

## Optimal Strategies of Foreign Banks to Enter the Russian Market on The Example of Pingan Bank Co., Ltd.

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### Abstract

The international program is now very quickly covering its capabilities to introduce its banks, including in the Russian markets, and this can no longer be rebuffed. Because it is very convenient for users of their services, due to the fact that the range of services and consumer goods is increasing, as well as the choice between banks whose quality is better. Thus, in the process of competition, the cost of the goods decreases and the service becomes even better.

There are a lot of foreign banks in Russia. As of April 01, 2020, 63 foreign banks out of 390 operated. More than half of these banks are from Europe, 17 banks are from Asia [5].

The banking sector in Russia is highly competitive. Therefore, foreign banks, especially from China strive to stand out and lead among competitors.

Almost all foreign banks have identical tactics and strategies. These strategies target a similar demographic of banking consumers. By using a variety of strategies in the international marketplace, a financial institution can differentiate itself from its competitors by offering the latest technology to consumers in a variety of ways.

**Keywords:** banking, marketing, strategies, market, credit organizations, tactics, advertising.

### Introduction

The whole process of the importance of such work is primarily necessary in the study of the methodology for leading the desired direction, which is created by foreign banks when capturing the markets of Russia to conduct their business in this country.

The Russian market is currently quite successful and self-sufficient, including the banking market, where you can develop your business well.

Foreign banks, assessing such positive prospects, are trying to create as many representative offices as possible in order to gain a foothold in this country, as well as to locate subsidiary banks.

Foreign banks in Russia have great advantages. First, they have debugged service technologies. Secondly, foreign banks have ample opportunities for the operational development of the branch network. Thirdly, the proven marketing and PR strategies of foreign banks are backed up by large budgets.

And also, foreign banks entering the Russian market are much larger, which expands the opportunities for clients, especially the vip level.

Most foreign banks have advantages in marketing and PR. These industries have been developing in the West and America for a long time and very effectively. There are still not enough such specialists in Russia.

Of the advanced technologies used by foreign banks, there are widely used loyalty programs that allow you to attract and retain customers. Only the largest Russian banks from the top twenty can compete with foreign banks at the proper level.

Medium and small Russian banks still lack experience, specialists and advertising budgets.

In an era of abundance of banking products and services, the client becomes more discerning, it is difficult to surprise him.

Therefore, non-standard, creative moves in banking marketing strategies are one of the most effective ways to win the customer.

The purpose of the study is to understand the principle actions of strategies in the banking sector to determine what approaches and strategies are used by foreign banks in financial services market.

## **Methods**

Analysis of data from various sources, Russian and Chinese scientific works in the field of strategic marketing, to obtain maximum and accurate information, as well as analysis of the information obtained, which was collected by PingAn Bank Co., Ltd.

## **Results**

The exit of the Chinese bank PingAn Bank Co., Ltd. is very important for the modern development of the international market. to foreign markets. This will strengthen the bank's position in the international market. The fact is that the whole idea of the principle is based on the reliability of strengthening this project, which was developed specifically for a Chinese bank to introduce it on a foreign market.

In today's modern world, financial institutions are forced to operate in a pandemic, to cope with fierce competition in international business, as well as with complex regulations regarding the adequacy of capital and reserves. Thus, foreign banks need to apply different marketing methods and strategies.

Bank marketing can be called a new phenomenon that has been well formed in the past few decades. Well thought out marketing strategies are very important for the effective promotion of banking services in the international market. Rapid entry into new international markets, the growing level of competition - all this is one of the factors that contribute to the movement of financial institutions to search for more effective ways to conquer both the domestic and world markets.

Every banking system of foreign financial companies always wants to consolidate its position in order to stay in the country of presence for a long time.

For foreign banks striving for a successful and long-term in the international market, it is imperative to create their own marketing development direction.

A marketing strategy is a blueprint for achieving marketing goals. A well-formulated marketing strategy allows foreign banks to focus on marketing activities to achieve their goals [4].

In order for a foreign bank to develop a competent strategy, marketers need to study the market that the company plans to enter.

Customer service in banks was created in order to monitor the progress of credit funds for the protection and convenience of customers when performing foreign exchange transactions and other financial services. For example, it can be both credit loans and all kinds of settlement funds in general. Thus, bank customers can always use the full range of services that are very interesting to them in the form of using the development of their business. Therefore, they need such standard banking services.

And in order to retain their customers, banks need to approach each of their customers with a package of services that are most suitable for the conduct of his business, and they must be expanded, focusing on each customer.

Thus, the banking system must be very flexible, and the marketing policy must be productive and of high quality, therefore, it is necessary to study the market needs of customers, calculate the economic situation and the features of the capabilities of the bank itself as a whole to meet the needs of customers.

When providing services, the bank must be very attentive to its customers, giving them the opportunity to get what they want and create the necessary conditions for them to resolve their issues on time.

During the production of the processes of the banking system, partnerships with customers can even be created, as well as relationships in the field of marketing communication and encouragement of their employees to promote their products and services in order to create a large profit for the bank owners in the aggregate.

Each bank must have at least four main marketing directions [3].

There are four main marketing strategies for the bank (Table 1).

**Table 1. Marketing strategies of the bank and their characteristics [7]**

Strategy	Characteristics
Growth strategy	<ul style="list-style-type: none"> <li>- selling existing banking services in existing markets;</li> <li>- selling new banking services in existing markets;</li> <li>- sale of existing banking services in new markets;</li> <li>- selling new banking services in new markets</li> </ul>
Competition strategy	<ul style="list-style-type: none"> <li>- leadership in banking rates;</li> <li>- building customer chains;</li> <li>- exclusive vip clientele service;</li> <li>- expansion of channels for disseminating information about the bank's services;</li> <li>- cost dominance (costs, tariffs)</li> <li>- using miscalculations of competing banks</li> </ul>
Leadership strategy	<ul style="list-style-type: none"> <li>- solving internal communication problems;</li> <li>- improving the quality of organization of work with clients;</li> <li>- creation of a customer-oriented financial organization</li> </ul>
Strategy of priorities	<ul style="list-style-type: none"> <li>- expansion of the banking range of services;</li> <li>- expansion of the market niche;</li> <li>- formation of a stable customer base;</li> <li>- ensuring financial stability in a commercial environment.</li> </ul>

## Discussion

In understanding the marketing direction, it can be argued that this is, first of all, the very base of the marketing idea, which determines the processes of developing the business direction as a whole, and from which a general strategy then grows for the implementation of the necessary tasks of the entire financial company [1].

The strategy specifically focuses on how a foreign bank should operate in a foreign market to achieve the desired results.

Thus, it follows from the above that a marketing strategy is a plan to achieve the goals of a company.

Armstrong, Kotler explain that marketing strategy is a roadmap of how a company allocates its resources and connects them to the environment and achieves a corporate goal to generate and keep the company ahead of its competitors [2].

The most important task in creating a marketing direction is becoming a defensive ability to resist competitors in their field of activity.

Thus, we see that the foreign bank will be in a much more advantageous position and will receive more income and increase its distribution of financial services in the market.

The main task of marketing is to retain each client, creating the most favorable conditions and quality service for him, as well as bringing new consumers of services and expanding his market area, improve the bank's image, promote the bank's brand, master marketing tools.

Most financial institutions now focus on marketing so that their clients are aware of the services and benefits they offer. Therefore, a marketing strategy is an important link between banks and customers. Only a bank that has invested in marketing can expect to be successful in the international market.

Banks today come up with amazing and impressive ways to lure customers and retain their customer base.

Financial institutions place great emphasis on building long-term relationships with their clients and attracting new clients. Consequently, relationship marketing is becoming very important for banks. All bank marketing techniques and strategies are designed to ultimately entice people to do business with a particular bank.

It is safe to say that well thought out strategies are very important in promoting banking services both domestically and internationally.

In a pandemic, banks must act quickly, adapting to the needs of the client. For this, the marketing strategy must be constantly adjusted.

Service marketing is just picking up steam, especially when it comes to banking marketing. The marketing orientation of foreign banks is essential for survival and success in the international market. With increased competition and awareness of the banking sectors, customers are now becoming overly demanding and picky about the services they offer. More and more new trends are observed today.

Thus, in order to be successful, a foreign bank must have competent employees, innovative management, be able to effectively use technology, in addition to having the right products and distribution channels.

The strategic model of a foreign bank should be focused on standardization, communication, diversification and globalization in international markets.

To be the best bank in the international market, you need to focus on exceeding customer expectations by offering quality services and service.

Today, Chinese banks are pursuing different strategies as they steadily enter international markets. In practice, Chinese banks have a network of financial support for Chinese enterprises that enter international markets such as the Middle East, Africa, Latin America, and Russia.

Ping An Bank Co., Ltd. is a Chinese joint-stock commercial bank headquartered in Shenzhen. The Bank operates primarily in mainland China with a representative office in Hong Kong. The bank offers retail and corporate banking services, including investment banking services. As a subsidiary of Ping an insurance, this bank entered the top three, where Ping An Group's main pillars are insurance, banking and financial management.

The corporate banking segment provides corporate loans, deposit activities, agency services, money transfer and settlement services, and guarantee services.

Thus, the banking list of services and goods makes lucrative offers for individuals and small businesses.

In 2020, Ping An was ranked 7th on the Forbes Global 2000 list and 21st on the Fortune Global 500 list.

Ping An also ranked 38th on the list of the world's 100 most valuable brands WPP Kantar Millward Brown BrandZ™ 2020 and retained the first place among the global insurance brands.

Currently there are about 735 branches Bank in China itself.

Most of them, located in cities, are available to foreigners for opening personal accounts. However, in order to enable customers to enjoy the five-star service, Ping An Bank selects several major branches in the international market that provide banking products and services. One of the branches is located in Russia.

China's Ping An Bank is partnering with Chinese companies as they enter new offshore markets. To support expansion in international markets, Ping An must follow a marketing strategy and offer financial products that are tailored to the needs and expectations of customers.

The bank offers the services necessary to achieve success in the global market. Whether a customer needs support in Greater China or beyond, Ping An Bank provides a range of banking services that perfectly blend East and West.

Ping An Bank provides digital services that carry the ability to automate transactions in a variety of ways. For example, an electronic wallet that stores all customer data on the client or server side. This is a decisive breakthrough towards improving the quality of customer service in the country of the Bank's presence.

Chinese consumers in the international market want to do business with a financial company they trust. The credibility of the bank arises from the increase in brand awareness, the digital technologies that the company provides and the support of famous celebrities.

When choosing a bank, Chinese clients turn to social networks, internet experts and search engines for information and advice about a particular bank. Building a positive reputation and a strong online presence are top priorities for the Chinese bank Ping An.

The Ping An Bank website should be well organized, professionally designed and informative. Building a quality Chinese website is an integral part of the face concept, the strong impression concept and the image of Ping An Bank. The website must be listed on all search engines and be at the top of search results. This can be complemented by advertising through contextual advertising, banner ads, and paid links. Customers need to see that you are a legitimate and reputable company in China. With the right keyword optimization strategies, Ping An Bank can increase its visibility.

Ping An Bank can improve its rating using a number of methods:

- production of high-quality, original content;
- exchange and distribution of content;
- keyword optimization;
- backlink campaign;
- web links and referrals;
- server located in China and Russia;
- the site is optimized for Chinese, English and Russian;
- Chinese domain.

## **Conclusions**

Bank Ping An should work with influencers to reach new audiences and make its brand known. Influencers can frame the Bank's message and turn it into something interesting.

Influential people can help Ping An Bank reach out to millions of people who don't believe in financial products. They can help the Bank to attract new customers and activate existing ones. There are respected personalities in the industry who have the connections and influence to increase Ping An Bank's brand awareness and credibility.

PR is the most important method for raising awareness and credibility of the Bank in the financial sector. Specialized Chinese publications will publish only high-quality and interesting news from reputable sources. Chinese consumers trust their official news outlets because they know that businesses are regulated by the government. That is why it is so important to develop the Bank's reputation.

Another way for the Bank to interact with customers is to create an online community in Wechat. Wechat with over 750 million users. This is a very interesting community where Chinese users spend an average of 1.5 hours a day on one application. In its official Wechat account, Ping An Bank can talk about new trends, industry reviews, financial advice, investment news.

All this is done in order to attract a new audience, as well as maintain the current situation in international markets.

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