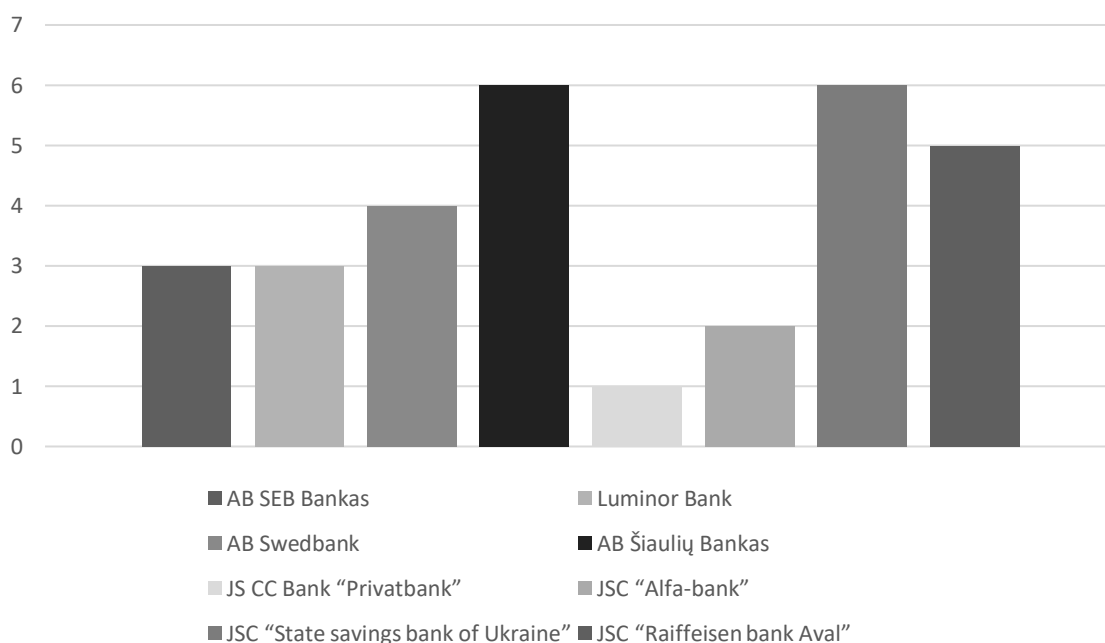
“Šiaulių Bankas” is in sixth place among its competitors with a score of 39 points. It is the worst among the absolute and relative share of loans, therefore, it has the lowest number of loans. However, all other indicators are quite average which leaves “Šiaulių Bankas” in the sixth position of competitiveness.

“State savings bank of Ukraine” has the last place in the credit market competitiveness with a score of 42 points. This bank has a good quality and price of provided services, but all other indicators have a fairly low score compared to competing banks which did not help “State savings bank of Ukraine” to remain in the lead.

The above calculations were based on annual reports, but this method can also be used on the basis of quarterly reports which allows us to forecast the results for the next quarter or at the end of the year. The indicators and calculations remain the same. For example, in Figure 10 we can see the results such assessment based on interim information.

Figure 10

Competitiveness of the banks in the credit market on 2022.09.30



Source: built by the author

Comparing the results of 2021 with the results of 9 months of 2022, we can see that the competitiveness of banks has changed. For example, “Swedbank” and “State savings bank of Ukraine” improved their positions by one place and currently occupy 4th and 6th places, respectively. In turn, “Raiffeisen bank Aval” has become less competitive in terms of lending and currently ranks 5th. The places of all other banks remained unchanged. From this assessment, it can be predicted that by the end of 2022 there will be changes in the competitiveness of the studied banks, but these changes will be insignificant. If there are no unforeseen circumstances in the activity of banks and the economy as a whole, then most banks will have the same competitiveness on the credit market as last year.

3.2 Assessment of the level of competitiveness of banks in the deposit services market

Similarly to the first subchapter, we will assess the competitiveness of banks according to the Spitsyns' method, but according to the banks' deposit activities. Using this method, we compare the position of banks with the position of major competitors in the deposit market (Table 13).

Table 13

Absolute and relative share of deposits from customers in the banking system which were provided by major competing banks on 2021.12.31

Lithuanian banks				Ukrainian banks			
Name of the bank	Volume of deposits from bank's customers, EUR million	Absolute share, %	Relative share, %	Name of the bank	Volume of deposits from bank's customers, EUR million	Absolute share, %	Relative share, %
AB SEB Bankas	9783	24.51	26.50	JS CC Bank "Privatbank"	12658	23,34	44,99
Luminor Bank	10305	25.81	27.92	JSC "Alfa-bank"	3336	6,15	11,86
AB Swedbank	14144	35.43	38.32	JSC "State savings bank of Ukraine"	7890	14,55	28,04
AB Šiaulių Bankas	2682	6.72	7.27	JSC "Raiffeisen bank Aval"	4253	7,84	15,12
Volume of deposits of competing banks, EUR million	36914	92.47	100	Volume of deposits of competing banks, EUR million	28137	51,87	100
Total amount of deposits from customers, EUR million	39921	100		Total amount of deposits from customers, EUR million	54243	100	

Source: built by the author on the basis of Annex 3

Table 13 shows that the main competitors serve more than half of the entire deposit market in Ukraine, namely 51.87%, while Lithuanian banks serve almost the entire market with a rate of 92.47%. The largest absolute share among Lithuanian banks belongs to - 35.43% and having compared to its main competitors, this bank serves 38.32% of the deposit market. The closest competitors of the "Swedbank" are "SEB Bankas" and "Luminor Bank" with relative shares of 26.5% and 27.92%, respectively. In the Ukrainian deposit market with a rather large advantage among other banks, "Privatbank" has the largest absolute and relative shares, 23.34% and 44.99%, respectively. "State savings bank of Ukraine" which has a share of 28.04% of clients' funds ranks

second. As for other banks, they have much lower absolute and relative shares in the deposit market compared to the above-mentioned banks. According to the ranking results, it can be seen that the lowest relative share of borrowed funds has “Alfa-bank” with a result of 11.86% and “Šiaulių Bankas” - 7.27%.

The change in the share of the bank in the deposit market is accompanied by a change in the growth rate of the entire market, so it is also advisable to consider the trend of the deposit market. The results of the analysis of the total amount of attracted funds of clients of competing banks for 2017-2021 are given in Table 14 and Annex 5.

Table 14

Dynamics of the total volume of deposits from customers of Lithuanian competing banks from 2017 to 2021

Year	Indicator	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	Total volume of deposits, EUR million
2017	Volume of deposits from customers, EUR million	5417	3888	6928	1689	25039
	Share throughout the banking system, %	21.63	15.53	27.67	6.75	100
2018	Volume of deposits from customers, EUR million	6290	9070	8412	1847	26421
	Share throughout the banking system, %	23.81	34.33	31.84	6.99	100
	The growth rate of the share, %	10.04	121.08	15.07	3.63	-
2019	Volume of deposits from customers, EUR million	7017	10235	9551	2037	28204
	Share throughout the banking system, %	24.88	36.29	33.86	7.22	100
	The growth rate of the share, %	4.51	12.84	13.54	10.29	-
2020	Volume of deposits from customers, EUR million	8584	11821	12266	2349	35458
	Share throughout the banking system, %	24.21	33.34	34.59	6.62	100
	The growth rate of the share, %	-2.69	-8.13	2.15	-8.27	-
2021	Volume of deposits from customers, EUR million	9783	10305	14144	2682	39921
	Share throughout the banking system, %	24.51	25.81	35.43	6.72	100
	The growth rate of the share, %	1.23	-22.57	2.42	1.41	-
	The average value of the growth rate, %	3.27	25.81	8.29	1.76	-

Source: built by the author on the basis of Annex 3

According to the data in this Table and the Annex, it is seen that the dynamics of the deposit market is constantly growing during 2017-2021. The average share of customer lending also has

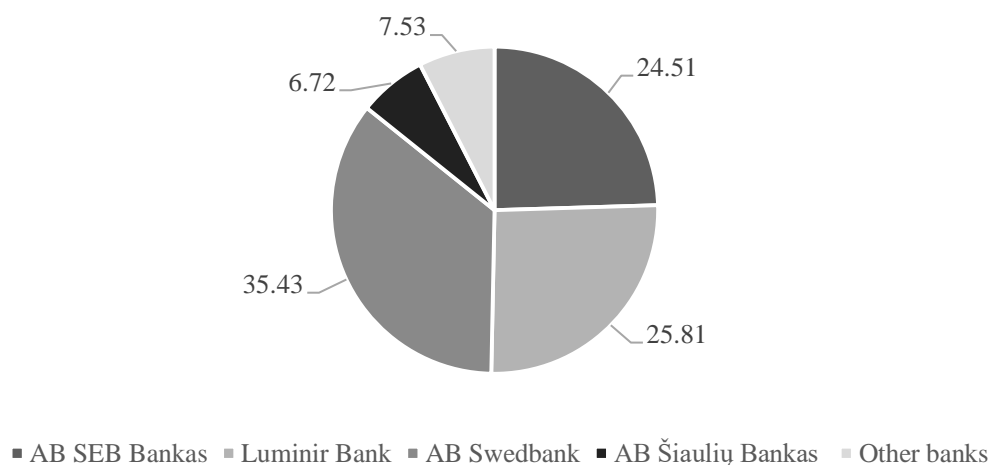
grown in all surveyed competing banks, therefore, banks are increasing their position in attracting their customers' funds.

Despite the decrease in the share of attracted funds in the total volume of deposits over the last three years, "Luminor Bank" has the highest average growth rate of this share for all 5 years, namely 25.81%. This was due to the fact that in 2018 the bank had a record growth rate of the share of attracted funds which was 121%. "Raiffeisen bank Aval" and "Alfa-bank" are next after "Luminor Bank" with almost similar average growth rates, 15.24% and 14.52%, respectively. All three banks are leaders in raising customer funds over the years. "Šiaulių Bankas" and "SEB Bankas" have the lowest average share in raising funds among their competitors, namely 1.76% and 3.27%.

The share of attracted funds from customers in total number of deposits among competing banks in 2021 is shown in Figures 11 and 12, so we can see what market share banks have.

Figure 11

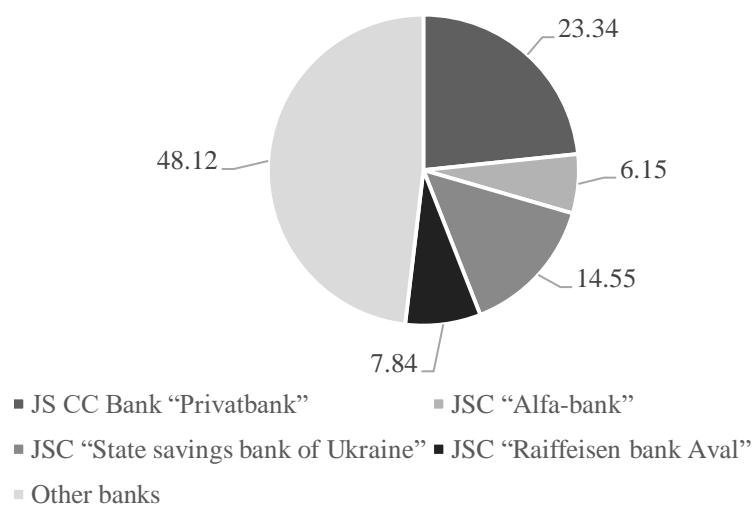
The share of deposits from customers of Lithuanian competing banks in the total number of deposits on 2021.12.31, %



Source: built by the author

Figure 12

The share of deposits from customers of Ukrainian competing banks in the total number of deposits on 2021.12.31, %



Source: built by the author

The next step is to assess the competitiveness of banks according to the main criteria by which the bank's position is compared with the position of major competitors, namely the relative quality and relative cost of banking services. To assess the quality of deposit services, the same parameters that were used for credit were selected. Table 15 shows us the result of such assessment.

Table 15

Determining the level of quality of deposit services provided by Lithuanian and Ukrainian competing banks in 2021

Evaluation criterion	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
	Rating							
Assortment	50	40	50	40	40	40	40	50
Terms of products' provision	50	40	40	40	40	50	40	50
Speed of provision	50	50	50	50	40	50	40	50
Ways to promote	50	40	50	40	50	40	50	40
Quality of after-sales service	40	40	40	50	50	40	50	50

Level of consulting services	50	50	40	50	50	40	40	50
Total	290	260	270	270	270	260	260	290
Average quality level	271.25							
Relative quality level	1.07	0.96	1.00	1.00	1.00	0.96	0.96	1.07

Source: built by the author on the basis of questionnaires (Annex 6)

From the Table 15, we can see that “SEB Bankas” and “Raiffeisen bank Aval” have the highest relative level of quality of deposit services, so according to the bank's customers the level of service provision is the best. Their indicator is 1.07. Close competitors with slightly lower results are “Swedbank”, “Šiaulių Bankas” and “Privatbank”. “Luminor Bank”, “State savings bank of Ukraine” and “Alfa-bank” have the worst score of 0.96 among competitors. Not fully satisfying the demands of their customers in deposit services leads to the lowest level of quality of deposit services among competing banks.

The results of estimating the level of cost of credit services are in Table 16.

Table 16

Determining the level of prices for deposit services from Lithuanian and Ukrainian competing banks in 2021

Name of the bank	Rating	Average cost	Relative cost level
AB SEB Bankas	40	42.5	0.94
Luminor Bank	50		1.18
AB Swedbank	30		0.71
AB Šiaulių Bankas	50		1.18
JS CC Bank “Privatbank”	30		0.71
JSC “Alfa-bank”	50		1.18
JSC “State savings bank of Ukraine”	50		1.18
JSC “Raiffeisen bank Aval”	40		0.94

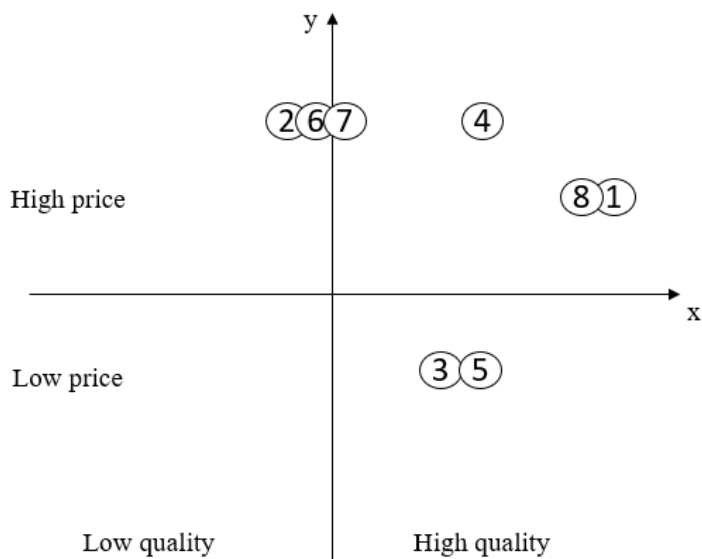
Source: built by the author

As we can see from the Table 16, “Luminor Bank”, “Šiaulių Bankas”, “Alfa-bank” and “State savings bank of Ukraine” have the best prices for customers in terms of deposits. Their relative value is the highest and is 1.18. In the customers’ opinion, “SEB Bankas” and “Raiffeisen bank Aval” have worse price for these services, therefore, they are in the middle of the chat. “Swedbank”, and “Privatbank” have the lowest rates. These banks have the lowest rates on deposits which is unfavorable for the clients of this bank.

After it a map of the positioning of banking services in the deposit market, which is presented in Figure 13, is built based on the obtained indicators of the level of quality and cost of services. Again for convenience we name AB SEB Bankas, Luminor Bank, AB Swedbank, AB Šiaulių Bankas, JS CC Bank “Privatbank”, JSC “Alfa-bank”, JSC “State savings bank of Ukraine” and JSC “Raiffeisen bank Aval” with the numbers 1, 2, 3, 4, 5, 6, 7, 8, respectively.

Figure 13

Map of positioning of banking services of competing banks in the deposit market



Source: built by the author

From Figure 13 we can say that “SEB Bankas” (1), “Raiffeisen bank Aval” (8) and “Šiaulių Bankas” (4) are the main competitors which provide high quality services at high deposit rates. “Swedbank” (3) and “Privatbank” (5) have rather low prices for deposits, but their quality of services is also high. “Luminor Bank” (2), “Alfa-bank” (6) and “State savings bank of Ukraine” (7) have high deposit rates, but still provide the lowest quality services among the surveyed banks. It should be noted that the quality of services in the most banks is high which is a good indicator.

Tables 17 and 18 present an analysis of the deposit activity of the surveyed competing banks among individuals and legal entities.

As we can see from the Table 17, the attraction of funds of individuals on 2021.12.31 occupied the largest share in the structure of “Privatbank’s” passive operations, namely 0.69. Accordingly, the relative weight of deposits in the bank's liabilities is the largest among competitors, 3.29. “SEB Bankas” and “State savings bank of Ukraine” are the closest competitors with a relative share of 2.81 and 2.71, respectively. “Luminor Bank” and “Raiffeisen bank Aval” have the lowest share of retail deposits in liabilities. Their result is only 1.93 and 1.61.

Table 17*Analysis of deposit activity of banks among individuals on 2021.12.31*

	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
Deposits from individuals, EUR million	6017	4789	7354	1531	9227	1910	5014	1492
Liabilities, EUR million	10125	11768	15718	3512	13292	3901	8773	4387
The weight of deposits in the bank's liabilities	0.59	0.41	0.47	0.44	0.69	0.49	0.57	0.34
Average value	0.5							
Relative weight of deposits in bank's liabilities	2.81	1.93	2.21	2.06	3.29	2.32	2.71	1.61

Source: built by the author on the basis of Annex 3 and 7

If we speak about deposit activity among legal entities, then there is a slightly different situation. "Raiffeisen bank Aval" has the largest relative share in the structure of passive operations on 2021.12.31. Its indicator is 2.98. This bank is the undisputed leader among other banks in servicing legal entities. "Alfa-bank" and "Luminor Bank", which are next, have much lower figures. Their shares are 1.73 and 1.63, respectively. "Šiaulių Bankas" and "Privatbank" have the lowest relative share among corporate deposits in the banks' liabilities, namely 1.16 and 1.22.

Table 18*Analysis of deposit activity of banks among legal entities on 2021.12.31*

	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
Deposits from business customers, EUR million	3028	4045	5643	863	3413	1425	2875	2761
Liabilities, EUR million	10125	11768	15718	3512	13292	3901	8773	4387

The weight of deposits in the bank's liabilities	0.30	0.34	0.36	0.25	0.26	0.37	0.33	0.63
Average value	0.35							
Relative weight of deposits in bank's liabilities	1.42	1.63	1.70	1.16	1.22	1.73	1.55	2.98

Source: built by the author on the basis of Annex 3 and 7

The next step is analyzing the position of the main competitors in the market according to the presented criteria. In Table 19 we make a comparative comprehensive assessment of the results of the study using the sum of places method and determine the level of competitiveness of competing banks.

Table 19

Initial data for a comprehensive assessment of banks

Evaluation criterion	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
Absolute share of deposits	24.51	25.81	35.43	6.72	23.34	6.15	14.55	7.84
Relative share of deposits	26.5	27.92	38.32	7.27	44.99	11.86	28.04	15.12
The trend of the share of deposits	3.27	25.81	8.29	1.76	5.29	14.52	5.31	15.24
Relative profitability	1.03	0.36	0.63	1.11	1.21	1.36	0.26	2.04
Level of quality of services	1.07	0.96	1	1	1	0.96	0.96	1.07
Level of price of services	0.94	1.18	0.71	1.18	0.71	1.18	1.18	0.94
Deposit activity among individuals	2.81	1.93	2.21	2.06	3.29	2.32	2.71	1.61
Deposit activity among legal entities	1.42	1.63	1.7	1.16	1.22	1.73	1.55	2.98

Source: built by the author

After streamlining the criteria for growth, Table 20 is built which shows us the most competitive bank in the deposit market.

Table 20

Process of assessment of the most competitive bank in the deposit market

Evaluation criterion	AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas	JS CC Bank “Privatbank”	JSC “Alfa-bank”	JSC “State savings bank of Ukraine”	JSC “Raiffeisen bank Aval”
	Place							
Absolute share of deposits	3	2	1	7	4	8	5	6
Relative share of deposits	5	4	2	8	1	7	3	6
The trend of the share of deposits	7	1	4	8	6	3	5	2
Relative profitability	5	7	6	4	3	2	8	1
Level of quality of services	1	3	2	2	2	3	3	1
Level of price of services	2	1	3	1	3	1	1	2
Deposit activity among individuals	2	7	5	6	1	4	3	8
Deposit activity among legal entities	6	4	3	8	7	2	5	1
The sum of places	31	29	26	44	27	30	33	27
Competitiveness assessment	5	3	1	7	2	4	6	2

Source: built by the author

Summing up, “Swedbank”, which have received 26 points, has the highest degree of competitiveness among the main competitors in the deposit market. Despite the fact that the bank's profitability is low but among other indicators, “Swedbank” has mostly second and third place which makes it the most competitive among major competitors.

“Raiffeisen bank Aval” and “Privatbank” which have the same number of points, namely 27, are next in terms of competitiveness. “Raiffeisen bank Aval” has a leading position in relative profitability, level of price and quality of services but in absolute and relative share of deposits and deposit activity among individuals its performance is one of the worst. As for “Privatbank”, it shows average results in all indicators. This is what prevented these banks from taking the first place.

“Luminor Bank” is in third place in terms of competitiveness which has almost the worst result in terms of profitability and deposit activity among individuals. However, all other indicators have a good result which helped “Luminor Bank” to take third place with 29 points.

Due to the fact that “Alfa-bank” has the lowest absolute and relative share of deposits among competing banks, this bank ranks fourth among the most competitive in the deposit market, receiving 30 points.

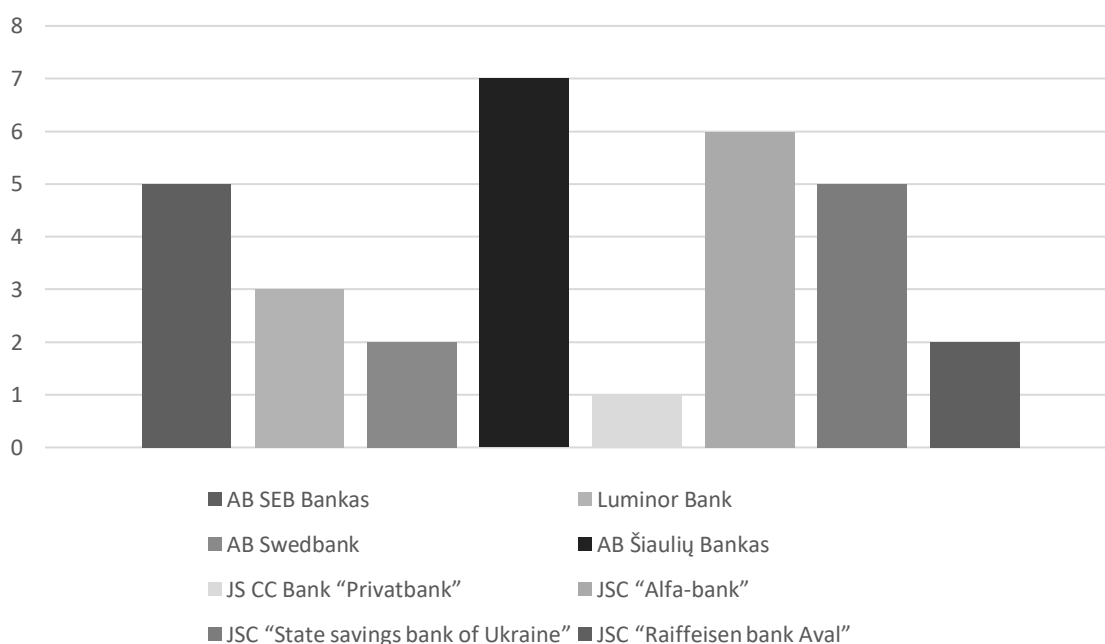
“SEB Bankas” and “State savings bank of Ukraine” are in fifth and sixth place respectively. “SEB Bankas” has a good level of quality and price for its products, but the share of deposits and its trend over 5 years is not the best among other banks. In turn, “State savings bank of Ukraine” has the best prices for the provided service, but its profitability is the worst.

“Šiaulių Bankas” ranks last among the surveyed banks. This bank has 44 points which makes it the least competitive. Despite the good level of quality and price for the provided services, other indicators were not the highest among competitors, so “Šiaulių Bankas” did not have enough points to take one of the first places.

Having quarterly data, we can also conduct research using the same method and see what has changed for a certain quarter and what changes can be expected by the end of 2022. The results of this assessment are shown in Figure 14:

Figure 14

Competitiveness of the banks in the deposit market on 2022.09.30



Source: built by the author

It can be seen from Figure 14 that in 9 months of 2022 certain changes of places took place on the deposit market, as well as on the credit market. During 2021 “Swedbank” held the leading position among attraction of deposits, but in 3 quarters of 2022, it to concede a position to “Privatbank”, which now has the highest competitiveness. “State savings bank of Ukraine” also became more competitive and is now one position higher than last year. In turn, “Alfa-bank” lost two positions. Nevertheless, most banks kept their positions, so by the end of 2022 we should not expect significant changes among the banks.

3.3 Ways to increase the competitiveness of banks at the macro and micro levels of the economy

Nowadays banks play an important role in the development of integration processes. They are the main subjects of monetary, financial and credit relations. The most important factor in expanding and increasing the efficiency of any business is competition. It encourages constructive action in the market, forcing consumers to offer a wider range at attractive prices of the best quality. Given the current competition in the banking sector, banks seek to improve the quality of services provided as it directly affects the profits. This leads to a redistribution of financial resources in favor of the most competitive organizations.

As we have already seen from the results of research the competitiveness of the bank depends on both qualitative and quantitative indicators. That is why the ways to increase competitiveness must consider internal and external factors. For example, the economic situation in the country and government policy can change the absolute and relative share of deposits and loans and its total volume. When there is a surplus of funds, the number of deposits increases in banks. When the country’s economy declines, the number of loans granted by the bank increases. All this in turn changes the shares of these indicators.

The bank’s profitability depends on its policy as well as on the number of available customers. That is why this indicator is influenced by the bank's management and its chosen strategy. The more successful the strategy, the greater the profitability. Besides, dissemination and diversification of distribution channels for banking products, opening new representative offices, maintaining long-term relationships with existing partners and finding new ones can increase the number of bank’s clients and bank’s activity among them. Moreover, to increase the number of bank’s customers, they must trust selected financial organization. That is why control over the activities of banks and increasing the level of protection of customers’ funds are necessary.

Expansion and continuous improvement of the range of products and services offered to customers which will be different from competitors and in line with market trends and

improvement of advertising activity, formation of recognizability and accessibility of the bank's brand for various target audiences in all market segments in which the bank is represented enlarge the level of quality of provided services. While the level of prices can be affected by pricing policy and cost minimization.

Furthermore, in order to ensure the efficient operation of the bank, it is necessary to understand what the bank should focus on to achieve its goals. At the first stage it is necessary to determine the sector of consumers of banking services where the bank will specialize. The impact of pronounced differentiation of the country's population by standard of living, regional distribution, financial literacy, mastery of modern communication technologies determines the need for multidimensional segmentation of consumers of retail banking services. In the second stage the bank chooses a market segment by type of banking services depending on their demand. Both main and auxiliary banking services are selected which will determine the relevant sales channels, risk policy and model of the bank. In the next stages, in accordance with the strategic positioning, it is necessary to identify measures that will effectively organize the activities of the bank to achieve its goals.

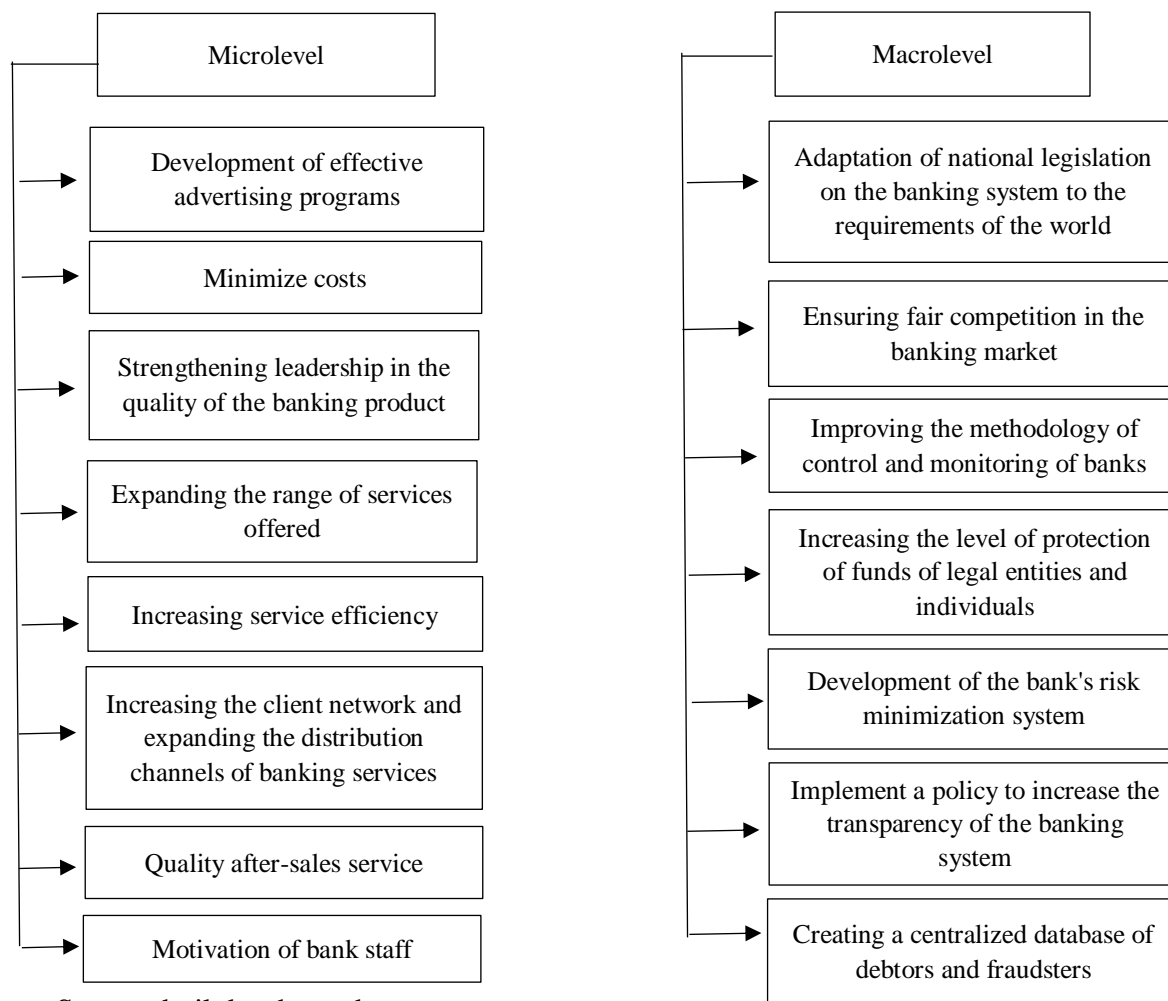
In addition, in the market of banking services one of the ways to increase the competitiveness of the bank is after-sales service. Quality customer service will contribute to the success of the organization and improve its image. High-quality service is a prerequisite for the market success of services in a competitive market. Without service the service loses its consumer competitiveness. The main functions of the service as a tool of competitiveness are attracting customers, support and development of services and involvement of highly professional specialists for the successful implementation of the bank's strategy.

Since the staff is the face of the bank it is necessary to create conditions for employees of the organization which will improve the quality of service. One of the main ways to ensure such conditions is the motivation of staff and the system of development of employees of the organization. Their sincere interest in the prosperity of the whole organization, the desire and ability to perform all their work as effectively as possible to ensure the bank's high productivity. It is also necessary to have a clear statement of the rules that are mandatory for each employee and a clear system for assessing the quality of work of each employee which allows to effectively assess the effectiveness of service. Compliance and development of the bank's service can lead to improved product quality, increased competitiveness, increased customer loyalty and strengthen competitive positions in the banking market.

Figure 15 shows the main ways to increase the bank's competitiveness at both micro and macro levels.

Figure 15

Ways to increase competitiveness at the micro and macro levels of the economy



Source: built by the author

All these proposed ways influence the criteria for assessing of bank's competitiveness. Therefore, implementing them can change the result of our assessment both positive or negative ways. Mechanisms for regulating banking activities should be developed considering the need to ensure the stability of both the banking system and the protection of the interests of bank customers. Implementing a policy to improve the climate in banking system will lead to the development of banking institutions, expand the market for banking services, stimulate demand for them and generate income needed by all banks.

CONCLUSIONS AND PROPOSALS

1. Nowadays a special condition for any bank is the ability to respond quickly and adequately to changes in customer behavior, their needs for innovation, new products and services. The bank's competitiveness in the market is the result of high-quality implementation of its strategic management tasks. Thus, the competitiveness of banks is an indicator of the efficiency of their activities. The formation of competitive advantages that allow to distinguish the banking institution from competitors in the market and ensuring their high level in the long run is the ultimate goal of the bank. The growing competition in the banking market which has been observed in recent years determines the need to address a number of issues aimed at improving the competitiveness of banks.

2. Competition is one of the most important prerequisites development of the banks. The existence of competition requires its participants to increase their work efficiency. Therefore, competitiveness is formed with the successful solution and implementation of tasks that strengthen the market position of the subjects. A comprehensive study of the competitiveness of a bank creates a basis for making the right management decisions not only in the field of optimizing activities in the most important areas of customer service, but also in justifying the tasks to be solved in the implementation of competitive strategy. Financial market is rather complex concept, so many factors influence the banks and it can easily change bank's competitiveness, therefore, it is necessary to understand what competitiveness consists of. A bank can be competitive as a whole, taking into account all its indicators, or competitiveness can be determined only by the services it provides. There are also different types of competition. The bank can choose price competition and surpass the rest due to establishing prices or it can choose non-price competition and become a leader in the quality of service provision. For example, the introduction of new technologies such as green banking. The bank also can participate in perfect competition or choose imperfect competition. Similarly, a bank can compete only with banks or with other financial institutions that appear on the financial market such as FinTech companies.

3. Analysis of the activities of banks reveals the peculiarities of their development, due to, as a rule, different opportunities for competition. However, in our paper the lack of a unified approach to assessing competitiveness of the bank was identified what makes impossible to conduct qualitative analysis. That is why we have developed and proposed a method for such evaluation. Only the result of a comprehensive assessment of their activities can determine the level of competitiveness of banks. The assessment should be carried out by analyzing both the internal and external environment of the financial organization and studying the qualitative and

quantitative characteristics of its activities. At the same time, this research needs to be conducted in various areas of banking which improves the quality of analysis. The Spitsyns' method for assessing the competitiveness of banks and the indicators which were proposed in this paper take into account this need.

4. The result of the research is an assessment of the level of competitiveness of banks and proposals to increase the competitiveness of banks. Multifactor analysis of banks which included an assessment of their financial position, absolute and relative share of different activities, relative quality and cost of services, banks' activity among their customers allows to determine and, therefore, assess their competitiveness. According to the assessment of the competitiveness of banks in two activities, namely credit and deposit, we can get the appropriate ratings of banks. The rating of competitiveness of Lithuanian and Ukrainian banks on credit and deposit activities for 2021.12.31 has shown that different banks specialize in the credit and deposit markets in different ways, so they occupy different places in each case.

5. From our research we have established that JS CC Bank "Privatbank" is the most competitive among the surveyed banks in terms of customer lending. Moreover, it has also high competitiveness on deposit market because JS CC Bank "Privatbank" has a second place in it. However, the undisputed leader in terms of deposit activity is AB Swedbank. As for other banks, Luminor Bank take a third place for both credit and deposit markets. AB SEB Bankas is more competitive in loans than in deposits. JSC "Raiffeisen bank Aval", on the contrary, more competitive in attracting customer funds. JSC "State savings bank of Ukraine" and AB Šiaulių Bankas share sixth and seventh place in terms of lending and attracting deposits. But AB Šiaulių Bankas is better in lending while JSC "State savings bank of Ukraine" is better on the deposit market.

It is worth noting that the obtained values of the level of competitiveness of banks are relative as the purpose of the study was to assess the actual state of banks at a certain point in time. Thus, the values of the criteria may change for positive or negative way. It goes without saying, for better presenting the position of the main competitors it is necessary to conduct such an assessment of banks at regular intervals, especially when a change in the bank's evaluation criteria may lead to a change in its role in the financial market.

6. The main ways to increase the bank's competitiveness are increasing the number of customers, providing more services and improving their quality. This can be achieved by:

- improving the range of products and services for customers;
- increasing the number of branches and efficiency of provided services;
- establishing a high level of protection of customers funds;
- providing quality after-sales service;

- motivating of bank's staff;
- bank's risk minimization;
- increasing the transparency of banking system;
- conducting a high-quality banking supervision;
- ensuring fair competition.

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BANKO KONKURENCINGUMAS IR JO DIDINIMO BŪDAI

Daria LUTSENKO

Baigiamasis magistro darbas

Finansų ir bankininkystės programa

Vilniaus universiteto Ekonomikos ir verslo administravimo fakultetas

Darbo vadovė Prof., Dr. D. Teresienė

Vilnius, 2023 m

SANTRAUKA

73 puslapiai, 20 lentelių, 15 paveikslų, 76 literatūros sąrašai.

Pagrindinis šio magistro darbo tikslas – pasiūlyti tinkamiausią metodą banko konkurencingumui įvertinti, nustatyti banko konkurencingumą ir pasiūlyti būdus, kaip padidinti banko konkurencingumą.

Magistro baigiamasis darbas susideda iš trijų pagrindinių dalių: literatūros analizė, tyrimas ir jo rezultatai, išvados ir rekomendacijos.

Literatūros analizėje apžvelgiama esama bankų konkurencingumo būklė, apibrėžiamos jos problemos, apžvelgiama bankų konkurencija ir jos ypatumai, identifikuojami esami banko konkurentai ir jų ryšiai, nagrinėjamos bankų sektoriuje prieinamos finansinės technologijos.

Atlikęs literatūros analizę, autorius pasiūlė tinkamiausią konkurencingumo vertinimo metodą, kuris padės kokybiškai įvertinti bankų veiklą. Po to autorius įvertino Lietuvos ir Ukrainos bankų konkurencingumą 2021 m. Pagrindinis tyrimo tikslas buvo pateikti pasiūlymus, kaip palyginti tam tikrus rodiklius, siekiant įvertinti banko konkurencingumą ir nustatyti konkurencingiausią banką kredito ir indėlių rinkose. Be to, tyrimo rezultatai padėjo nustatyti būdus, kaip padidinti bankų konkurencingumą. Tyrimo rezultatai gali būti panaudoti Lietuvos ir Ukrainos bankų praktikoje.

Išvadose ir rekomendacijose apibendrinamos pagrindinės literatūros analizės sampratos, tyrimo rezultatai bei banko konkurencingumo didinimo būdai. Autorius mano, kad tyrimo rezultatai gali suteikti naudingų patarimų organizacijoms, kurios ketina naudoti šį metodą savo darbe.

ANNEXES

Annex 1. Number of loans of Lithuanian and Ukrainian banks

Table 1

Number of loans of Lithuanian banks from 2017 to 2021

		AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas
2017	Loans to individuals, EUR million	2505	6010	2858	138
	Loans to business customers, EUR million	3181	5890	1700	925
	Amount of loans to customers, EUR million	5960	11987	4830	1103
	Total amount of loans, EUR million	25736			
2018	Loans to individuals, EUR million	2758	6062	3239	179
	Loans to business customers, EUR million	3457	5347	1942	1036
	Amount of loans to customers, EUR million	6407	11472	5344	1265
	Total amount of loans, EUR million	27373			
2019	Loans to individuals, EUR million	2869	5681	3676	244
	Loans to business customers, EUR million	3335	4523	2146	1166
	Amount of loans to customers, EUR million	6332	10222	5933	1510
	Total amount of loans, EUR million	29199			
2020	Loans to individuals, EUR million	3032	5391	4009	454
	Loans to business customers, EUR million	2697	3769	1864	1060
	Amount of loans to customers, EUR million	7696	9431	7008	1592
	Total amount of loans, EUR million	36283			
2021	Loans to individuals, EUR million	3240	5640	4361	553
	Loans to business customers, EUR million	2936	3923	2152	1212
	Amount of loans to customers, EUR million	6914	9946	6579	1890
	Total amount of loans, EUR million	39693			

Source: banks' annual reports and database of Lietuvos Bankas, 2017-2021

Table 2*Number of loans of Ukrainian banks from 2017 to 2021*

		JS CC Bank “Privatbank”	JSC “Alfa- bank”	JSC “State savings bank of Ukraine”	JSC “Raiffeisen bank Aval”
2017	Loans to individuals, EUR million	1104	353	219	244
	Loans to business customers, EUR million	235	808	3771	1150
	Amount of loans to customers, EUR million	7409	1162	5661	1394
	Total amount of loans, EUR million	32404			
2018	Loans to individuals, EUR million	1982	494	279	215
	Loans to business customers, EUR million	434	805	3969	1399
	Amount of loans to customers, EUR million	9120	1300	5957	1614
	Total amount of loans, EUR million	34970			
2019	Loans to individuals, EUR million	2132	941	339	218
	Loans to business customers, EUR million	463	776	3392	1354
	Amount of loans to customers, EUR million	9248	1717	5521	1572
	Total amount of loans, EUR million	32300			
2020	Loans to individuals, EUR million	1682	903	386	212
	Loans to business customers, EUR million	386	1051	2317	1276
	Amount of loans to customers, EUR million	7272	1953	3513	1488
	Total amount of loans, EUR million	30024			
2021	Loans to individuals, EUR million	2492	1232	645	327
	Loans to business customers, EUR million	675	1462	2827	2259
	Amount of loans to customers, EUR million	10016	2694	3472	2586
	Total amount of loans, EUR million	33372			

Source: banks' annual reports and database of National Bank of Ukraine, 2017-2021

Annex 2. Number of equity and profits of Lithuanian and Ukrainian banks

Table 1

Number of equity of Lithuanian and Ukrainian banks and their profits on 2021.12.31

Name of the bank	Profit before income tax, EUR million	Total equity, EUR million
AB SEB Bankas	144	943
Luminor Bank	82	1549
AB Swedbank	94	1013
AB Šiaulių Bankas	67	408
JS CC Bank "Privatbank"	403	2237
JSC "Alfa-bank"	102	504
JSC "State savings bank of Ukraine"	35	905
JSC "Raiffeisen bank Aval"	186	614

Source: banks' annual reports, 2021

Annex 3. Number of deposits of Lithuanian and Ukrainian banks

Table 1

Number of deposits from customers of Lithuanian banks from 2017 to 2021

		AB SEB Bankas	Luminor Bank	AB Swedbank	AB Šiaulių Bankas
2017	Deposits from individuals, EUR million	3433	1769	3698	1133
	Deposits from business customers, EUR million	1983	1625	2351	337
	Number of deposits from customers, EUR million	5417	3888	6928	1689
	Total amount of deposits, EUR million	25039			
2018	Deposits from individuals, EUR million	3959	3727	3997	1206
	Deposits from business customers, EUR million	2331	4235	3564	453
	Number of deposits from customers, EUR million	6290	9070	8412	1847
	Total amount of deposits, EUR million	26421			
2019	Deposits from individuals, EUR million	4372	4034	4128	1350
	Deposits from business customers, EUR million	2645	4578	4002	461
	Number of deposits from customers, EUR million	7017	10235	9551	2037
	Total amount of deposits, EUR million	28204			
2020	Deposits from individuals, EUR million	5245	4509	6831	1476
	Deposits from business customers, EUR million	2830	4273	5196	684
	Number of deposits from customers, EUR million	8584	11821	12266	2349
	Total amount of deposits, EUR million	35458			
2021	Deposits from individuals, EUR million	6017	4789	7354	1531
	Deposits from business customers, EUR million	3028	4045	5643	863
	Number of deposits from customers, EUR million	9783	10305	14144	2682
	Total amount of deposits, EUR million	39921			

Source: banks' annual reports and database of Lietuvos Bankas, 2017-2021

Table 2

Number of deposits from customers of Ukrainian banks from 2017 to 2021

		JS CC Bank "Privatbank"	JSC "Alfa-bank"	JSC "State savings bank of Ukraine"	JSC "Raiffeisen bank Aval"
2017	Deposits from individuals, EUR million	5352	739	2724	604

Continuation of Table 2

	Deposits from business customers, EUR million	1287	572	1933	614
	Number of deposits from customers, EUR million	6640	1311	4698	1635
	Total amount of deposits, EUR million	34772			
2018	Deposits from individuals, EUR million	5717	1003	2990	656
	Deposits from business customers, EUR million	1509	640	1765	704
	Number of deposits from customers, EUR million	7232	1643	4819	1826
	Total amount of deposits, EUR million	36567			
2019	Deposits from individuals, EUR million	5946	1147	3345	778
	Deposits from business customers, EUR million	1579	707	2913	802
	Number of deposits from customers, EUR million	7531	1855	6325	2087
	Total amount of deposits, EUR million	37720			
2020	Deposits from individuals, EUR million	7126	1362	3923	1007
	Deposits from business customers, EUR million	2652	931	1751	1087
	Number of deposits from customers, EUR million	9787	2295	5825	2757
	Total amount of deposits, EUR million	48208			
2021	Deposits from individuals, EUR million	9227	1910	5014	1492
	Deposits from business customers, EUR million	3413	1425	2875	2761
	Number of deposits from customers, EUR million	12658	3336	7890	4253
	Total amount of deposits, EUR million	54243			

Source: banks' annual reports and database of National Bank of Ukraine, 2017-2021

Annex 4. Dynamics of the total volume of loans granted to customers by competing banks

Table 1

Dynamics of the total volume of loans granted to customers by Ukrainian competing banks from 2017 to 2021

Year	Indicator	JS CC Bank “Privatbank”	JSC “Alfa- bank”	JSC “State savings bank of Ukraine”	JSC “Raiffeisen bank Aval”	Total volume of loans granted, EUR million
2017	Volume of loans to customers, EUR million	7409	1162	5661	1394	32404
	Share throughout the banking system, %	22.86	3.59	17.47	4.30	100
2018	Volume of loans to customers, EUR million	9120	1300	5957	1614	34970
	Share throughout the banking system, %	26.08	3.72	17.03	4.62	100
	The growth rate of the share, %	14.06	3.67	-2.49	7.29	-
2019	Volume of loans to customers, EUR million	9248	1717	5521	1572	32300
	Share throughout the banking system, %	28.63	5.32	17.09	4.87	100
	The growth rate of the share, %	9.79	32.08	-7.32	-2.60	-
2020	Volume of loans to customers, EUR million	7272	1953	3513	1488	30024
	Share throughout the banking system, %	24.22	6.50	11.70	4.95	100
	The growth rate of the share, %	-15.41	22.37	-31.55	1.83	-
2021	Volume of loans to customers, EUR million	10016	2694	3472	2586	33372
	Share throughout the banking system, %	30.01	8.07	10.40	7.75	100
	The growth rate of the share, %	23.92	24.10	-11.08	56.36	-
	The average value of the growth rate, %	8.09	20.55	-13.11	15.72	-

Source: built by the author on the basis of Annex 1

Annex 5. Dynamics of the total volume of deposits from customers of competing banks

Table 1

Dynamics of the total volume of deposits from customers of Ukrainian competing banks from 2017 to 2021

Year	Indicator	JS CC Bank “Privatbank”	JSC “Alfa- bank”	JSC “State savings bank of Ukraine”	JSC “Raiffeisen bank Aval”	Total volume of deposits, EUR million
2017	Volume of deposits from customers, EUR million	6640	1311	4698	1635	34772
	Share throughout the banking system, %	19.10	3.77	13.51	4.72	100
2018	Volume of deposits from customers, EUR million	7232	1643	4819	1826	36567
	Share throughout the banking system, %	19.78	4.49	13.18	4.99	100
	The growth rate of the share, %	3.57	19.17	-2.46	6.20	-
2019	Volume of deposits from customers, EUR million	7531	1855	6325	2087	37720
	Share throughout the banking system, %	19.96	4.92	16.77	5.53	100
	The growth rate of the share, %	0.95	12.90	31.25	14.29	-
2020	Volume of deposits from customers, EUR million	9787	2295	5825	2757	48208
	Share throughout the banking system, %	20.30	4.76	12.08	5.72	100
	The growth rate of the share, %	1.68	-3.20	-27.94	3.36	-
2021	Volume of deposits from customers, EUR million	12658	3336	7890	4253	54243
	Share throughout the banking system, %	23.34	6.15	14.55	7.84	100
	The growth rate of the share, %	14.95	29.19	20.38	37.10	-
	The average value of the growth rate, %	5.29	14.52	5.31	15.24	-

Source: built by the author on the basis of Annex 3

Annex 6. Example of questionnaire about services provided by competing banks

1. How long have you been a customer of the bank?

- less than 1 year from 1 to 5 years more than 5 years

2. Please rate the level of available banking services

- very satisfied satisfied neutral dissatisfied very dissatisfied

3. Do products/services meet your expectations?

- yes no

4. Please rate the terms of banking services

- very satisfied satisfied neutral dissatisfied very dissatisfied

5. Please rate the speed of provision banking services

- very satisfied satisfied neutral dissatisfied very dissatisfied

6. Please rate the way of promoting banking services

- very satisfied satisfied neutral dissatisfied very dissatisfied

7. Please rate the quality of after-sales service

- very satisfied satisfied neutral dissatisfied very dissatisfied

8. In a conversation with the bank how well are you provided with comprehensive information on all issues that you have or are interested in?

- very satisfied satisfied neutral dissatisfied very dissatisfied

9. Will you recommend bank's products to friends or colleagues?

- yes no

Annex 7. Number of assets and liabilities of Lithuanian and Ukrainian banks

Table 1

Number of assets and liabilities of Lithuanian and Ukrainian banks on 2021.12.31

Name of the bank	Assets, EUR million	Liabilities, EUR million
AB SEB Bankas	11068	10125
Luminor Bank	13317	11768
AB Swedbank	16731	15718
AB Šiaulių Bankas	3919	3512
JS CC Bank "Privatbank"	15529	13292
JSC "Alfa-bank"	4405	3901
JSC "State savings bank of Ukraine"	9678	8773
JSC "Raiffeisen bank Aval"	5001	4387

Source: banks' annual reports, 2021