

# Alfa Bank competitiveness assessment and ways to improve it

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## Abstract

The relevance of the study of enterprise competitiveness depends on a clear sequence of managerial decisions, as their effectiveness and clarity of functioning affect the banking sector and the country as a whole.

*Keywords:* competitiveness, bank, banking services, rating, enterprise strategy, integrated assessment.

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## 1 Introduction

Modern conditions for the development of the banking system determine a tendency to increase the level of universalization of commercial banks. Diversification of banks in various areas of financial and banking services, including through the development of banking services to the population, the introduction of new services, is one of the ways to solve the problem of adapting commercial banks to constantly changing conditions of the financial market, developing promising market niches and segments.

Under these conditions, banks are developing and offering an increasing number of banking products on the market. This raises the problem of tracking the competitiveness of new products and researching the potential demand for them.

## 2 Mainpart

Alfa-Bank was founded on November 18, 1992 as a limited liability company in accordance with Ukrainian legislation, was registered by the NBU on March 24, 1993, and began operating under the name Vito Commercial Consumer Assistance Bank with its head office in Kiev. In 1995, the Bank was reorganized into Kyivinvestbank LLC, which, in turn, was reorganized into Kyiv Investment Bank Joint-Stock Commercial Bank in 1997. Alfa-Bank Ukraine has been operating under its current name since January 2001 [1].

The main competitors of Alfa-Bank are banks such as PJSC CB Privatbank, JSC Raiffeisen Bank Aval and JSC Oschadbank.

The position of Alfa-Bank JSC in the banking services market, depending on certain parameters and performance indicators, is clearly demonstrated by its rating among other Ukrainian banks on the basis of "reliability". So, in 2019, Alfa-Bank JSC occupies the 13th position in the TOP-15 banks in terms of overall reliability, as well as the 6th position in the TOP-10 banks to which they have entrusted their deposits to insurance companies and the 2nd position in the TOP-10 of foreign banks (737542 thousand UAH). In addition, as of October 1, 2019, Alfa-Bank JSC took the 2nd

position in the TOP-10 of the most profitable banks in Ukraine, its profit is 1487190000 UAH (200870000 UAH growth for the month).

Banking sector assets in 2019 increased by 5%. In particular, in terms of assets, Alfa-Bank JSC occupies the 9th position in the TOP-10, its assets amounted to 37601759 thousand UAH, including 21654402 thousand UAH in foreign currency.

In the TOP-10 rating of the largest banks, Alfa-Bank JSC on deposits of individuals has 5th position (17642822 thousand UAH, including on demand 3156410 thousand UAH), the best indicators are PJSC CB Privatbank (159561569 thousand UAH), JSC Oschadbank (UAH 74603999 thousand), Ukreximbank JSC (UAH 23833267 thousand), Raiffeisen Bank Aval OJSC (UAH 18342288 thousand). Regarding credit activities, Alfa-Bank JSC takes the third place in loans to individuals (5642902 thousand UAH, including in the currency of 746 602 thousand UAH) after PJSC CB Privatbank (25099122 thousand UAH) and PJSC Ukrspotsbank (10061711). However, on loans to legal entities-6th place (20790981 thousand UAH, including in the currency of 16705786 thousand UAH) [2].

The number of bank branches in Ukraine decreased by 3.8. Oschadbank remains the leader in the number of divisions with 2980 branches, and PrivatBank takes the second place with 2108 branches. In the first half of this year, Oschadbank closed 225 branches, while Privat Bank - 135. Large networks of branches also have Raiffeisen Bank Aval - 504 branches and Ukrspibbank - 315 branches.

The largest increase in the number of branches among large banks was shown by Alfa Bank - by 72 branches, to 259 (but with a decrease in the number of branches that became "sister" of Ukrspotsbank by 22 - to 209), A-Bank - by 9, to 220, Ukrbudinvest Bank - by 8, up to 42, FUIB - at 7, up to 172.

According to the results of the banks stability rating in the 3rd quarter of 2019, which is carried out by the Ministry of Finance of Ukraine among banks with a retail deposit portfolio of UAH 1 billion or more, Alfa-Bank JSC takes the 11th position in the overall rating score and is 3.66. He improved the indicator relative to the 4th quarter of 2018 (3.53 points - 13th position). Note that, for example,

Oschadbank JSC in 2019 worsened its ranking position and received 3.53 points versus 3.65 points in 2018, i.e. it dropped from position 10 to 14. For sub-rating indexes of Alfa Bank JSC has the following indicators: stress resistance - 2.7, depositor loyalty - 4.5, analysts' rating - 4.44, place in the rating on deposits of individuals – 3 [2].

According to the calculations in the work, the integral indicator of competitiveness of Alfa Bank JSC is - 61.05%. This indicates that the level of competitiveness of the bank has a positive assessment, that is, it is considered one of the best banks in the country [3].

### 3 Conclusions

The presented methodology for determining the integral competitiveness of the enterprise, which allows to exclude expert estimates as a result of calculations based on available information about the activities of the Alfa Bank study. In addition, a computable interpretation of the integral indicator of enterprise competitiveness is proposed:

1. The definition of the integral competitiveness of the enterprise as two numbers is proposed: a) the market share occupied by the enterprise, and b) the market

share growth rate.

2. A formalized methodology for determining the integral competitiveness of an enterprise is proposed, which allows replacing the expert assessment of individual factors by quantitative calculation based on marketing information on the results of enterprises of one industry group operating in similar marketing environment conditions.
3. It has been established that from the point of view of determining integral competitiveness, in its calculation it is necessary to use a multiplicative formula of the form (fixed assets, measured by residual value, financial management, expressed as return on equity and measured as the ratio of net profit to sources of equity and personnel and production management, measured by one indicator - labor productivity).
4. An community assessment of weight coefficients allows us to confidently talk about the relative weight of individual competitive factors in the overall market success of the enterprise and enables management to make efforts in certain areas of the company's business commensurate with their weight [5].

### References

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