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## FEATURES OF CREATING A FINANCIAL SUPERMARKET, BASED ON BANK AND INSURANCE COMPANY

*The article describes the features of a financial supermarket based on bank and insurance company. Identified merging opportunities and obstacles of different structural units of the bank and insurance company, namely, back-office, middle-office and front office. Proposed the financial supermarket business plan project which takes into account the distinctive features of the financial intermediary. Investigated eleven sections of the financial supermarket business plan, namely Summary, Description of industries, Description of participating companies, Description of Financial Services, Marketing Project, Organizational plan of a project, Personnel, Financial plan, Project Evaluation, Guarantees and project risks, Applications.*

*У статті розглянуті особливості створення фінансового супермаркету на основі банку та страхової компанії. Визначені можливості та перешкоди злиття різних структурних одиниць банку та страхової компанії, а саме бек-офісу, мідл-офісу та фронт-офісу. Запропоновано бізнес-план реалізації проекту фінансового супермаркету, в якому враховані відмінні риси даного фінансового посередника. Досліджено одинадцять розділів бізнес-плану фінансового супермаркету, а саме: Резюме, Опис галузей, Опис компаній-учасниць фінансового супермаркету, Опис фінансових послуг, Маркетинг проекту, Організаційний план проекту, Персонал, Фінансовий план, Оцінка ефективності проекту, Гарантії та ризику проекту, Додатки.*

**Keywords:** bank, insurance company, financial supermarket, back-office, middle-office, front-office business plan.

**Ключові слова:** банк, страхова компанія, фінансовий супермаркет, бек-офіс, мідл-офіс, фронт-офіс, бізнес-план.

**Statement of the problem.** Meeting the demands of modernity, the leading financial intermediaries (banks and insurance companies) are beginning to expand beyond the core business. In place of the fierce competition between financial institutions, comes their excellent cooperation and interaction.

In highly developed European countries, the financial supermarket is one of the most common forms of interaction between the bank and the insurance company. Creating a financial supermarket based on bank and insurance company has a number of specific features that must be taken into account when organizing its activities.

**Analysis of recent research and publications.** Scientific works of outstanding domestic and foreign scholars such as Medvedeva I., Nikolenko N., Picus R., Prykazyuk N., Romanova A., Smirnova Y., devoted to the notion financial supermarket nature and its causes, advantages and disadvantages of financial intermediaries consisting the financial supermarket. Although many scientific works, the subject combination of banking and insurance activities within the creation of the financial supermarket is not enough research.

**The purpose of this paper** is to determine the characteristics of creating financial supermarket based on bank and insurance company.

**The main material.** As any client-business structure, bank and insurance company, incorporates back-office, middle-office and front office. Therefore, the financial supermarket project manager is important to distinguish aligns and special features of each participant.

Front offices integration of the bank and the insurer does not cause serious problems, since its main objective is to sell financial products. Banking and insurance products modified for sale through a network of financial supermarkets, easily implemented by technically trained professional financial consultants.

Back offices of both companies are also able to combine as they have related components, such as personnel, business process management, IT technologies, financial management, etc., and through effective management of the integration process almost complete their merger can be achieved.

Unique, and therefore incompatible features are concentrated in the middle-offices of bank and insurer. Thus, workers of banks' middle-office monitor the observance of its statutory standards activities, assess the creditworthiness of borrowers, control the risks associated with certain transactions and activities of the front office. Employees of insurance companies' middle-office carry out operational support of insurance: underwriting, settlement of loss, reinsurance [1].

Therefore, the functions performed by middle-office for frequent, constitute the essence of business structure, which distinguishes it among others. So, the full integration of bank's and insurance company's middle-offices cannot be carried out because of the nature of their activities (Figure 1).

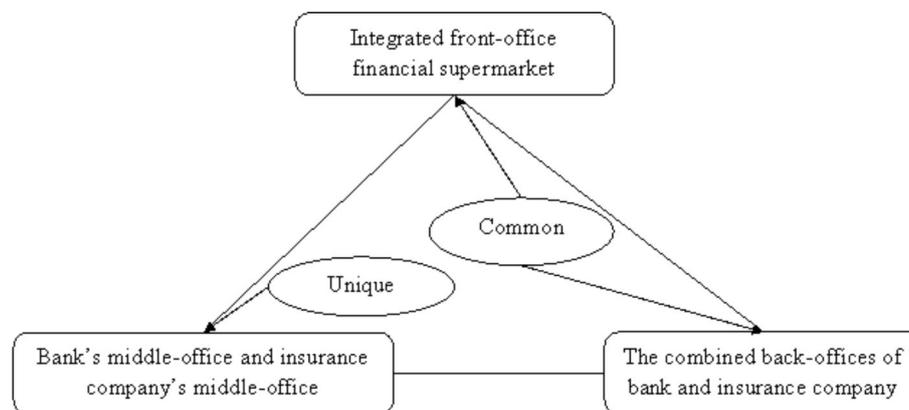


Fig. 1. The major functional combination of the financial supermarket components [1]

Creating a business plan is a key tool for planning and implementation any project, including the financial supermarket.

In contrast to other projects, business plan of the financial supermarket should be considered the following features:

- The structure unity of the project;
- A combination of centralization, specialization and integration of management functions;
- A unique product range of financial supermarket;
- Taking into account the purposes of the banking and insurance business;
- High level of IT technologies.

Given these characteristics and common standards of business planning for financial supermarket project can be offered the following structure of business plan:

1. Summary
2. Description of sectors
3. Description of financial supermarket participating companies
4. Description of Financial Services
5. Marketing project
6. Organizational plan of a project
7. Personnel
8. Financial plan
9. Project Evaluation
10. Guarantees and project risks
11. Applications [3].

The first section of the business plan - "Summary" - is a brief description of the project - its purpose and nature, methods of achieving the objectives, the project cost, features of financial supermarket functioning, its advantages over financial institutions with a standard set of services, predicted sales. Summary should contain the main information that is presented in clear and understandable manner, because potential investors' general impression about the whole project is based on the summary.

Detailed information on the status and prospects of the banking and insurance segments contained in the second section of the business plan. The main elements that are defined in this section include: the financial market current state, the advantages and disadvantages of cooperation between banks and insurance companies, the ease / difficulty of financial supermarket market entry, market saturation by similar businesses, their examples and a brief analysis of the activity, the possibility of future business development, existing and potential demand for financial services.

This business plan chapter needs to take into account the following factors influencing the activity of the banking and insurance markets:

1. External macro environmental factors - factors that can indirectly affect all industries and business areas in the country.
2. External micro environmental factors - factors that can directly affect the establishment and terms of the financial supermarket.

Detailed description of the financial supermarket participating companies is given in the third section of the business plan: scope, its legality and availability of all necessary licenses, shareholding structure, experience and reputation on the market, key performance indicators, quality of service, etc.

Describing each company, it is important to identify those features that play a major role in the financial supermarket formation, namely, the presence of an extensive sales network, high educational level of the staff, the introduction of innovative products and technologies in the company.

The fourth section of the business plan is devoted to financial services, which will be implemented through the distribution network of financial supermarket. Standardized products are definitely represented in the supermarket. However, special attention should be paid to the innovative integrated products that have the characteristics of various financial products and are able to meet customer needs comprehensively [2, p.10].

Marketing research, market characteristics and prospects of its development, development of marketing tools to attract customers is reflected in the marketing strategy of the financial supermarket formed in the fifth section of the business plan. Also, some socio-demographic characteristics of the population that consumes the financial services should be listed in this section.

Organizational plan of a project, which is highlighted in the sixth chapter, gives an idea of the management effectiveness. The continued success of the project largely depends on the correct prevailing organizational structure of the project. This section shall include: management structure of the company, number of employees, the division of responsibilities between departments and so on.

Basic principles of personnel policy, the possible staff changes, new jobs and the availability of key professionals, benefits, training opportunities, the organization of wages and working hours of employees are highlighted in chapter "Staff."

The financial plan of the project is presented in the eighth section of the business plan. Here, developers should note the following elements: the calculation of the expenditure of the project, if any - costs associated with servicing the loan, taxes, income from the sale of financial products, other receipts and payments.

List of guarantees for the project payback and return loan funds, problems and risks that may affect the progress of the project presented in the tenth section of the financial supermarket business plan. This information is presented in the following order:

- list of possible problems, which most often include: difficulties in merging different departments and corporate cultures, mismatched timing of integration and payback period of the project plans, the emergence of strong competitors, changes in legislation, etc.;
- list of preventive actions for the onset and reduce the negative impact of these problems and scenarios of behavior in case of adverse events;
- substantiation low probability of these problems' occurrence, and company's ability to neglect them when planning activities, due to the fact that there is a list of preventive measures.

Original data of companies participating in the project (financial documentation, technical data, etc.), referred to in the text of the business plan presented in the last section of the business plan - "Applications".

**Conclusions.** Business planning plays an extremely important role in the implementation of such project as a financial supermarket because for many industrialized countries, and especially in Ukraine, such an activity is new and little researched.

Business plan helps to solve the following problems for the financial supermarket project:

- Definition of short-term and long-term goals of the project;
- Strategy and tactics to achieve its goals;

- Determine whether the existing staff, its level of training and operating conditions, requires for the project;
- Development of marketing programs of the project needed to study the market demand, pricing, advertising and sales promotion;
- Defining the required funding of the project;
- Prediction difficulties that might prevent the project.

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