

Marketing communication in private banking in selected European countries

Diploma thesis

Supervisor:

prof. Ing. Jana Stávková, CSc.

Bc. et Bc. Patrik Bittner

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Abstract

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In the literature survey, the subject of this thesis, private banking, is characterized as a specific segment, its development in the Czech Republic and some other European countries is described. Further, bank marketing in relation to private banking, marketing instruments used, relations with clients and their building are described. In the practical part, a current state of private banking in the CR is characterized and compared in relation with the most affluent clientele in the selected European countries. The substantial part of the thesis is devoted to the analysis of the structured interviews with private bankers in the international banks where the survey was conducted. Based on information obtained from the interviews, conditions for entering the client private banking and formation of portfolio, marketing communication and its components used by bankers, expectations of private clients when entering private banking, requirements placed on a baker are specified, banker's typology is designed.

Keywords

Marketing communication, private banking, direct marketing, interview.

Abstrakt

Bittner, P. *Marketingová komunikace v privátním bankovníctví ve vybraných Evropských zemích*. Diplomová práce. Mendelova univerzita v Brně, 2016.

V literárním přehledu je charakterizováno privátní bankovníctví jako specifický segment a jeho vývoj v ČR a některých evropských zemích. Dále je popsán bankovní marketing s ohledem na privátní bankovníctví, marketingové nástroje zde používané, vztahy s klienty a jejich budování. V praktické části je charakterizován a porovnán současný stav privátního bankovníctví v ČR a ve vybraných evropských zemích s ohledem na nejbonitnější klientelu. Podstatná část vlastní práce je věnována analýze strukturovaných rozhovorů s privátními bankéři v šetřených mezinárodních bankách. Na základě poznatků z rozhovorů jsou popsány podmínky vstupu klienta do privátního bankovníctví a tvorba portfolia. Je konkretizována marketingová komunikace a její prvky používané bankéři, očekávání privátních klientů při vstupu do privátního bankovníctví, nároky kladené na práci bankéře a sestavena jeho typologie.

Klíčová slova

Marketingová komunikace, privátní bankovníctví, přímý marketing, rozhovor

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1 Introduction

I selected the topic of marketing communication in private banking due to my personal interest in work of a private banker that includes collaboration with a private client of the bank. No special publications on private banking business exist, there are just some chapters in some books that deal with banking as a whole. Some limited information can be drawn from the websites of the individual banks which have the segment of private banking. Some banks use the name of private banking for personal banking where only common products of retail banking are offered. Not all banks present these special services on their websites. Not-publishing certain information, however, can be connected with the effort of maximal discreetness and protection of bank secret. Banks rather release a portfolio of these services, not the manner of their work in this area. Generally, the topic of private banking and services associated with it is relatively greatly unknown.

Therefore I would like to find out in this thesis how the relationship between a private banker and private client is built and formed, how it develops and first of all how it is maintained as on the aforementioned the whole workload of a private banker is based. The topic of marketing communication between a banker and client is very interesting for me as I have already been working in the banking sphere and this kind of the relationship between a client and banker is familiar to me. Therefore, differences of the relationship between company clients and private clients are interesting for me. It will be interesting to find out how the clients are addressed and what approach the bankers use for marketing communication, the aim of which is to offer and sell a bank product. Private banking is known to be based on numbers, as generally all banking is, but also on the manner of acquiring clients. We can assume that the latter depends mainly on communication skills of a private banker, which was one goals of my thesis. Even more important ability for a private banker is then an ability to maintain a client who has parameters of a private client and bring to the bank stable revenues and profits.

Before the change of political situation, we knew private banking in countries with a long banking tradition as Switzerland, Liechtenstein and other Western European countries such as England, France. Wealth, to which private banking is concerned, has always been associated for example with the Rothschild family.

Today, the private banking sector in the Czech Republic and other Eastern European countries has still been developing, it is a young industry. Whereas in western countries it has a history, here we are just starting writing it. Therefore, I believe that graduates of economic faculties can find their jobs here. I assume, however, a fresh graduate must have a several years of experience and practice in banking to achieve a position of a private banker.

2 Objectives of the thesis

The main objective of this thesis is to get to know the role of private bankers, ways of communication with clients and to determine the reasons for entering of clients into private banking in the selected banks.

The research will be conducted based on personal meetings with private bankers during which it will be detected how the relationship between the banker and client is formed and how it works, how private clients are acquired and what are their needs and expectations in the context of marketing and client retention. Marketing instruments in the segment of private banking will be identified.

The partial objective of the thesis will be to analyze income situation of the inhabitants of the selected EU countries with a focus on defining the most affluent people as potential clients of private banking.

The second partial objective of the thesis will be to identify the segment of the most affluent inhabitants as clients of private banking and to describe products used by clients. Available secondary data from the annual reports of the selected banks operating in the EU will be used as the source for partial objectives.

3 Literature review

3.1 Private banking (PB)

No unique textbook definition of private banking has been written yet. Definitions always differ in some aspects, however, the definitions have one mutual basis. For example the internet sides of the Privatbank say that private banking is a specific area of banking for creditworthy and demanding clients. And I would like to add to these characteristics that private banking includes highly above standard, comprehensive and discreet banking services that are provided to the most demanding clientele and usually their families.

Janeček (2015) characterizes private banking saying: *“Private banking represents a portfolio of complex services. Generally, it includes financial consultancy, tax consultancy, banking transactions, opening of international accounts, consultancy at establishing companies or consultancy with family financial services. It also contains special acts, such as purchase of gold or works of art“*.

Sale of banking services is a specific process. According to Kotler and Keller (2007) *“service is an activity that one side offers to the other. This is intangible, indivisible, changeable, ephemeral and generates no property.“*

Originally, private banking was considered only as a service with the aim to protect property and finance of wealthy people. Today, private banking is considered a highly specialized and highly personalized service. Services are not only of a banking nature, they also include other financial and non-financial services. Complex care and individual approach is at a lower or higher degree offered by all private segments of banks on the Czech market. It includes services ranging from an individual setting of the investment portfolio to *conierge* services (service of a personal assistant ensuring all personal requirements of a private client, such as air tickets, admission tickets, flowers, ensuring medical care, holidays, professional services when investing in wine, jewels, investment diamonds, works of art and others). Private banking services

always concern the clientele with a higher volume of available assets, such as successful entrepreneurs, company owners, heirs of property, but also people from the field of artistic activity.

Providing of services through a private banker in private banking, it means by one person for the whole period of the existence of a relationship with the bank, differs markedly from commonly provided banking services. Some banks also ensure consultancy of highly specialized experts when solving particular, e.g. investment issues. Another different issue is solution of needs of a private client at anytime and anywhere. Unlike a retail client, the private client does not have to go to the bank, a private banker can visit the client at home or in the company or wherever it is comfortable and private for the client (hidden from the eyes of others), for example café and so on.

Client's evaluation of provided services is be important for the bank. If the bank via a private banker provides a client a service which is assessed positively by a client, then the bank may use this favorable evaluation as an advantage against its competition.

Therefore, the value of a service always depends on attributes, parameters which are from the client's point of view subjective or objective. The value, quality of service is reflected in price in private banking. Private clients expect a higher price for better service. However, market also plays a role, a market price and market value of the service. This should be in correlation with the requirements of clients.

Quality of service of the private segment is a quality of its results. Private bankers should keep in mind criteria by which clients evaluate these services and thus also the bank (Ehleren, 1997).

According to Kozel (2006), the bank must follow and assess the satisfaction of clients. Considering increasing competition in the banking environment, similarity of bank products, higher requirements of clients for service quality and their lower tolerance of insufficiencies in f quality of bank's services becomes very important. If the bank is able to fulfill clients' requirements well, its image is getting better. *"Private clients within services assess political and*

economical stability of the country, possible tax benefits, confidentiality and bank secrecy, security offered by a highly professional and specialized management and the bond of trust that is created between him and his private, personal banker “ (Krajíček, 2005).

Privacy and data protection in private banking against unauthorized access of people who do not have permission to certain data are very important and it is one of the things that have recently played, and will play in the future a very important role (Tribelhorn, 2015).

3.1.1 Development of private banking in Europe

Private banking comes from Switzerland, where currently, it is highly developed. Historically, it was established here mainly due to the neutral status of the country during the world wars. During the First World War Austro-Hungarian nobility shifted its property to Switzerland and in the Second World War Jewish families transferred their capital here and protected it from the Nazis. In 1934 the Swiss Banking Act, which restricted rendering of information about client accounts in the country was adopted. This further motivated well-off people from various countries to deposit their finance here, also for tax reasons. Similar laws were valid in Europe, for example in Luxemburg and Austria. Currently, with the functioning of the European Union, these countries are getting under the pressure from the side of the EU but also USA to change the rules and thus avoid the possibility of tax evasion, which has already happened in Luxembourg and Austria.

Private banking as a segment started to develop in the Czech Republic only after 1989, after establishing of the independent Czech Republic in 1993. It is possible to say that Živnostenská banka was the first and the only one bank providing service of private banking in the period from 1992 to 2000. It focused on wealthy clientele and its “tuzex” accounts. In 2001 Erste Private Banking of the Czech Savings Bank was founded and followed one year later by the Czechoslovak Commercial Bank and in 2007 Commercial bank. In 2010 London HSBC bank sold its division of private banking to the Czech Savings Bank

(service ČS Premier was founded, which was in 2012 renamed to ERSTE Premier) and one year later in 2011, German Commerzbank sold its Czech division of private banking to the Commercial Bank. In 2007 HVB and Živnostenská bank merged and today's UniCredit Bank was formed.

3.1.2 Current private banking on the CR and SR markets

Private banks and private banking segments in other banks offer the management of private financial assets and related services to wealthy clients. General division of banks rendering private banking services:

1. universal banks – they provide services of private banking as part of their service portfolio,
2. specialized private banks – they are focused only on these services,
3. subjects that do not have bank license and do not render classical bank services, they focus only on the management of assets, cannot perform bank services such as payments etc..

Services in private banking can also be differentiated according to their so-called “architecture“, this classification is linked with further bank classifications. Banks with open architecture also offer clients products of other banks, across the market. It concerns mostly smaller private banks that do not have a large portfolio of products, or companies that do not offer their own banking products. Conversely, banks with closed architecture offer their own products and services. This is the case of big banks, but some renowned banks offer the open architecture due to benefits for clients.

In the EU, rules for banking regime are valid, transnational market mechanisms in this community are governed by so called Basel agreements. EU directives of the EP and Council on markets with financial instruments (2014) assume these rules. Besides others, they serve as a protection for a client as a non-professional against risks. Free movement of capital and the existing universal banking license after entry of the Czech Republic into the EU is important for international marketing in banking (Krajíček, 2005).

In addition to the EU directives for the banking sector in the Czech Republic, as in every other country, national laws and commercial code, which I will not further describe in this study, are applied. Basically, the regulation and supervision of the Czech financial markets is performed by the Czech National Bank as of 1 April 2006. This bank within the valid European passport (single European license for cross-border service provision) notifies license of foreign banks for operation in the Czech Republic.

Reports of the companies Capgemini and RBC Wealth Management indicate an increasing number of millionaires in the Czech Republic. In 2014 their number increased by 10 % to record 21 400 people. Their number increases much faster in this country than on the global average (Příbyl, 2015). Market of private banking still has a great potential in the Czech Republic. According to estimations of the Raiffeisen Bank (providing services of private banking under the trade mark *Friedrich Wilhelm Raiffeisen*) Czech private banks currently administer only about 20% of all the assets that might be under the management of private bankers. The remaining part is either in Czech banks outside the private segment or abroad. Thus, in the coming years Czech private market might grow by more than ten percent rate (Kofroň, 2011).

Private banks, to which wealthy citizens entrust their funds (if not transferred abroad) on the Czech market, but also in EU countries, differ in their perception of private clients according to their available funds. Private banking is one of most rapidly changing branch of banking. Various awards increase the awareness of the society about private banking existence. Every year two prizes for the best private bank with the title "Private Bank of the Year" and "Best Relationships with Clients" are awarded In the Czech Republic (Relationship management). In private banking, it is especially necessary to respect the requirements of clients. Nenadál (2002) characterizes the customer's request, it means a private client in the private banking segment, "such as the conversion of his needs and expectations from the bank".

For successful private banking, for extending its markets, banks are forced to innovate existing products and create new ones. New products and services then

require marketing support when introduced in the market. In current high competition among banks", clients or potential clients strongly perceive innovation of products and services. As an example I present Raiffeisen Bank, which on the PB Czech market profiles with innovation of products and relationship to the client with an emphasis on activities in the regions. Its original motto: "Ich für Dich, Du für mich" speaks about teamwork, ability to meet its obligations. Private Banking creates long-term relationships with clients based on mutual trust. The Bank emphasizes a very important role of private bankers as follows: "*This is who makes the quality of our services, professionalism and experience of private bankers*" (Raiffeisen bank [online]). The Bank considers the exclusive private banking as knowledge of detail (Špačková, 2012).

3.2 Marketing in banking with focus on the segment of private banking

"Marketing is a set of human activities directed towards the implementation of an exchange" (Kotler et al., 2000). Through marketing tangible needs (goods) and intangible (services) of customers can be satisfied. "*Bank marketing is marketing in services unlike meeting needs of customers of production*" (Torres et al., 1998). Services have specific characters, different from ordinary physical products and they have to be handled differently as well, marketing strategy is also different. Bank product can be characterized as a sum of bank activities and operations. Private banking, particularly, is a service focused on a narrow and specific group of clients, the needs of clients must be known really perfectly so that the offer could meet the demand. Bank marketing thus has a difficult task to balance interests of the bank with the interest of a client. The result must send a signal that it is always in favor of the customer. In the marketing process, the first marketing step is very important for the bank by this step the bank shows the public the sense and content of its mission. Not all banks, however, publicly communicate their missions. Although current marketing and its theories emphasize satisfaction and meeting the needs of customers, the compliance with the principles of banking activities, profitability and profit is principle

(Hass, 2011). It depends by which tools under the marketing concept the goals are achieved. Large sums have been spent on marketing, the same is true as well for the private banking segment (hereinafter referred to as PB). Banking also defines external marketing, which includes product preparation and sales support and training of staff that get in contact with clients. Interactive marketing deals with abilities of workers, bank consultants, private bankers, their skills and promptness in dealing with clients.

Marketing in the bank environment has been rapidly evolving and improving, depending on the development of the market environment, at the same time it is also affected by bank market globalization. In the United States of America, a cradle of marketing, its onset started already at the end of the 19th century. Those days the demand exceeded the offer, but the situation changed rapidly with growing competition, the state changed and the offer began to exceed the demand. Thus the trend of marketing philosophy towards market and its segmentation to target groups of customers began. The onset of marketing in the Czech Republic (CR) started about 20 years ago. A strong marketing development in banking in the CR started after 1990 when new much stronger international banks appeared in the financial system compared to those existing on the market so far (Krajíček, 2005). In the CR, Slovakia and other countries of Eastern Europe after political changes also changes in banking occurred. Owners of most banks changed markedly, only a few banks were not partly (sometimes even a by majority) owned by foreign owners (mostly strong bank houses). However, on the other hand, even nowadays ongoing mergers and acquisitions cause a decrease in the number of banking entities. This leads to increasing competition in the bank environment. Bank environment across the European Union was also affected by the introduction of "single banking license".

From the introduction and beginning of the use of marketing in banking, we can observe following development from the aspect of its function (Krajíček, 2005; Amstrong and Kotler, 2010):

- Historic marketing – banks did not follow the needs of customers/clients, customers for products were looked for “ex post“, process of products did not reflect a real value for a customer. From today’s point of view, these banks were not marketing-oriented.
- Classical marketing – it was already oriented to meeting needs of customers/clients but product or service had to be sold to a customer using a marketing tool. At this phase “marketing mix“, marked as an abbreviation of 4P (**P**roduct – **P**rice – **P**lace – **P**romotion) was used. Optimization of 4P elements is to achieve and maintain market share, these tools are still used today.
- Modern marketing – though built on the principles of the classical 4P marketing, the ground, however, is a customer to whom it is oriented. The abbreviation 3C means: **C**ustomer Benefit, Total **C**ustomer Cost and **C**onvenience. Modern marketing considers the development and building of relationships with customers.

Currently significant changes in the bank marketing can be observed. They are caused namely by:

- Liberalization of the bank activity,
- Participation of foreign banks in banks or establishing subsidiaries,
- Establishing of new domestic banks,
- Deregulation connected with termination of mutual dependency of banking activities,
- Extension of the activities of banks by sale of products and services
- Development of information technologies and technical development (Torres et al., 1998). banking

We can state that changes in the current marketing environment of banks are caused by rapid changes in bank competition; another strongly affecting factor is bank clientele, i.e. customers. The private clientele has become a strong factor during the last two decades. Bank achieves to have a good customer portfolio; potential customers with whom the bank can increase its market are important in terms of market development. To implement this trend, the bank has to offer

new, for customers more suitable products, based on their needs. The assessed offer of products and services must get to customers, thus banks must develop successful marketing. Recently banks started to apply marketing strategies more frequently. Marketing is considered to be an information source for top level management decision making. Marketing tools can provide information to the management that cannot be obtained from other sources. In order to be able to fulfill its mission, the bank must have marketing management which will allow it to plan future productivity and prosperity.

3.2.1 Categorization of bank customers/clients

“A customer/client in the bank environment can be characterized as a person who is able and willing to use bank services and products“ (Kašparovská, 2006). Based on their use of bank, bank customers can be classified in three categories:

- Regular customers, i.e. clients,
- Potential customers,
- Anonymous customers

The first category of customers has a formal relationship with the bank, usually it is an agreement, which can be a current account opened at a particular bank. Potential customers include persons who might become clients in future. Anonymous customers have no relationship established with a bank but still they use some bank services or products, typically they are long-term clients of another bank.

Clients can be also categorized based on other criteria: type of transactions with the bank (state institutions, firms etc.), residency of a client, client's occupation, age, legal entity, financial position and incomes. Stávková and Dufek (2014) describe two basic value categories in segmentation of customers:

1. MVC (Most Valuable Customers) are the most valuable customers with high retention.
2. BZC (Below Zero Customers), i.e. loss-making customers.

“Marketing strategy starts with the selection of the target market, which is a segment of the market on which the company/bank plans to focus its

marketing efforts. The process that we examine is called analysis and market segmentation“ (Johnson et al., 1986). Marketing strategy in the area of bank products and services is specific and differs from the marketing strategy of common products which offer the satisfaction of customers' needs immediately (for example buying a car), while bank services satisfy the client gradually in a longer time perspective. Several marketing strategies in the access of banking companies to market exist.

Mass, undifferentiated marketing strategy is the same for all segments, i.e. for all clients. The reference client for the bank is then the average client who in fact does not really exist.

Segmented marketing is based on the necessity of segmentation at the selection of the market. Segmentation is then a method which divides the market into groups of clients with the same characteristics consuming the same products or services (Kotler and Keller, 2007). In segmented marketing typically, products and services and marketing mix are "tailored" to the clients of the targeted market. Two basic segments are distinguished in banking:

- Private client sphere – i.e. private persons
- Business sphere – i.e. legal entities.

Based on the segmentation, the bank can select target groups and focus on applying its strengths on them – *targeting*.

A target group in client marketing, in the area of private banking is a client himself, this means a certain subject selected by the bank for its size and profitability. This marketing is applied for clients whose contributions for the bank are great. It is applied mainly in clients from the private sphere. It can be also applied at the entrepreneurial client sphere. Big companies and well-off individuals are other interesting clients for private banking. The principal difference compared to the approach to common bank clientele is that the clients are searched by the bank according to criteria including, besides other, the amount of turnovers in their accounts. Bank provides these clients lower charges for services and products than other categories of clients. This can

include favorable interest on current accounts and interest on loans. The bank often uses these clients as reference clients.

Segmentation is a complex process which requires a selection according to more variable, factors. Today banking already works with sub-segments, i.e. minor units. Due to increasing distribution of the levels of population by income, banks in the system of private banking services personalize according to a specific client.

In the private client sphere, the most common and important factors for market segmentation are demographic factors (age, occupation, income, gender, education but also religion, nationality, residence, race, and others). They are followed by social factors presented by certain rules, templates, statuses. Family life cycle and social and professional categories are also substantial for the marketing strategy.

Based on the income and property which can be assessed financially, bank clients can be divided into following categories:

- high - Very Rich People (VRP)
- middle – Middle Class
- low standard - Standard Client.

These categories then receive a corresponding degree of attendance from the side of the bank (Torres et al., 1998):

- private banking for middle and high clientele
- higher standard banking for the middle clientele
- traditional (counter) operation for the lower and low category of clients.

Today, however, even the traditional counter operations have been transformed to a more personal environment without counters.

In some banks, client segments also include the segment of private clients which forms together with private bankers the segment of private banking. It was formed in connection with change of the market, change of financial status of the population. New marketing strategies and marketing communications play a role in creation of this segment. Private banking is designed for the clientele with “top“, absolutely highest income and property.

We meet globally used of categories of wealthy people in this segment (Investopedia.com, 2013):

- *Affluent individuals* – wealthy people with free resources amounting to at least 100 000 USD, i.e. ca 2 mil. Czech crowns at the exchange rate of 23 CZK/USD,
- HNWI - *High Net Worth Individuals* – people with high net property having available 1 mil. USD, it is ca. 23 mil. CZK (today) (Cpagemini online, 2012),
- UHNWI – *Ultra High Net Worth Individuals*, persons with very net property corresponding to 30 mil. dollars, which is ca 690 mil. CZK (today).

Poklemba (2005) illustrates the wealth in a pyramid (see Fig. 1).

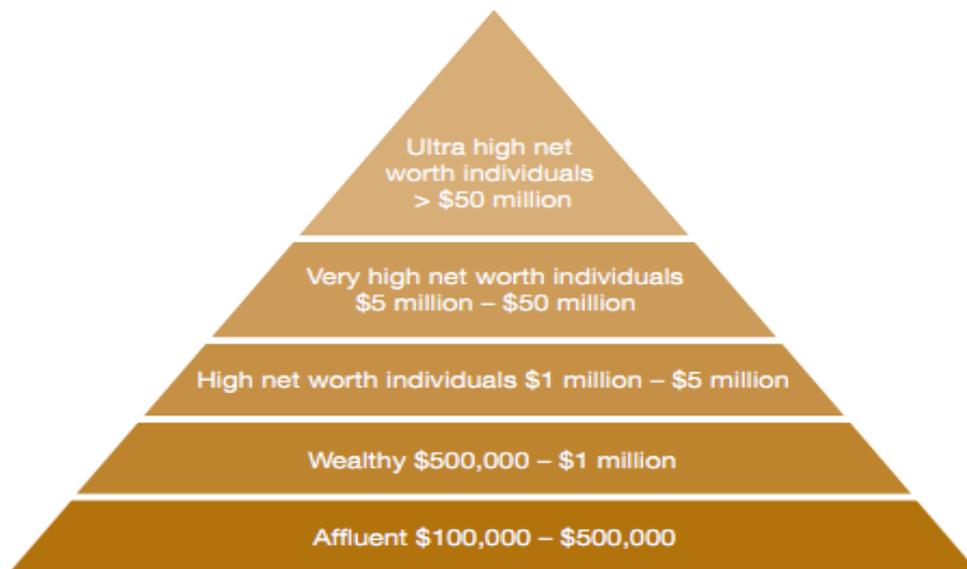


Figure 1: The wealth pyramid

Relationship marketing based on a relation between the bank and a client is a relatively new form of marketing. It is based on the perception of the value of customer's needs. It is developing mainly thanks to the development of CRM (described below). It offers a certain alternative to transactional marketing, which uses mass marketing communication tools.

3.3 Relationships between the bank and clients, their management in the private clientele

I include this chapter in the text of my study as marketing communication between a client and the bank is based on building good and permanent relationships between them. It is a ground for both working success of a banker and a success of the private banking segment of the given bank.

For successful obtaining and keeping clients, the bank builds a relationship based on mutual exchange of the following resources (Storbacka and Lehtinen, 2002):

- a) emotions,
- b) information
- c) negotiation.

All the named elements are very important and necessary for building a good relationship.

Ad a) Emotions arise with both positive and negative perceptions during a meeting of a client with the bank or with private bankers in case of private clients. The bank or its representative, namely a private banker should strive to create positive emotions of their potential customers. More intensive and effective emotions can be expected at personal and individual communication with a customer. The private banker should pay attention to these meetings as emotions of a customer are created at every meeting. "Emotions result in a mental activity but of another kind than thinking and they can exist independently on logical thinking" (Janečková and Vašítková, 2001).

Factors that significantly participate in creation of customer's emotion at personal meeting with a bank representative include:

- human factor – bank representative – with his personal characters,
- corporate culture of the bank,
- bank advertising and promotion activity,
- current customers' references,
- internet sites,
- personal information from bankers.

The last factor can create an environment for attracting further customers, a so-called reference value of customers is formed.

Ad b) If a potential customer has enough information obtained from some of the factors given in ad a), then he can more easily compare the considered bank with another one, a competition bank.

Ad c) Dealing of a customer with a bank representative, private banker

Personal contact is preferred in wealthier customers, mostly private clients, for providing information and subsequent exchanging of information and emotions. *"Besides bringing important information, also a bank employee argumentative strategy in marketing communication is important"* (Janečková and Vašítková, 2001). Comparative strategy or supporting argumentation of offered services is effective. A comparative strategy can be one-sided, if the banker provides only a positive statement about the service offered or two-sided, when positive information is given in contrast with competing services. This type of reasoning is frequently more effective than one-sided reasoning. Supporting argumentation lies in the confirmation of the positive qualities of the offered services. It belongs to the most common and simplest marketing strategies.

Storbacka and Lehtinen (2002) split the relationships with clients based on the value to three categories:

- **Value of skills and knowledge** - when both sides learn. For example a situation when a client needs to fund a specific project that does not correspond to existing products of the bank. After a mutual communication with the banker a product based on customer needs can be created, which in its final form will satisfy more customers, and will compete with other banks.

- **Potential value of** clients who currently are not profitable for the bank (e.g. students) but the growth of their profitability in the future is probable. Therefore, the bank provides benefits also to this client.
- **Reference value** – is given by the fact that a client can -based on the effect of emotions- recommend the bank to other potential customers.

A long-term relationship between the bank and a client is made mainly during personal dealings. From this aspect it is efficient to segment the clientele and form specific approaches to the segments. The main objective of the relationship management is a decision if the customer base will be split into groups with different categories of relations. “The sense of creating groups of the basis is the determination of their value potential“(Torres et al., 1998). “Based on the value, the customer base can be split in several portfolios: protection, development and change“ (Stávková and Dufek, 2014). The value of segmentation of clients can be also assessed according to certain criteria, such as: type of transactions with the bank (state institutions, firms, physical entities, financial institutions), residency of a client, type of a client’s occupation, their profession, age, legal status, financial position and income of the client. Dividing of customers into groups according to different categories of relationships is an important factor in the banking environment, it plays a strong role in private banking.

The analysis of the customer’s behavior in the past (if we can do it) as an important basis for the determination of the client’s value, in case of a potential client publicly available information can be used as the grounds. The potential value of a client is namely in private clients detected during personal negotiations when the client reveals the banker his future plans.

“Formation of a relationship with a customer goes through the following phases: establishing, developing and eventually finishing“ (Stávková and Dufek, 2014).

Many factors play a role during the development of the relationship, the relationship between quality and satisfaction can be expressed by various functions. The principal factors, it is the relationship between the quality of

service and customer satisfaction is linear, it means that customer's satisfaction increases with improved quality of services. In the private banking segment, similarly as in another environment, so-called profile factors by which the given bank differentiates from competition are important.

If the given bank differs markedly in its quality, then this profile factor can significantly improve a total impression and satisfaction in a potential customer (Stávková and Dufek, 2014).

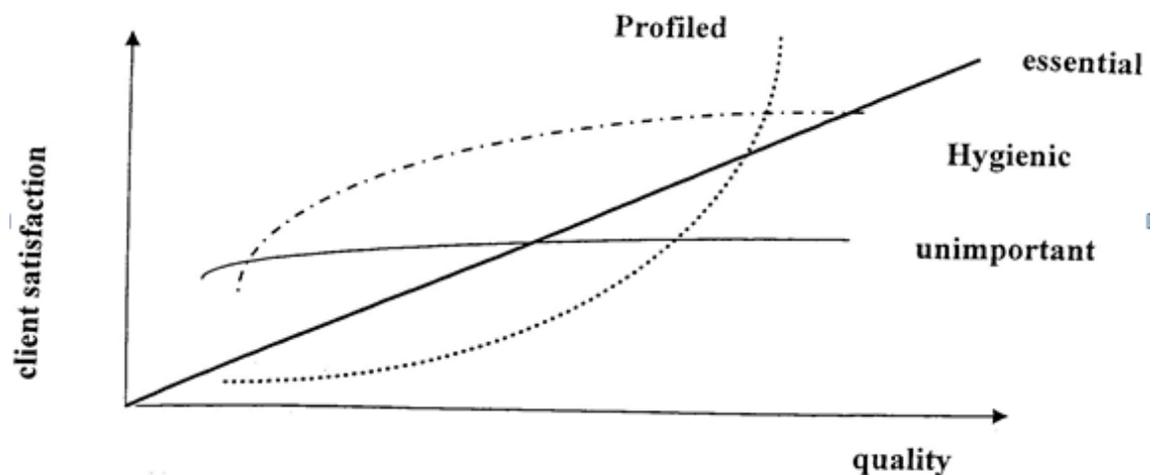


Figure 2: Factors affecting the development of the relationship with clients

Source: Stávková and Dufek, 2014

In the private banking area, the bank is interested in building above-average relationships. These relationships then allow to:

- obtain valuable potential customers
- increase client's loyalty
- increase the value of clients for the bank.

Banks perceive a client as a key factor for achieving a success. Marketing in banking means a process in which needs of a customer are satisfied and at the same time the aims of the bank are fulfilled. The need can be characterized as a feeling of lack, needs of people are usually illustrated using the Maslow's

pyramid (Torres et al., 1998). Needs of self-realization are then placed at the top of the pyramid - development of a personality (Krajíček, 2005). *“Maslow’s pyramid can be also applied to bank products and services and in the private banking area”* (Janečková and Vašítková, 2001). People in different geographical and cultural conditions, communities, social groups, age categories have different needs.

Following factors affect the client’s behavior when buying bank services/product:

- psychological
- personal
- social and cultural.

Psychological factors include motivation, perception, experience and approach. Freud’s theory is based on a principle that psychical strengths affecting human acting are unconscious. An example from the area of private banking can be given: a client takes a mortgage, since he is convinced that he needs to live. But a basic motive can be an ownership desire to buy a house in a prestigious district that would rank him among well-off citizens. Human perception is different, individual. Therefore, the banker must make an effort to get his message into the client’s consciousness. Positive experience for the bank is when a customer is satisfied and thus has no interest to change the bank.

Personal factors are important for the entire client sphere. They include:

- age and life cycle (human needs change during the life),
- occupation,
- economic conditions,
- personality and self-awareness,
- life style.

Namely the last three factors are very important for the sphere of private banking.

3.3.1 Strategy of the relationship with clients

Strategies can be divided as follows:

- Strategy of paper clips - closing: a customer adapts to the processes of the bank when the bank offers its customer its processes, and he adapts them.
- Strategy of zips - Linking: the customer and the Bank adapt to their processes mutually.
- Strategy Velcro - adherence: Bank adapts with its processes to the customer.

Strategy of relationships should be assessed and adapt so that the value of relationships increased both for the customer and bank.

The relationship between the client and bank should be:

- firm, which is influenced by customer's satisfaction and loyalty,
- lasting, it is formed with respect to the competitive environment,
- stable (Stávková and Dufek, 2014).

If a customer strongly perceives a competitive advantage, the strength of the relationship can be damaged and its stability can be endangered. Business activity in the area of banking must therefore include, in addition to customer relationship management (CRM), also the skills and knowledge of the bank's staff, including private bankers.

Recently within more efficient development and building of relationships with customers, a conception focusing on the Customer Relationship Management has been applied by banks. "This conception represents a way in searching more efficient marketing communications with customers" (Chlebovský, 2005). According to Stojarová (2006), the aim of CRM is to build and manage above average relationships with customers, which is efficiently utilized in the private banking sphere. Private clients in the CRM concept represent a different client than a common client, it represents rather a family, a wider entity. Zeithaml and Bitner (2000) characterizes CRM as a complex

approach to the organization of work and commercial processes not only as an information system.

Support of relationships with customers using information technologies is a tool for achieving the CRM objective. Chlebovský et al. (2012) describes CRM as a coordination and integration of marketing, sales and customer service leading to a coherent and consistent approach to a specific client.

The CRM approach is maximally suitable for customers in private banking where database technologies are a necessary tool for searching potential clients. These technologies are one of the CRM results. The CRM environment is not limited as generally presented only to the area of technology, its part being also processes and a human factor (Stojarová, 2006). In terms of technology, the whole CRM system provides the utilization of collected data, their transfer to knowledge which will make a better management of relationship with clients possible. Also a contact of a client with bank is possible on the basis of information CRM systems. The bank can have an individual approach to customers that respects their individual needs only when it obtains comprehensive data and after their analysis.

The aim of the relationship management is to create a stable, lasting relationship and to increase its value through a relationship strategy. The process of relationship management has its characteristic principles. It is necessary to realize that the relationship is formed in the process, i.e. it is built during numerous meetings, continuously. Meeting is the foundation of the process, it is an important and essential marketing communication in private banking. The relationship management principles include responsibility towards a customer so that values were created on both sides not only immediately but also prospectively in the future. The measure of the value of relationships is their strength and references of clients, who thus can increase the number of potential bank clients. "Relationships with customers created in a long-term horizon should bring for the bank, as well as for other entities, profit" (Stávková and Dufek, 2014).

3.4 Marketing communication in banking with the specifics of the PB segment

“Marketing communication is one of the most visible and at the same time the most disputable tools of the marketing mix“ (Pelsmacker et al., 2003).

Communication in the general sense is the possibility of understanding between the parties. Marketing communication represents the process of marketing, which is based on communication. It is therefore a communication path, the instrument by which information about a product, service reaches the customer. Product, service must be introduced to a customer, a client, the goal of communication with a potential customer, client is then a sale of a product, service. *“Relevant information about the offer and its advantages is of utmost importance for communication with a potential customer“ (Foret, 2011).*

Marketing communication, in a wider concept, is a systematic use of elements and principles and practices of marketing at deepening relations between all components of marketing (producers, distributors), and in particular the recipients, i. e. customers / clients. Marketing communications in the broadest sense encompasses all marketing activities: creation of a product / service, its use, distribution and promotion (Foret, 2011).

Understanding the needs and wishes of the customer, clients are the principles of marketing. Communication elements are:

- source
- recipient,
- message,
- communication path.

Communication paths, i.e. marketing communication itself, include: advertising, public relations, support of sale, personal sale and direct marketing (will be described in detail below). Marketing communication uses communication approaches, paths and tools by which a client, customer receives information about a product, service. *“Summarily these approaches are referred to as marketing communication mix“ (Kašparovská, 2006).*

Communication tools should be adapted to goals to be reached by communication. Mass, non-personal communication instruments (paid services) at the level of a wide customer base includes namely advertising (in TV, press, radio, on the internet) and support of sale. Personal sale and direct marketing used in the segment of private banking is personal, relationship communication.

As soon as the bank defines its goals, it must choose the best paths leading to this objective, this is the marketing strategy (adopted after Janečková and Vašítková, 2001).

Marketing communication can be divided to: internal (within the company, bank) and external, towards a client. The internal communication must precede the external, which affects a potential client most. Banks differ from each other by the external marketing communications, so it is important for the bank to gain a market position, to have an identifiable corporate culture, positive image. The difference of the bank in offered services from other banks in the market is the primary goal of marketing communications (Krajíček, 2005). Position of bank products from the view of a client or a target group of clients is also considered. Banks, companies then conceive this difference as positioning. Positioning can be performed both according to the kind of a service, product, use, users (Kotler and Keller, 2007). Competitors must be identified. It is typical for the products of good quality, it is manifested by brand loyalty even throughout the customer's life (Uncles and Ehrenberg, 1990, Herbig et al., 1993). The aim of the differentiation is the acknowledgement of a target customer of the uniqueness of our bank in the market in the area of providing services and products. Differences may lie in (Torres et al., 1998):

- product/service and price,
- distribution,
- advertising and image,
- quality of services.

The principle is that each product, service should address a different target segment differently. Bank and its product, service should be perceived by a

private client as unique, so that the client was not in doubt about choosing this bank.

For the strategy of marketing management and successful marketing communication, the bank must have:

- corporate culture and good image;
- marketing plan;
- precisely defined customer /client and his knowledge;
- prepared, properly timed offer which reflects: requirements of a client;, offer should include more than a potential customer expects, so-called added value, wording of the offer should be clear and credible, it should contain novelty, motivation, immediate and future benefits for a client, and should include a comparison of the offer with competitors;
- product distribution, services, i.e. how information gets to a recipient of our information, it means communication paths (adapted after Torres et al. 1998; Krajíček, 2005).

Results of the survey performed for the Czech Bank Association confirm that banks do not underestimate principles of successful marketing communication as they show increasing positive evaluation of bank services and clarity of offers. This is probably a reason why only 3 % of clients changed their bank and 13 % of clients also began to use services of another bank (editorial staff Bankovníctví, 2015).

The aim of the external marketing communication is to affect acting of a client in our favor. We can persuade a client to be active – to decide for a purchase of a product or to become our client. Passive acting then includes customer's loyalty to a product or bank. Information from a bank, a private banker must be concise and clear, which means the minimal information and maximal communication.

The top external communication formed by the bank management is usually ensured by the bank headquarters. It is creation and choice of communication paths – marketing communication (Krajíček, 2005), support of sales, public relations and direct marketing.

Following factors must be considered when addressing a customer/client for meeting the objectives of marketing communication:

- to whom the information is addressed,
- what we want specifically to tell to a client,
- impression and substantial content of the communicated information ,
- tools used for communication,
- how to detect what was achieved.

Efficiency of marketing communication requires besides traditional components of marketing communication also external and internal marketing. Some authors describe the steps for the determination of objectives using the method of 5 Ms:

- Mission (objectives of promotion),
- Message (information to be passed),
- Money (how much we can invest),
- Media (what mass media to be used)
- Measurement (evaluation of results). (Torres et al., 1998; Krajíček, 2005; Foret, 2011).

Marketing communication mix along with a well performed segmentation and selection of target markets form the core of marketing strategy. These are affectable variables, which the management combines with the aim to satisfy the target market.

Marketing, commonly marked as 4 P includes (Pelsmacker et al., 2003; Foret, 2011):

1. Product,
2. Price,
3. Place, distribution,
4. Promotion – marketing communication,

Currently with the expansion of marketing techniques, marketing mix includes other three Ps:

- participants
- process

- physical evidence (making oneself visible).

Today various instruments of the marketing mix are commonly inter-linked, sale activities are integrated with marketing plans and strategic management. This integration of activities is called integrated marketing communication - IMC), (Pelsmacker et al. 2003; Foret, 2011). It is not a co-existence but a complete assimilation of tools, e.g. general advertising and direct marketing (Nash, 2003).

Variables of the international marketing mix do not differ, however, quality of product, service is more emphasized (Krajíček, 2005). Lower costs on product in connection with a cheaper labor force in a given country can be an advantage; this also affects the price together with a purchasing power of the country. Nevertheless, strategy of the expanding company is of the utmost importance. Sales promotion is dependent on the size of the international market, particularly in advertising for products or services. Advertising can be adapted to the national territory, or can have a larger, more global character. This approach is also used in prices, namely in private banking where services are formed for individual customers. Marketing communication adapts to a given market.

Marketing in the international scope represents a considerable effort and great flexibility. International marketing is usually presented by these services and products (Torres et al., 1998):

- Financial markets
- Commodity exchange
- Stock exchange
- Traveler's checks and Eurocheques
- Credit and debit cards.

In the banking sector, in the international market, free movement of capital, European currency and all available electronic paths are common.

Marketing mix in the area of bank services is rather different, much more variable and difficult than material products, prearranged rules usually do not exist. Success of sale of a bank service depends besides marketing

communication and distribution on a person, therefore a variable physical presence is very important in the sphere of private banking.

Marketing communication, often also referred to as “*promotion*“ is an interdisciplinary issue as it includes besides the basics of economics, trade and marketing, also knowledge of the client's behavior, including knowledge of psychology and sociology. Marketing communication is one of the main instruments which a bank/banker uses for persuading communication with a target client.

The highest synergic effect in a customer, client is achieved by using marketing communication in combination with all its instruments. For successful communication and achieving marketing goal, each customer must be considered as being unique and must be approached accordingly. The message for a customer should be a core of a product, this means to it should explain to the client what a new product, service delivers, in what it is unique for a client“ (Foret, 2011). Active approach to a client is the most important in the area of private banking. It is not possible to wait until a client or potential client comes to the bank, we must be interested in his needs before we address him with an offer. These aspects must be considered already at the time of preparation of an offer of a product or service.

“The client is the reason of the existence of the bank, it is he who chooses the bank“ (Pelsmacker et.al, 2003).

The basis for successful marketing communication is to gain and maintain interest of a customer, potential client or already existing client. If the bank does not manage to address a customer properly, to arouse his interest in the bank products and services, marketing communications will not be successful. Therefore, it is of the highest importance to address a customer or client so that he positively perceived further communication from our side, he realized that our offer is useful for him. When we manage to attract a customer, the relationship should be further developed and continuous communication should be built and a permanent interest in our services maintained. The

current situation in the banking markets and even in private banking is characterized by high competition.

3.4.1 Application of communication paths and tools of marketing communication in banking and private banking segment

Marketing communication includes all tools that the bank uses for communication with potential customers and clients. The use of these paths is to secure the best possible information on products, services and finally, to maintain the existing and acquire a maximum number of new clients. Using of tools is not anyhow restricted and their effect will be the stronger, the stronger their interaction will be. They should act synergistically. In private banking, the tools that have a mass character are not used.

With modifications according to various marketing experts (Torres et al., 1998; Pelsmacker et. al., 2003; Krajíček; 2005, Foret, 2011), mix of variable marketing communications in banking and namely in private banking include following particular tools and paths:

- **Advertising** is a mass tool of marketing communication; it means it is determined for many recipients. Sensitive advertising which will not discourage customers is needed; it is associated with high costs. Certain advertising is also possible through personal communication (direct addressing of individuals or groups, telephone, mail). Similar situation is with **media campaigns** that are part of every marketing communication in the bank sector, although they are not directly used for private banking services. They may, however, by increasing the bank's image in this campaign, influence potential clients in favor of services of private banking of a particular bank.
- **Public relations (PR)** include activities used by the bank for communication with all subjects, public in its surroundings. The aim is to affect the image of the subject and its products and services. Media, i.e. press, television, radio increase publicity in this area. It should give the

impression of confidence, security and tradition that people should not worry to entrust their financial means to banks.

- **Sponsoring** has various forms. Currently it is common in mass media, particularly in TV where a product or a service of a company sponsoring the program is promoted. It is about linking the brand with a value of the sponsored subject. A typical example is sponsoring of golf tournaments, because wealthy clients are often keen golf players, so there is space for attracting new private clients.
- **Partnership** is currently an important communication tool with the client, it is a partnership of an event (similarly as in sponsorship). Some private sectors of bank companies are long-term partners in social events (e.g. concerts, traditional sports events, exhibitions).
- **Events for clients** – the purpose of social events in banking is to build a network of contacts, so called **networking**. Private banking is based on contacts and references, so it is preferable to build and maintain them. Events for clients act as a useful marketing communication tools. **Acquisition events** are organized by the private banking segment for potential clients. **Retention events** are another type of organized events; they show the importance of the current private clients for the given bank.
- **Support of sales**, in fact it is a campaign, a short-time stimulation of demands, consumer contests, loyalty programs and other added bonuses.
- **Fairs and exhibitions** become suitable as a path of marketing communication usually at specializing on a certain segment of goods and services (industry, tourism, etc.). Fairs can also be used for making contacts to well-off clients from the business sphere.
- **Direct marketing** (direct marketing communication) means a direct personal contact, direct addressed communication with clients and potential customers.
- **Personal sale** generally means presentation of a service, product personally by a seller with the aim to sell services and products.

- **Interactive marketing** uses a typical instrument - the internet, which enables new ways of marketing communication (interactive, two and multi-lateral) connected with various subjects (Frey, 2011).

Besides the traditional tools of communication mix, such as advertising, support of sales, personal sale and PR today with the development of information technologies also modern tools of marketing communication - internet communication and direct marketing are used. Currently some clients also require and use application for “smart phones“.

“Individual tools must be selected and combined with regard to a specific client segment“ (Foret, 2011).

Corporate communication is seen as the overall approach of banks to all marketing communication activities. The issue is to make the corporate, bank identity more visible, because this is a form that the bank presents to the target groups. Corporate communication is derived from the corporate identity and must be identical in important issues, namely in those perceived by clients, customers. Creation and maintenance of the corporate identity is the basis for internal marketing and communications of the company. “Employees, personal banker in the private banking area, must be trained and persuaded to observe the principles of the banking identity“ (Foret, 2011).

The most important aim of marketing communication is to create a trustful image about the bank for a customer. This idea is supported by the corporate identity, culture, bank design (Stojarová in Foret, 2006).

Corporate behavior is presented namely by a way of behavior, presentation of bank employees and representatives and its corporate culture. These characters and values are highly manifested namely in the area of private banking and expected by a customer to be the best in the chosen bank. The basis is given by the internal relationship (personal) communication activity which leads to forming good relationships between the bank management and employees, good behavior of employees towards customers, which is a prerequisite of good external communication activity towards clients. The corporate identity is a manner of the bank behavior to target groups, segments. Corporate

communication is presented by the company symbols, i.e. total design (logo, complete style: business cards, letterhead, vehicles, etc.). The image of bank is in the image of the identity as perceived by the target groups, clients. The image of the bank is strongly perceived by potential clients of private banking when deciding about the choice of a bank. The positive image of the bank gives it the authority, which in turn is the foundation of prosperity and success. High-income clients will consider change of the bank only for a more prestigious bank, bank with a higher image. (Torres et al.,1998). The first impressions and perceptions that customers acquire at the entrance to the premises where the services are provided are very important. The appearance of the building, interior equipment may produce favorable or unfavorable customer expectations and the idea of the nature of the service.

3.5 Marketing tools more frequently used in private banking

Private banking renders simultaneously exclusive distribution of services, it offers mainly specialized products and services. This distribution includes a very small number of distribution paths and marketing tools.

In bank marketing, in the area of private banking addressed, direct, mostly personal marketing communication at the level of relationship with a client, or potential client is applied. Following "relation" marketing communication tools are used:

- Direct marketing – characterized in summary by a marketing communication in direct contact between the bank and – addressee.
- Personal sale – in private banking it means a personal form of communication with one customer or a client, the most valuable relationship with a customer is formed.

3.5.1 Direct marketing as a marketing communication tool in PB

Direct marketing is a summary name for marketing communication as a form of direct contact with selected clients. It is a form of the most common and most reliable marketing communication in private banking.

The definition of direct marketing has changed several times. Sometimes it is also called as targeted, related. "*It can be distinguished as direct and indirect, in the former case the communication is more direct just to the name while the other one means printed matters*" (Foret, 2011). A strong partner of direct marketing is the CRM system which was described previously (Foret, 2011).

In the 1990s direct marketing changed and its main feature is building long-term relationships and increasing loyalty of customers (Shoham, 1992). Nash (2003) also described direct marketing not only as technology but also as a process which besides the aim to sell also builds a useful relationship with a customer. This author presents following advantages of the direct marketing:

- concentration (focusing on the most promising potential customer),
- personalization (addressing of a specific potential customer when using direct shipments),
- - immediacy (using a simple response form that can be immediately completed and submitted).

Today some banks introduce creation of social platforms as tools of direct marketing communication in the private banking segment, (VIP clubs for certain clients) which serves primarily to enhance above mentioned *networking*. This includes communication via social networks or websites, magazines for clients, etc.

Direct marketing is commercial – marketing philosophy, based on systematic and planned building trade ties and dialogue with the client (Torres at al.,1998; Krajíček 2005). It was enabled by the development of information technologies that can: process data about clients and create an interaction between the client and the bank. Database and specified target customers or their groups must be available. It can be understood as a sale of products or services, which is applied in banks, particularly in the private segment, without a contact with commercial intermediaries. The process of direct marketing thus does not include any intermediaries, the relationship is created between the representative of the bank and the client, in the private sector between the private bankers and private clients. Communication runs in both directions. Another positive matter for the private client is a new way of communication, client does not

have to go to the bank, the offer will get to him in a person of the private banker or through him. Direct marketing includes communication and distribution. It is a system of immediate and interactive marketing communication with the aim to induce measurable and assessable approach to its targets. One of the objectives of direct marketing is also a distribution path enabling a customer/client to obtain directly products/services that are offered to him.

“Increasing the efficiency of the process of marketing may prove direct marketing to be a more expensive method, but it is more effective when closing deals with clients (Cheese et al., 1988).

The success of this type of sales in Europe is incomparably smaller than in the United States (Pelsmacker et al., 2003).

It is a very selective and flexible medium. Direct marketing means information, persuading to buy along with a direct distribution of a service or product to existing and potential customers. At the same time an immediate response is obtained, usually measurable. Advantages of this manner of marketing communication lie in a possibility to adapt communication to a particular potential or already existing client. At the same time it is a quick communication with a target group, segment of private banking.

“Direct marketing utilizes media which will make direct contact possible“ (Frey, 2011).

Forms of direct marketing develop along with the development of technology, media, electronics. They usually include:

- telemarketing (direct marketing via telephone), clients are also provided with green line,
- direct shipments, e.g. personified direct mail can be used
- shipments requiring answering (advertising with direct response) (Krajíček, 2005).

The latest tools include: internet, e-mail and SMS. The latest categories of direct marketing, used for example for organizing Caples Awards contest are besides others: e-mail, TV infomercial, Radio spot, requiring direct response, direct mail, catalogue, alternative media, on-line advertisement, non-profitable

campaigns, web sides. These new trends rarely work alone but they can be very effective in synergy of marketing communication mix. Customized marketing messages in the mail text should be written so that it could speak with a customer as a live dealer at a private sale as stated by Foret (2011). European effective trends are:

- web (internet, web sites),
- e-mail
- and mobile marketing (Frey, 2011).

Or combination of these tools can be applied.

To be able to use this marketing tool, the bank must have a sufficiently informative database of clients, this can be created by the bank's own means for example within CRM, or can be obtained commercially. Furthermore, the target segments should be set, these are the target clients in the private segment.

Marketing communication experts consider the creation and use of the databases of respondents very important for direct marketing. Databases of clients or potential clients are used. You then need to create such an offer that will satisfy majority of the addressed persons. In private banking it is always a direct addressing of customers, this means a contact of a private banker and an addressee – a potential private customer. For direct marketing, the banks need to have a set up information system of CRM (described above). Direct marketing is also a marketing tool for maintaining, improving, developing relationships, increasing customers' satisfaction and loyalty. For using direct marketing, four basic components of its strategy must be considered

- distribution strategy (to whom and how to offer)
- media (what path to select),
- knowledge of a product/service
- creativity (targeting - guaranty - contract), (Nash, 2003).

Direct marketing is used in private banking for categories of clients from higher layers, it is creditworthy customers, where creativity is very important.

Direct marketing success is given by:

- communication development which allows easy, accessible, safe and cheap contacts,
- technological development – development of electronic databases with an infinite amount of information and excellent computer facilities.

3.5.2 Database marketing

Direct marketing adds a value to the activities of mass marketing. Marketing databases are key tools of direct marketing communication. It is based on regular updating of all data (Pelsmacker et al., 2003). Databases provide gathered and inter-connected data on the current and potential customers – clients used then by bankers. The databases are also used for analyses, individual selection, segmentation, maintaining customers, loyalty and service support (Long et al., 1998; Zeithaml, 2015). The best database is an internal database that was formed gradually and is based on information of the bank clients themselves. The database bought on the market cannot not achieve the quality of the database created by us. The successful use of this form of marketing depends on quality and structure of the used database. For banks it is advantageous to use databases created when the client opens an account, the client is at this moment most willing to provide information. To require additional information might currently be conflict with the Law on Personal Data Protection (Krajiček, 2005).

3.5.3 Relationship marketing

In direct marketing, the importance of *one-to-one* communication and relationship marketing based on a long-term relationship with customers is growing. The target clients are private customers with whom the relationship based on certain interests is maintained. De Wulf (1999) calls it “concept of the whole-life value” of a customer. It is important to link quality of service for a client to one complex, which will lead to long-term and prosperous relationships (Reichheld et al., 1996).

The importance of relationship marketing lies in the link between the satisfaction of a customer, his loyalty and profitability. Customer's loyalty can be obtained when better conditions and services than those of competitors are provided. Loyalty can be supported by the strategy of reward and strategy of relationship (Ó Brien and Jones, 1995). The latter means to create tight relationships with clients using detail information that serves for providing personalized, special advantages, for example sending suitable personal communications, which can play a role in private clients in the private banking segment.

In the private banking segment while using marketing of relationships (within direct marketing), CRM is a strong tool when using such means as for example mailing, telemarketing etc. (Foret, 2011). Bank personnel should have good communication abilities and be stable as the private clients prefer negotiations with only one person for a long time of their existence at the financial institution. Then positive feedback and information from the clients can be expected. The whole CRM strategy is focused on the optimal emotional relationship between a client and producer or provider of the service. In the private banking segment, it helps the private banker to create retention of the relationship with a client and at the same time retention of the private clients themselves. The private client prefers to be operated by one person, i.e. one private banker who is informed about the product, service and here CRM can be applied. In this way long-term maximal profits while optimizing costs on product, service can be then expected.

4 Methodology

4.1 Methods for acquiring primary data

In private banking with a focus on marketing communication, sample size cannot be predetermined, as is usual in quantitative research. The research in this area is qualitative research, its subjects are individuals and obtained data are expressed by verbal signs. Unlike quantitative research, the quality data have not a structured form; this complicates their evaluation, statistical evaluation is often impossible. In this study, a sample survey, a so-called typological selection, in which a specific market segment is analyzed, was performed.

The method of the structured interview with 32 open questions was used for **the fulfillment of the main objective of this thesis** “Communication between a private banker and a client“. The chosen respondents were private bankers of the banks with the private banking segments who were willing and capable from the point of view of their employer to provide answers to the given questions. This limited the number of the given interviews. I addressed bankers of all nine banks that have private banking segments in the CR and acquired four interviews. In order to maintain the anonymity of individual bankers and know-how of the company they work for, and as previously agreed, I do not present bankers' names and the names of specific banks in this thesis. For data processing, the banks were designated as A, B, C and D. For the investigation I managed to obtain private bankers from four banks, of which three banks are the largest banks, whose parent companies are large supranational banks operating in many countries throughout Europe and the EU (CR, Slovakia, Germany, Austria, Belgium, France, Great Britain, Ireland, Rumania, Hungary, Croatia, Serbia, Bulgaria, Poland, Spain, Italy, Luxembourg). The characterized banks operating in the Czech market included in the chapter Practical Part are described briefly; considering the scope of the study and length of the thesis a more detailed description could not be given.

Secondary data for fulfilling of **partial aims** were obtained from annual reports of the international banks operating in the EU, professional journals, internet websites of banks, articles and current internet resources from the banking area.

4.2 Methods for evaluation of primary data

In this thesis, data of a qualitative character expressed verbally were obtained and subsequently analyzed. They were processed using the **summarizing protocol** for performing quality contextual analysis. Based on Patton (1990), the interviews were split according to questions asked in the interview to several following sets:

1. Questions about opinions and values
2. Questions about feelings
3. Questions about knowledge
4. Questions about perception
5. Questions demographic and contextual.

For the statistical evaluation only those questions could be selected to which a sufficient number of answers, variables, was obtained from the respondents. These included four questions (2, 11, 25 and 26, numbered according to the structured interview) where the number of answers (variants) to one question (from all four banks) varied from 20 to 37. To follow the whole scale of answer variants to the given question, it was necessary to study the interviews very carefully and gather the answers to questions from all investigated banks. Then the set of answers for statistical evaluation was formed. Answers to them were by encoding converted to numeric data of the categorical character (Kozel, 2006; Hendl, 2005). Statistical evaluation was conducted with the method of Chi-square χ^2 – test of good compliance. Using this test a hypothesis of homogeneity, compliance frequency, or equality data and probability distribution for categorical variables can be verified. The chosen method allowed to confirm or refute compliance of the data (the ratio of the used and unused answers from the set of answers obtained from all banks)

from the individual banks. Hypothesis (H_0) about the compliance is refuted if the calculated chi square value is greater than the critical value, i.e. if $\chi^2_{\text{cal}} > \chi^2_{\text{tab}}$. Test statistics according to Hendl (2005) has the following form:

$$\chi^2 = \sum_{i=1}^k \frac{(X_i - Np_i)^2}{Np_i}$$

5% significance level was selected for confirming or refuting H_0 . To search for critical values $k - 1$ degrees of freedom was selected, specifically in my case it equaled to the value of 3.8416. The software used directly gave the significance value p . If the value of the statistic χ^2 exceeded a critical value, it signaled poor compliance, i.e. the difference of data of the compared data sets, in my case, individual banks. All data was first processed in MS Excel and statistical software STATISTICA Cz, version 10 (StatSoft, Inc., Tulsa, Oklahoma, USA) was used statistical evaluation.

For the overall evaluation of differences or similarities of banks in marketing communications, bankers' answers to the same four questions were used (evaluated using the method described above) with the same software. Of the exploratory multivariate analyses, the PCA (Principal Component Analysis) was chosen.

5 Practical part

The arrangement of the Practical Part reflects the fulfillment of the objectives of this thesis. At first, the survey of the selected part of the European bank market was conducted and private supranational banks operating in the CR and other EU countries were characterized. Further, the situation in private banking in the selected EU and other European countries was analyzed with the focus on the most affluent people, differences between the individual countries were presented. Next, the situation in the volume of managed assets in private banking in the CR and EU was described and the comparison of the most affluent PB clients and the most affluent people in the CR and Slovakia was done. Subsequently, the product offer of the private banker towards a client was characterized. In conclusion of the Practical Part, a current typology of a private banker based on facts found during a survey is described.

The Practical Part is the most substantial chapter, here the structured interviews with private bankers are evaluated in a summarizing protocol. Data collected within my own investigation provided by the bankers of the four major banks (in the Czech Republic and the EU) that have been currently significantly involved in the management of private clientele is analyzed and evaluated. The structured interviews were devoted in detail to all issues that thanks to the bankers' point of view helped describe some of the essential issues of marketing communication and overall approach to the relationship with their clients.

5.1 Selected European countries and the structure of the representation of banks

Considering the fact that banks operating on the Czech bank market are owned by western European entities with affiliates in many EU countries, the situation in the area of marketing communication in banking and private banking segment does not differ markedly. The investigation which was performed within this study in private bankers in some international banks operating in the CR, showed that the approaches and methods in marketing communication

were identical with those applied by their parental banks in western European countries (EU). Interviews with private bankers on the Czech market confirmed the use of congruent tools and methods in marketing communication as in other countries of the EU. The exception in the EU is for example Austrian banking where information about clients is still kept confidential (although after the change of the law not to such an extent as earlier). In Figure 3 is shown best private banking services overall.

Best private banking services overall		
2014	2013	Bank
1	1	UBS
2	2	Credit Suisse
3	3	JPMorgan
4	5	Citi
5	4	HSBC
6	6	Deutsche Bank
7	9	BNP Paribas
8	11	Julius Baer
9	8	Santander
10	12	Barclays

Figure 3: Global ranking of private banks

Source: Euromoney and Mckinsey, 2015 [online]

5.1.1 Characteristics of private banks operating in the CR and other European countries

Friedrich Wilhelm Raiffeisen Private Banking

Raiffeisenbank is an important member of the financial group Raiffeisen Bank International, with a tradition longer than 140 years. Friedrich Wilhelm Raiffeisen is not only a name of the founder of the financial group, but today it is a brand under which the bank has been providing services of private banking in

the Czech Republic since 2010. It is a universal mark of private banking services for the entire region of Central and Eastern Europe, which symbolizes exclusive services based on knowledge of the specific financial needs of the client and high quality of banking services (FWR [online], 2015). Clients can use know-how of global financial markets, consultancy provided by private bankers, portfolio of managers and analytical team within the whole (Raiffeisen bank [online], 2015). The concept of PB is based on the idea that in the following years wealthy clients will be the fastest growing group on the market.

ČSOB Private Banking

Czechoslovak Commercial Bank Inc. (ČSOB), operates as a universal bank in the Czech Republic. It was privatized in June 1999 – its majority owner (since 2007 the only owner) became Belgian KBC Bank, which is a 100% subsidiary of the international bank-assurance group KBC Group (active in Belgium and Central and Eastern Europe). Both companies are based in Brussels, Belgium. ČSOB Private banking offers services to its clients for 12 years. According to the client's request, for example, his office or home can be used for a meeting. ČSOB Private Banking was awarded the title of Best Private Banking in 2015 for the Czech Republic by Euromoney journal. By the end of 2007, ČSOB operated in the Czech and Slovak markets; the Slovak branch of the ČSOB was transformed into an independent legal entity on 1 January 2008. From 1 January 2013, KBC Group organized its activities in key markets into three business divisions - Belgium, Czech Republic (includes all business activities of KBC in the Czech Republic) and International Markets (ČSOB Private Banking [online], 2015).

Unicredit Private Banking

UniCredit bank is a part of SIFI (Systematically Important Financial Institutions) which comprises 29 selected financial institutions. UniCredit Private Banking was established based on the merge of Živnostenská banka belonging to the oldest banks in the Czech Republic and important bank group operating in more than 15 countries. Members of this group are subject to "stricter criteria of capital adequacy and supervision by national banks, but if necessary they are given preferential assistance from the government

authorities. Advantages of UniCredit Private banking services include the provision of confidentiality ensured by limited visibility of clients and their assets under the bank's internal systems, as well as discrete spaces in Prague with a discreet box office within its premises. Services of private bankers are not only used by clients but also by all family members of a client. It is not only an expanded offer of exclusive products for private banking clients but also exclusive events in the field of culture, sport and lifestyle (UniCreditBank [online], 2015).

Expobank CZ Private Banking

Private banking of Expobank CZ (previously LBBW) provides special care with first-class financial services for demanding clients through experienced specialists who solve both private and corporate finance of clients with a strong emphasis on building long-term relationships and individual solutions. PB principles include offer of services that ensure the protection and growth of the asset, offer of individual products or complete privacy and confidentiality. Together with the client also client's family members can use private banking services. Clients may use a meeting room on the premises of Private Banking of Expobank GB on Wenceslas Square or the premises of his company. Basic philosophy of private banking is based on the background of a dynamic bank, individuality, discretion, humility, versatility, expertise and professionalism, flexibility and speed (Expobank [online], 2015).

Commercial Bank Private Banking

Commercial Bank (KB), is a part of the international group Société Générale, one of the biggest European groups providing financial services and one of the oldest banks in France and the fourth biggest group in the Eurozone. Clients with a higher turnover are served mostly by divisions of the segment Top Corporations that are in Prague, Brno and Bratislava. Position of the KB branch in the Slovak Republic in this area is stronger as it has the know-how of the parent KB and synergies within KB Group and SG, thus it is able to provide its clients comprehensive financial solutions. Private banking of KB is split and it works as a separate part within the whole CR. The main objective of KB's Private

Banking is to help clients protect and enhance their capital and ensure their long-term satisfaction with the services, it is also a precondition for building of long-term relationships with clients. It has an open architecture. Principles of KB's Private Banking: a partnership based on listening and dialogue, advisory services and management of financial assets, comprehensive premium banking services, protection and appreciation of private capital, discretion (KB [online], 2015).

Privatbanka Private Banking

Privatbanka is a member of Penta Group, it operates in the CR and Slovakia. It deals with private banking and offers comprehensive and exclusive services and asset management for private clients. Privatbanka clients can take advantage of special services of private banking in the Czech Republic, where Privatbanka, Inc. provides its banking activities under the freedom to provide international banking services, without establishing a branch, all in accordance with the Directive no. 2006/48 / EC. Clients can take advantage of a well-set portfolio of services and products that are linked to the investment activities of the parent group Penta. Investment offer includes instruments of domestic and foreign markets. Privatbanka offers clients comprehensive care of their property. (Privatbanka [online], 2016).

J&T Bank

This bank specializes in private clientele, it is benefiting from synergies with corporate finance and financial engineering when allocating entrusted funds. It is a part of the bank holding company J & T Finance Group SE, which also includes our Slovak Branch, Russian J & T Bank ZAO, J & T Bank and Trust. It is presented as a private bank for individuals, businesses and institutions. It has deposit and investment products, financing, Family Office and other top individual services. (JT bank [online], 2016).

PPF Bank

It has within the financial and investment PPF group a function of the central treasury bank (for companies within PPF Group it conducts international

payment transactions and hedging and other investment services, such as arranging financing in the capital markets). The majority shareholder (92.96%) of the PPF bank PPF is the Group N.V.

Erste Private Banking

Since 2000 the Czech Savings Bank, Inc. is a member of Erste Group, one of the leading financial services providers in Central and Eastern Europe, with private services Erste Premier and Erste Private Banking. It provides Erste Premier premium banking services for an affluent clientele, for demanding customers expecting individual and discreet approach, superior professionalism and prestigious services. It delivers high comfort and discreet environment of luxurious interiors of the Premier centers, personal service of Premier bankers and an exclusive range of special services and products. In 2000 the Czech Savings Bank became a member of Erste Group which was established as the first Austrian saving bank in 1819. Since 1997 Erste Group has developed in one of the biggest providers of financial services in the Eastern part of the European Union. It provides services in Austria, Czech Republic, Slovakia, Rumania, Hungary, Croatia, and Serbia. Erste Private Banking provides maximum discretion, individual approach and real private banking. It proposes optimal solutions to the financial and investment needs for the client (www.erstepremier.cz/banka).

Czech Republic		
Best private banking services overall		
1	5	Raiffeisen Bank International
2	1	CSOB (KBC)
3	10	UniCredit
4	2	Bank Gutmann
5	4	Credit Suisse
Relationship management		
1	5	Raiffeisen Bank International
Range of investment products		
1		UniCredit
Super affluent clients		
1	3	Raiffeisen Bank International
High net worth clients		
1	2	PPF Banka
Ultra high net worth clients		
1	1	Credit Suisse
Corporate advisory for private banking clients		
1	1	Deloitte

Figure 4: Rankin of private banks in the Czech market

Source: Euromoney, 2015 [online]

Bank	Name of the service	Minimal volume of deposits/investments
Citibank	Citigold	1.5 mil. CZK
Czech Savings Bank	Erste Premier	1 mil. CZK
Czech Savings Bank	ERSTE Private Banking	5 mil. CZK
Czechoslovak Commercial Bank	Private Banking	10 mil. CZK
GE Money bank	Individual banking	0.5 mil. CZK
Gutmann		25 mil. CZK
J&T Banka	Private Banking	10 mil. CZK
Commercial Bank	Private Banking	20 mil. CZK
PPF Banka	Private Banking	25 mil. CZK
Privat Bank AG		Not fixed
Privatbanka	Private Banking	5 mil. CZK
Raiffeisenbank	Private Banking - Friedrich Wilhelm Raiffeisen	10 mil. CZK
UniCredit Bank	Private Banking	10 mil. CZK
Sberbank	Private Banking	1 mil. CZK

Table 1: Banks providing private banking in Czech republic

Source: own research

5.1.2. Situation in PB in selected European and EU countries

In this chapter I present available knowledge for the comparison of private banking in some neighboring countries belonging to those “eastern post-communistic“ as well as some advanced European countries and EU member countries. Recently, the banking environment within the entire European Union was affected in connection with the introduction of the single banking license. The following banks operating in the Czech market get near private banks of the European format, like is shown in Figure 5,: Gutmann, J&T Banka, PPF Banka, Privatbanka a Privat Bank AG (Janeček, 2015).

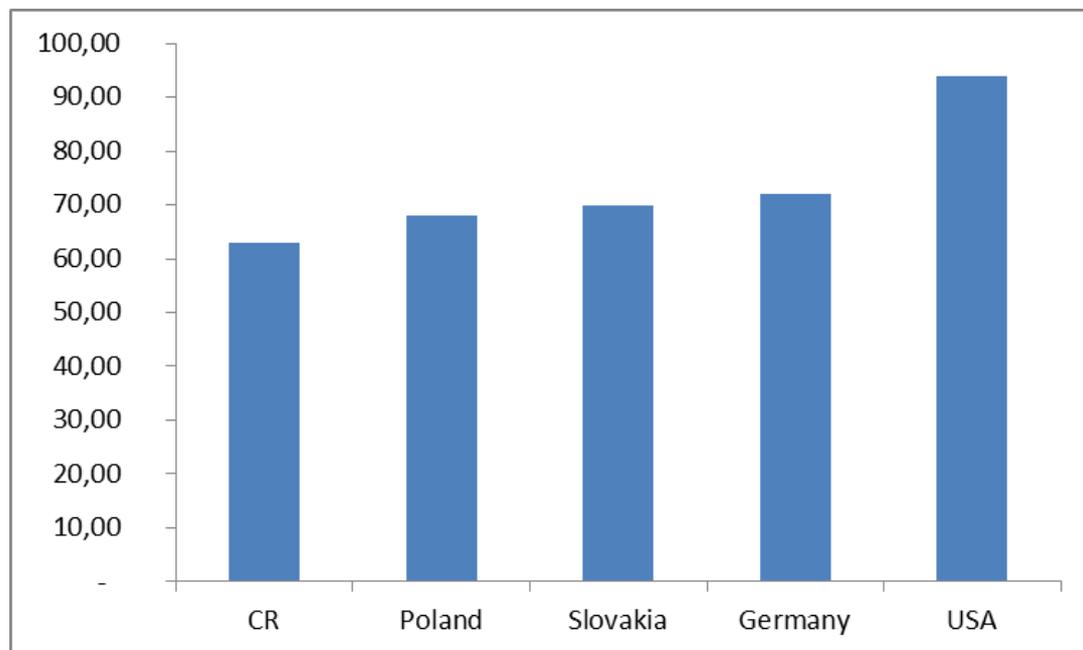


Figure 5: Ownership of richest households from whole amount of wealth of all households (%)

Source: own research

Slovakia

Private banking in Slovakia started only in 1997. Currently it represents more lending and less deposits than commercial banking and also includes investment management, respectively management of investment funds in the

segment of private clients. Banking transactions in the PB segment then represent in Slovakia a significant portion of services for private clients, compared with the volume of provided investment transactions (Vyhnálik, 2004). An imaginary border for the entrance of a client to PB in Slovakia is about 35 000 EUR. However, as I mention elsewhere hereof, it is given by the individual banks and similar situation is also in the Czech Republic as most of banks provide these services in both countries unless it is a client exclusively of a bank in other countries (e.g. the western EU countries). The number of HNWI clients in Slovakia is still relatively low, but according to a World Wealth Report, Capgemini company increases, for the years 2006 - 2007 it was by 16%. According to the data of this study there are about 4,000 clients with the volume of available resources in excess of one million US dollars in Slovakia. It is estimated there are about 20,000 clients having more than 100 thousand EUR of disposable assets, so the potential market is large.

Hungary

Hungarian private banking went through considerable changes in response to a recent financial crisis. Private clients require higher transparency and involvement into the investment process, they are more careful, want to know more about products, emphasize profound consultancy from private bankers. Clients are already educated and are willing to expand their financial knowledge. In terms of banking results margins declined and profitability got lower. For example, in OTP Bank changes led to restructuring in segmentation of private clients and unlike the Czech Republic it was only in October 2010 when "Premium Banking" for affluent clientele was introduced (Haas, 2011).

Poland

The country only started creating wealth, most clients rather invest into new businesses than to financial markets. Polish HNWI believe that the income from these investments is still very attractive. The market potential for private banking in Poland is estimated at 80-90 billion USD. In the market there should be 20 to 25 thousand potential clients of private banking (including those who

are close to 1 million USD). The largest HNWI representation is among entrepreneurs, top executives and wealthy families. In the next decade the growth of the Polish market for private banking is expected. Most of wealth will still be created by entrepreneurs. A wider use of international financial services and open architecture is expected. The presence of a private bank in the Polish market will play a key role for a client when choosing a bank. Quality of service and business relationship with a banker will always be a key factor (Leonik, 2011).

Austria

Austrian private banking has undergone similar changes as in the Czech sector in recent years. The subsidiary of Raiffeisen Bank International AG - Kathrein Privatbank (it has private clients with assets more than 1 million) – presents principal changes such as: the declining value of the volume of assets and market uncertainty, the decline of income from margins, rising costs, increased competition, changes in habits of clients and state regulation. Cross-border banking has been under pressure from uncertainties (Wodzicki, 2011).

Switzerland

Switzerland - does not belong to EU nor EEC but it is considered a cradle of private banking and it has the most advanced and oldest - about 200 years – banking in Europe. Bankers who had the opportunity to work in Switzerland, see major differences between the Czech and Swiss private banking as follows (adapted from Kousalová 2013): more discretion of provided services (mostly given by fixing the banking secrecy in the constitution of Switzerland; commonly used voice detectors for the verification of the customer's identity, minor fluctuations of private bankers. Banks respect their private bankers and build their private service on a person of the private banker, service enjoys higher prestige and clients show higher trust in skills of a private banker. It is a common cross-border model for providing services. Set-up of products "tailored to a client" is very fast (within a few minutes as they use a special software). Foreign clients enjoy their luxury of private banking, including adequate environment and way of marketing communications.

Lichtenstein

This country is not an EU member and it cannot join the Eurozone as the official currency is Swiss franc. However, unlike neighboring Switzerland, it became a part of the EEC. I present it here as it is one of the most advanced (and richest) countries of the world, it has no state debt and it has a very long tradition and high level of private banking. “We can render bank services and products all over Europe due to new passports resulting from valid regulations valid in whole Europe“ (Juřík, 2015). LTG Bank has a special position here; it has subsidiaries in 14 countries of the world, e.g. Japan, Austria, Switzerland and USA. It is the biggest bank in the country (belongs to the princely family of Liechtenstein). It mainly deals with the management of assets for wealthy clients (consultancy, asset management, financial planning, establishment and administration of foundations, consultancy in the field of art) and management of investments. Stability of the country and focus on private banking are important for the stability of Lichtenstein banks. Clients seek more stability and certainty, the importance of these values has risen especially after the crisis. Recently, in addition to asset management interest in the funds, namely investment funds, has increased (namely when Liechtenstein became part of the EEC).

5.1.3 Situation in the volume of asset management in PB in the CR and EU

Situation in financial volumes available for private clients in the EU western countries (e.g. Germany, France, Austria etc) and managed by a private banker is rather different. The private banker in the Czech Republic manages on average 110 million dollars of assets, which is a half volume of that managed by his colleague in Western Europe. This is primarily given by a lower volume of assets per a client (1.1 mil. USD) versus Western Europe (1.9 mil. USD).



Figure 6: Asset under management millionaires Czech republic in Czech and foreign banks

Source: Ekonom, 2015 [online]

Nevertheless, there is also a difference in a number of attended clients – while a Czech private banker has on average 100 clients, a banker in Western Europe serves about 125 clients. Wealthy people in the Czech Republic are also very conservative. Those who in 2014 possessed funds worth over 100,000 USD, held 69 % of them in cash and bank deposits, 23 % in bonds and only 9 % in stocks. Today, however, the statistics of banking institutions indicate that there is an increasing trend in the number of private clients (millionaires and billionaires) in the Czech Republic, Slovak Republic, Poland and Hungary. 200,000 Czech households have private financial assets worth over 100,000 USD, which represents only about 5% of all households. In Western Europe, it is 61 % of households and 54 % in the US. Only 10,000 Czech households (0.2% of all) may declare to be dollar millionaires. In Western Europe, it is 1.6 % of such households and in the US even 5.7 % (WEALTH REPORT J&T BANKA 2015).

The comparison of financial assets of households to GDP, which provides a more exact picture about a relative level of nation wealth, shows that in 2014 the Czechs were with 93 % portion of private financial assets to GDP wealthier than Polish people (82 %) or Slovaks (78 %). On the other hand, this comparison

reveals a gap which still separates them from German (195 % GDP) or North American households (270 % GDP). “If the current average growth of Czech economics continued and the Czechs would evaluate their financial assets by 4 % per year, the current level of wealth of German households would be reached in 2055. Private financial wealth is distributed more evenly in the Czech Republic, both in comparison with Western Europe or the US, and in comparison with neighboring Poland or Slovakia. For example, the top 20 % of Czechs hold 63 % of the total financial assets of households. For comparison, in Poland it is 68 % and in Slovakia 70 %. In contrast, in Germany, the proportion is 72 %, in the US even 94 %. A more equal distribution of wealth in our country is evidenced by the fact that 5 % of the richest Czechs own 45 % of total private financial assets in the country, in Poland it is 48 %, the Slovak Republic 49 %, while in Germany and 52 % in the US even 77 %. Minor concentration of wealth of Czech households is also given by a shorter period of accumulation of funds. While the Czechs have had just 25 years for getting rich, in the Western Europeans it has been by 40 years more. More dollar millionaires seem to emerge from the generation born after 1989. On the other hand, it can be seen as a positive signal that the Czech society is getting richer as a whole. (Kálovec, 2015).

Study of BCG points to the fact that although Czech private banks are comparable to those in Western Europe in terms of the level of profit margins and cost efficiency, they still have a large space to provide more loans to its private clients. The share of loans in total assets under management (1.5 %) is in fact in the Czech Republic seven times lower than in Western Europe (10.6 %). Wealthy people in the Czech Republic are also very conservative. Those who in 2014 had financial capacity of over 100,000 USD, kept 69 % of them in cash and bank deposits, 23 % in bonds and only 9 % in stocks. By contrast, in Western Europe similarly rich households kept only 40 % in cash and in bank deposits, 26 % in bonds and 34 % stocks. That is why the Czechs in the previous five years, when stock markets were growing, were becoming less wealthier as is described in Figure 7. (Pumprla, 2015).

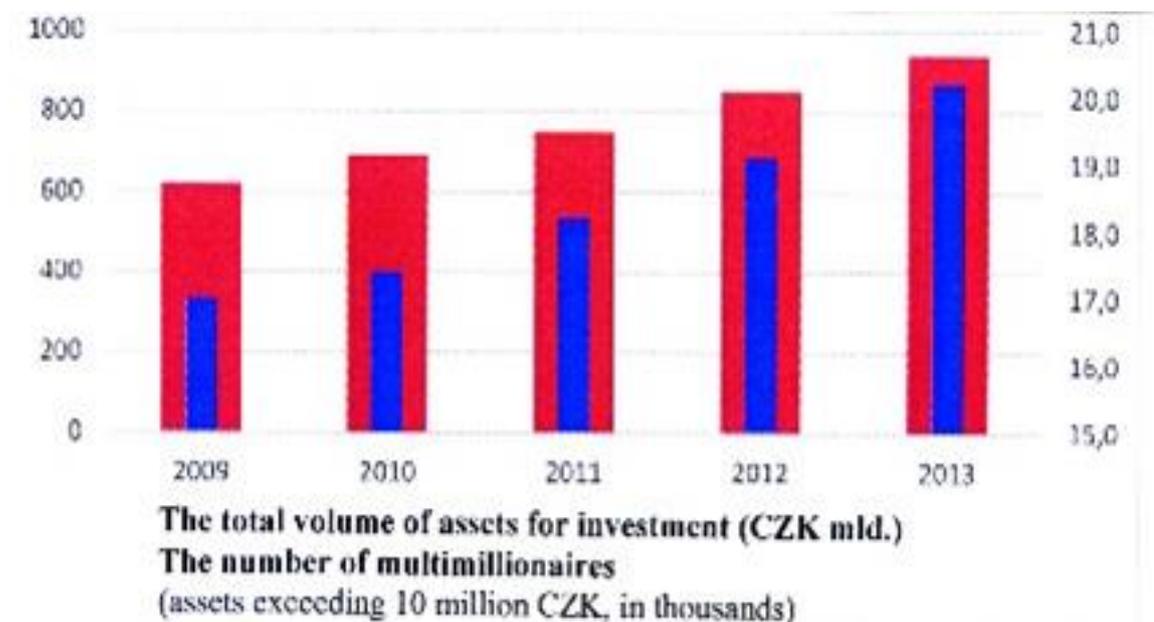


Figure 7: Development of private banking of PB in the Czech republic

Source: Ekonom, 2015 [online]

5.1.4 The comparison of clients of PB in the Czech Republic and Slovakia

Clients of private banking in the Czech and Slovak Republics are characterized by common features. They handle with their property very carefully and have high risk aversion. They are for a conservative investment, which was also evaluated during the financial crisis, as unlike affluent clients in some Western countries they never inclined to risky investments (Kunert, 2015). The survey, conducted by J & T Banka in 2015 shows that the Czech and Slovak dollar millionaires whose disposable assets have a value of at least \$ 1 million (24,500,000 CZK or 900, 000) are university graduates (80 % in the Czech Republic, 89 % SR) just after their fifties (the average age of the respondents in the Czech Republic is 52 years, 50 in SR). In the Czech Republic, the dollar millionaires are older males, 30% are between 40-49 year-year-olds, 32 % between 50-59. On the contrary, in Slovakia we find a fifth of millionaires in the range of 30-39 years (J & T BANK WEALTH REPORT 2015). Czech millionaires prefer security in investments; their primary goal is to preserve the value of

assets. They often participate in exchanges trades but usually out of the Prague Stock Exchange. Czech millionaires invest nearly three-quarters of ten million safely with the aim to maintain the property, not for profit. The remaining part they invest into riskier opportunities for higher returns. Popular are investments in stocks, Czechs, however, rather utilize investment opportunities abroad, not on the Prague Stock Exchange, where the number of traded stocks is low and low liquidity. They usually have a good overview of key assets in their portfolio. These are the main results of the survey conducted in about one thousand seven hundred Czech millionaires with disposable assets of more than ten million of Czech crowns in the years 2009 - 2014. These Czechs mostly invest in bonds (84 %), followed by stocks (69 %) - for example the most popular in 2013 were stocks of CEZ and BMW - and real estates (Konopka, 2014).

Majority of Czech and Slovak millionaires have earned their wealth, they did not inherit it as it is the case for private clients in Western Europe and therefore, they expect quality service from a private bank banker. Generally, they choose investments in bonds, bond funds, guaranteed products, and real estate, which are considered risk-free investment. They preferably invest in their families and their businesses. Only then they consider investments into real estates and other banking or state products (Kousalová, 2013).

5.2 Product offer of the private banker towards a client

This section describes the product component of private banking; it offers a view of the portfolio of services which a banker presents to a client. Based on information provided by individual bankers, products most frequently used by clients are presented here.

The absolute basis of the provided services are high quality basic products, which are also common with retail banking, starting with a current account via credit cards to loans. These services are provided at a very similar level, it is difficult to find a competitive advantage, which would make customers change bank as it is currently happening in retail banking (where however, price plays a

main role). Investment and asset management belong to the most important private banking services.

The actual product portfolio, offered by private bankers to individual clients is very extensive. Private client is a special client for the bank and he enjoys a special care and this client is also offered a special portfolio of services and products.

Private banker collaborates with other experts of the bank when creating a product portfolio, these experts are from asset management department, dealing center, insurance department, leasing and many others.

The basic products presented by bankers during interviews can be classified into several groups as is described in Table 2.

Private account
Individual portfolio
Discretionary portfolio
Loans
Mortgage loans
Premium private banking, so called Wealth Office
Services rendered within the group (dealing services, insurance services, leasing).

Table 2: Basic products presented by bankers

Source: own research

A private banking client has several possibilities how he can manage his finance and investments. According to the individual private bankers, products are chosen depending on the client's investment profile and thus products differ in a degree of risk for a client. Within the first negotiations with a client, the private banker finds how much willing the client is to take a risk, client fills in the investment questionnaire.

A client has several possibilities of investments. Considering investments in bonds and portfolio, most banks offer actively managed portfolio, diversified portfolio and portfolio managed based on a strategy agreed with the client.

Besides the risk which the client is willing to undergo, it is also necessary to take into account the fact that the private client is a specific client and some of these

clients may delegate powers and services to bankers, whether partially or completely, they can also decide all by themselves and only conclude transactions in accordance with their decision. At present, the situation on the stock markets is a great unknown and volatility of stocks in individual markets is also very high.

According to individual private bankers and managers of the individual portfolio funds who recently commented this situation for “Hospodářské noviny”, clients should invest primarily to long-term funds and mixed funds and prefer regular investments. According to the opinions of bankers, funds using various mathematical models for their control are getting more popular. According to a statement of Václav Lepič from ČSOB Asset Management, mixed and structured funds account for almost 40 % of the sales. Within ČSOB Asset Management in 2015 nearly 50 new products were offered and each month two to three structured funds are introduced. According to Paul Hoffman, Deputy of the Investment Capital Company KB, it is clear that long-term stabilization of low interest rates at low values can be expected. This, according to him, will also be reflected in lower bond yields and therefore, he recommends to prefer European equities, which are relatively cheaper than US stocks.

Clients of Czechoslovak Commercial Bank especially like fund of KB Private asset management for short-term investments whose yield should exceed the savings account. Unfortunately, it is very difficult to predict the profitability of short-term investments currently.

Clients of ICS KB also like a global fund focused on dividend stocks. This year the company wants to expand the offer by three funds. Based on global demographic trends, the portfolio of the fund CPR Silver Age will invest in stocks of pharmaceutical companies, insurance companies and companies operating in tourism. Further new offers which will be introduced will include the fund of qualified investors focused on commercial real estates. The third new fund will flexibly invest in different assets with minimal restrictions.

According to Jaromír Sladkovský, a manager of the Raiffeisen Investment Company, their clients are interested mainly in mixed and protected funds with

some kind of guarantee. Many of these clients firstly try least risky stocks buying mixed and protected funds. The Bank also newly offers a mixed fund with a flexible growth. Within this fund maximally 30 % is invested in stocks and the rest is invested in bonds. Raiffeisen Investment Company also offers the fund of the optimal distribution. This fund allows investment not only in stocks and bonds, but also in commodities and real estate. And this primarily using a quantitative model based on statistical and technical analysis of the behavior of financial markets.

Private clients have a large number of possibilities of investment and also a great number of options for selection of financial institutions that will control these investments.

According to the managers of the individual funds, an increasing number of their clients invest regularly. This is what the bankers recommend them. It is beneficial for them as well as for the investor. The fund's yield is in fact calculated from the value of its shares on a certain date, with a monthly investment on a fixed day of the month. When the value of the shares rises on that day, the investor gets fewer of them if it falls, on the contrary more. With regular investment gains and losses become actually "averaged". And sometimes the investor earns at one-time investment even at the time when he would lose, perhaps after a year.

The possibilities shown within the product portfolio of the respective banks show the importance and a key role of the partnership and relationship between the individual bankers and private clients whom they advise.

5.3 Evaluation of the structured interviews with private bankers using the instructions

For quality content analysis the following **summary protocol** was used. The protocol contains 32 questions arranged as described in the Methodology of this thesis. Responses of private bankers and their evaluation are summarized in each question set. Questions are numbered according to the order they were asked during the structured interview.

5.3.1 Set of Questions "About beliefs and values "

Question 2: "In your opinion, what are the most pronounced features differentiating the segment of private banking from other segments?"

Of all questions, the greatest variability in responses was obtained to this question, the largest number.

Of all surveyed banks, a following set of answers was obtained (the answers marked with an asterisk occurred most frequently):

1. Emphasis on confidentiality*
2. Customization*
3. Building of a long-term relationship with a client*
4. Role of a banker
5. Finding solutions for clients*
6. Complex service, not sale of products
7. Client assets*
8. Individual approach*
9. One stable banker for one private client*
10. Days to days service*
11. Brief history in the CZ market
12. International bank with PB history
13. Actively controlled investment portfolio
14. Corporate bonds
15. Corporate bills
16. Offer of own products - close bank architecture*
17. Collaboration (crossing) with other bank departments
18. Bank guarantees
19. Portfolio management according to client's investment profile*
20. Social events, expiration of credit cards
21. Perception of client's needs
22. Criminal integrity of a client, clean money

23. Knowledge of the client and his family*
24. Insurance of a client and his family, Gold Card
25. Cooperation with subsidiaries.
26. Possibility to negotiate the current rates
27. Possibility of other (than usual) loans
28. Setting of corporate x private banking only after the client's consent
29. Interconnection with foreign banking (most frequently Société Generale)
30. International bank is closer to a client in the CR
31. Low fluctuation of bankers
32. Conservativeness in shaping product strategy
33. Management of client's assets
34. Offer of other banks' (foreign) products - open architecture
35. Splitting of PB to physical and legal entities
36. Managed accounts
37. Investment in foreign currency (EURO, dollar).

As evident from the variability of responses of bankers, the difference of private banking from other segments of banking is high. The most frequent responses to a question what are the most striking features of PB, included the emphasis on confidentiality, client's assets, customization of services, offer of bank's products - close architecture of the bank, building a long-term relationship with a client, finding solutions for a client, individual approach, one stable banker for one private client, days to days service, knowing a client and his family. Based on responses to the above stated question, we can say that these are important **variables of marketing communication of PB.**

Question 26: "What do you think affects client's decision to enter private banking, i.e. that he looks for private banking services and starts to use them?"

Of all surveyed banks, a following set of answers was obtained (the answers marked with an asterisk occurred most frequently):

1. Volume of funds*

2. Existing client's experience
3. Client's education
4. Product offer of PB*
5. Bonds, bills, diversification of portfolio
6. "Days to days" service*
7. Administration of client's assets *
8. Big bank with international scope of operation*
9. Small bank
10. Fulfillment of client's expectations
11. The idea of a client about investment currency
12. The idea of a client about investment horizon*
13. Discretion from the side of bankers and PB*
14. Recommendation from other clients (based on good experience)*
15. Products such as gold and their diversification
16. Banker as an advisor*
17. One banker for a client and his stability*
18. Good quality services and excellent care provided by a banker*
19. History of the bank*

The most frequent responses to a question what affects the client's decision to enter private banking included: Volume of funds of a client, product offer, PB of big supranational banks and days to days service. Clients have a sufficient amount of financial funds and expect corresponding services, in supranational banks for example they expect a wider product offer. Private clients very often mention administration of assets, banker as an advisor and his stability, good quality services, excellent care and discretion. Recommendation from other clients for selection of PB based on good experience is also a feature of affluent people, they consider it more trustful than for example an advertisement.

Question 30: "What is the ideal amount for a diversified client portfolio?"

The individual private bankers consistently replied that this amount is individual with a different volume for each individual. The minimum amount of funds has been set at 5 mil. CZK.

5.3.2 Set of questions “About feelings“

Question 12: “It is possible to get to the position of private banker from other positions / departments in the bank? Is according to your opinion an experience in another department / position in private banking an advantage?”

Asking this question, I wanted to point to a total motivation within the bank. Marketing communication which is not used only in the scope of private banking but within all structures of the bank which work with clients. If this work is performed at a certain level and aspects of marketing communication are used properly, then bankers from retail positions have the opportunity to work through to the positions of private bankers.

The opinion of the individual private bankers agrees that the selection for this position recruits usually from bank staff. Private bankers must be a person who is going to perform his job perform long as his work is based on the relationship with the client, so a loyalty to the bank is expected.

Question 18: “Do you acquire new clients based on recommendation from other existing clients? What is the rate (approximately) of new clients acquired based on the recommendation from the existing clients?”

This question is directly linked to the work of a private banker and also to marketing communications, which they use in their work.

Most bankers said that acquiring clients based on references was not a dogma but it formed ca 30 % of new clients so it makes an important percentage of new acquisition. This indicates that work of a private banker is based on an above

average quality of a client service through which the banker receives contacts to other clients.

Question 20: “Can you describe a typical meeting with a client?”

The meeting of a client with a banker is a key element of the relationship marketing in banking. To be able to understand better and describe a relationship between a private client and banker, their meeting is thus one of main tools of direct sales of banker important for the fulfillment of client's requests,

It is necessary to distinguish between two types of meetings. The first type of the meeting is an acquisition meeting when a client usually meets a banker for the first time. Banker must take a client's attention, at this meeting it is an important to open the client and listen to his requirements and information that he tells to the banker. On the basis of the information obtained, the banker can work with the client and offer him suitable products. In the course of the first acquisition meeting, the banker usually presents a client the investment questionnaire in which the client answers the questions connected with his investment profile and possibilities and preferences according to which he wants to invest.

The other type of the meeting is a retention meeting or a meeting with an already existing client. The principle of listening from the side of the bankers is the same as for the acquisition meeting. But the retention meeting has other specifics as the banker already knows the client and therefore, the banker already has some information about the client.

Most bankers informed us that it is good to lead a dialogue and not a monologue. It is important to build a relationship, even though the client knows that it is all about business, so it is important for the client not to have this feeling right from the start and to feel comfortable with the banker.

Question 21: “What do you think is the most important moment of the meeting with a client, either already existing or potential?”

Again two types of meetings must be distinguished: meeting with an existing client and acquisition meeting. According to responses of private bankers, certain empathy and ability of bankers to listen to the views and wishes of the client is essential. The most important aspect of the meeting is the feeling from it. The pleasant feeling of a client from the meeting with the banker and that he is in good hands.

5.3.3 Set of questions “About knowledge“

Question 1: “How is private banking incorporated within the organization of your bank, what is the structure of the section, what are the management levels?”

The answer to this question is absolutely crucial for understanding the significance of private banking within the structure of the banking system and the importance for the individual banks. In the majority of responses, the private bankers agree on one aspect: private banking falls directly under the Board of Directors and it is managed by it. This answer gives us a proof about the importance of the private segment of banking for each bank. Most of the private banks also have separated, detached work places in bigger towns in the republic for a better availability for their clientele.

Question 3: “Is the service of private banking also offered to the owners/management of the company within the commercial negotiation with other bank segments?”

This question has its meaning in the context of an interview for justification of synergy within the individual banks and their mutual cooperation.

All private bankers answered the question in the same way: According to their ideal ideas, a so-called “crossing” within the bank is one of tools how to draw attention to possibilities of collaboration with the private bank. Thus, crossing is for the banker a significant marketing instrument and recommendations from colleagues from other departments are important for the banker. On the other hand, private bankers know that they cannot rely on the instrument of crossing as working load of other departments and demands for their

performance is high and cross-selling to a certain extent requires extra work and other tasks which the company or corporate lawyer must do.

It is always possible to redeploy a client within retail and private banking and bank clients are always offered this option, if a client exceeds a certain amount of funds in his account as private banking tools are far more sophisticated and more suitable for the management of client's funds.

Question 4: “Does product collaboration exist with other departments within your bank? Could you specify with what departments and what sort of collaboration it is?”

By this question I intended to obtain more information about “cross-selling” within the bank and also to show the necessity of interconnection between the individual departments of the bank. As the banks are significantly segmented due to complexity of processes within the individual banks, this interlinking is necessary here.

The individual private bankers in their answers mentioned mainly above mentioned interconnection and collaboration with departments of Treasury and Asset Management, and FX Trade. Of course, this collaboration is made only based on the approval of the bank's private client

Question 5: “Kindly name the main products/services of private banking of your bank. Mark those by which your bank differs from other banks.”

This question will be further worked out, therefore, I am going to mention here only a difference perceived by the individual bankers in relation to other banks. Most bankers specified here the perception of the difference between foreign and local competition. As for the foreign competition, the bankers mostly do not consider it as a direct competition. They point to the principal importance of a day to day service in which foreign competition cannot compete with them as it cannot offer clients this service. Further, bankers also mentioned that private clients had one number to which they could call and the private banker would

always advise them. Private bankers also mentioned the interconnection with their parental banks which have seats in other European countries and emphasized that the offer of products here in the Czech Republic was mostly similar as that offered by their parental banks in other countries of the European Union, such as Belgium, Switzerland, Luxemburg, France or Austria or Germany.

Question 6: “How does your bank use PR (product strategy) in the area of private banking? Do you use any specific instruments within your client portfolio?”

This question is directly aimed at marketing communication and thus at answering one of the objectives of my study. Although we could think that this question could bring homogenous replies, it usually did not and each bank had a slightly different view of this issue and answers of private bankers about this issue are slightly different.

Opinions about PR and marketing within private banking included answers that no PR is needed and the size of bank itself is able to attract the clientele, or that the bank is able to aim PR and marketing directly to a group of clients whom it wants to address. In my opinion, these slightly contradictory views and methods are evenly represented in each bank; although the individual bankers mention a size, statute and awards of their banks on which they can build, they admit that without clearly-targeted campaigns and references their work would be extremely complicated. Most banks also mentioned that part of private banking is its customization, it is a personal view of a client and his needs, thus each offer must be prepared individually and materials on the websites thus are not very useful for them although some banks present possibilities on their internet sites, for example J and T.

All private bankers agreed on one thing: an internal strategy, which to some extent determines view of PR and PR creation for private banking within individual banks.

Question 10: “Have you a department of private banking determined particularly for foreigners?”

I asked this question for the reason of necessity of using foreign languages in marketing communication between bankers and clients.

Most answers of bankers confirm that they do not have any special department for foreigners. Knowledge of English is common for private bankers, for these purposes this should be sufficient.

Question 13: “What is the basic scope of activities of a private banker? Please mark in percentage.”

According to the figure we can see that the highest importance is kept on acquisition process. But private bankers also have to keep their current client satisfied, so there is high value of retention process which can be divided into retention and administration process as is shown in Figure 8.

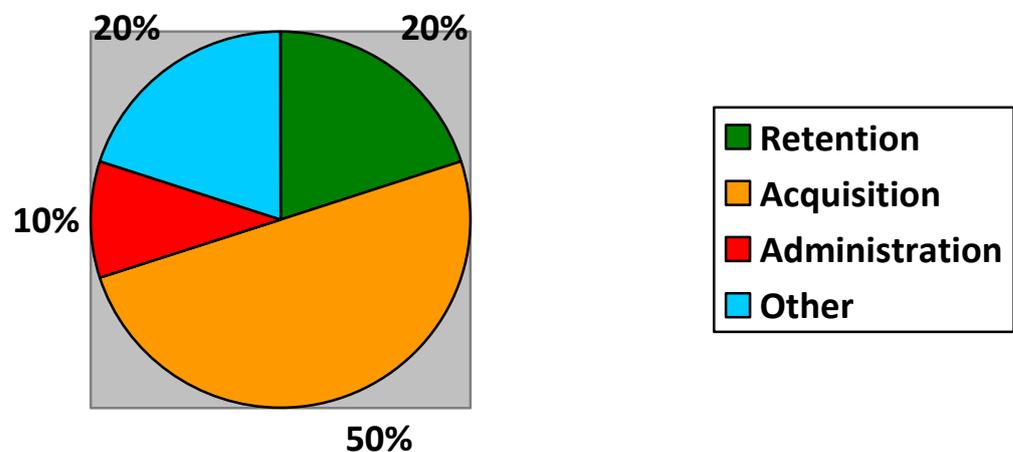


Figure 8: Activities of a private banker

Source: own research

Question 24: “Are there any barriers for the entry of a client to private banking market? If so, what are they?”

The main aspect for a potential and barrier for the entry for a client is a so-called bankability of assets. This criterion is different in individual banks. Some bankers say that this bankability should ideally be from 5 mil. CZK, according to others it should be from CZK 10 mil.

Question 32: “What is the scale of the offered products (active/pasive products)?

Generally, the bankers stated that the product portfolio is wide and includes from credit cards, insurance, various types of accounts to term deposits and investments in commodities. Answers to this question are elaborated in more detail in one of the partial aims of this thesis.

5.3.4 Set of questions “About perception“**Evaluation of answers of question 11: “What are the ideal personal qualities of the private banker for the job? What education, language skills? What skills / competencies should he have?”**

Of all the evaluated banks a set of following answers was obtained (the most common s

1. Life Experience
2. Stable banker for one client
3. Practice and professional experience *
4. Credibility, reliability *
5. Expertise *
6. Education (university was not usually demanded)*
7. Level of marketing communication*
8. Age
9. Empathy*
10. Responsibility *

11. Knowledge of functioning of the market and financial instruments*
12. To be able to find clients (database, servers, businesses)*
13. Knowledge of foreign language (English)*
14. Confidentiality *
15. Experience from other banking segments *
16. Enough time (beyond office hours) for the client *
17. Long-term credibility and relationship with the client
18. Continuing education
19. Resistance to stress
20. Experience in the field *
21. Experience in dealing with clients.

The most common answers of bankers to the above asked query imply that most of them can be considered **instruments of marketing communication in the PB segment**. Responses of bankers that the level of marketing communication is a prerequisite for work of the private banker belong to the most frequent in this investigation. Some answers, e.g. confidentiality, unlimited time for a client repeated similarly as in other questions (24 and 25). Other most frequently mentioned qualities for work of the private banker, such as: empathy, confidentiality, reliability, responsibility indicate specific personal qualities of a private banker necessary for the required level of marketing communication. Professional expertise and experience in the area, knowledge of functioning of the market, ability to find a potential client which belonged to the most frequently named answers of bankers are also necessary for their work. It means that bankers must have special qualities and characters by which the PB differs from other bank segments.

Question 16: “How do you maintain the existing client? Give examples of client retention.”

Maintaining of a client and retention of the clientele is one of the principal points of the relationship business. Acquiring of a client is usually the first step,

the other step and very likely more substantial one is his maintaining, i.e. retention.

Answers of the individual bankers clearly suggest that the most important points how they maintain relationship with a client and care of him are personal approach and emphasis on communication with a client.

Most bankers to whom I spoke, identified knowledge as a basic point and basic tool for care of a client. Private bankers inform clients on the current situation on the markets and offer responses to them. Private banking is based on the relationship with a client and entire feeling of importance and certain exceptionality. Most clients are offered educational seminars for clients, provided accurate information and other options on the current possibilities of investing their funds. Further specifics of private banking compared to retail banking and similarity to corporate banking is the deluxe service for the client. Of course there are birthday cards, invitations to selected social events according to the interests of each client. Overall, the client within the private banking should feel exceptionally, as I mentioned in the previous text.

Question 17: "How important is for you a guarantee of confidentiality while dealing with a client?"

This question again points to one of the principles and basic pillars of private banking: a specific relationship between a client and a banker.

Based on the individual statements provided by the bankers we can specify this point of collaboration between a client and a banker as a completely principal issue. Discretion is for most client is absolutely common and even within individual financial institutions some clients can exist about whom there is no information within the bank, or only private banker and his direct supervisors know about them.

Question 19: "How often do you meet the individual clients from your portfolio?"

This is again a question that specifies the relationship between a banker and client and points to the importance of retention work of each banker which is a must for proper synergy between a banker and client.

Most bankers answered that the number of meetings is completely individual and that it depends on the needs of the individual clients. Each client is different and portfolio of services which he uses is also quite different and the number of meetings depends on this. Minimally, one meeting per year is held with each client but frequency is usually higher. Usually one meeting per a quarter is held but there are of course also clients who communicate via mail or telephone, and they are serviced only in this way. However, all interviewed bankers agreed that the size of the portfolio over 100 clients is complicated as they must have meetings with individual clients.

Evaluation of answers to **Question 25: “In your opinion, what are the client’s expectations from private banking/private banker?”**

Of all the evaluated banks a set of following answers was obtained (the most common are marked with an asterisk):

1. PB portfolio
2. Support, confidence from the side of private bankers
3. Practice of the private banker and his stability in position
4. Fair Dealing *
5. Openness and accuracy of information on investment opportunities
6. Awareness of the risks of losses
7. Confidentiality *
8. Communication with only one banker *
9. Experience
10. Professional Expertise
11. 100% service (days to days) *
12. Banker’s reliability *
13. Responsible care provided by the banker

14. Possibility of investing in CZK and other currencies
15. Banker's empathy
16. Awareness about the current situation in the markets and banker's responses to them *
17. Consultations, seminars on investment opportunities
18. Quality Care *
19. Pleasant and intimate feeling from the meeting with a banker (the feeling that "I'm in good hands") *
20. Spending the needed time as required by a client *
21. Customization of services and investments *

The most common answers of bankers about clients' expectations from PB/private banker included: customization of services, 24-hour service, spending the needed time as required by a client, confidentiality, quality care, fair dealing, communication with one stable banker, banker's reliability, awareness about the current situation in the markets and banker's responses to them and pleasant feeling of a client from the meeting with a banker, this is in compliance with features differentiating PB from other segments and requirements for work of the private banker.

Question 27: "What should a potential client of private banking consider when looking for a private bank?"

The answers to this question were consistent, it depends what the client expects from the private bank itself. Clients should define their expectations and should also have a clear idea about the investment horizon and the extent to which he is able to perceive this horizon and accept it. Another aspect that the client should accept is the bank's reputation and possibilities that his bank offers. Here the views of individual bankers vary depending on the size of the banks they represent. Some mention the guarantee of a large banking house, others in turn point to a greater emphasis on the individuality of smaller banks

5.3.5 Set of questions “Demographic and contextual“

Question 7: “Is it possible to quantify a price of services of private banking? For example in percentage in relation to the managed portfolio, on an annual basis?”

The importance of quantification of the process of private banking should express the price which a private client is willing to pay for a special service and simultaneously this is a price for which a private client expects special services from a banker.

Most bankers agreed that these charges are completely individual and their specification is quite individual and determination is very complicated. The services of bankers are either completely without charges or on the contrary, these services are charged, in addition, the problem is that charges for such service may also vary over time. Furthermore, the bankers said that there are certain fees from the revaluation of the assets, but such information is entirely of an internal nature.

Question 8: “In your opinion, is there in the Czech Republic a sufficient number of clients for private banking for acquisition?”

The sense of this question is to express a possibility of a potential growth of the clientele and also possibilities and space for other education and namely the use of marketing communication in relationship between a client and a banker.

Answers to this question differ substantially. In more conservative banks I met opinions of bankers who told us that this space is greatly exhausted and the increase in the clientele was affected by the economic growth which came after the revolution. On the other hand, I also met an opinion that the space for further growth still exists and that in the Czech Republic there are about 20 thousand clients who might use services of private banking but only ca 40 % of this clientele are really operated by banks. Further the bankers mentioned the possibility of obtaining and further influx of the clientele, which comes with a generation change in companies. There are two scenarios that might occur:

either a direct sale of a company and acquisition of the company by new owners who will pay a previous owner a certain amount of money which the owner then has for his disposal and can save it in a private bank or there is another variant-sale of the company to the company's managers and these former executives then within the company already gain a percentage from the profits, and these profits may also transfer to private banks.

Question 9: “How did the crisis affect the approach to investments / willingness to invest? How does the crown exchange rate of Czech crown currently affect investments in another currency?”

One of the fundamental questions of the whole banking is how banks and bankers coped with the effects of the crisis on the banking sector, mentality of clients, confidence in projects associated with the bank, bank products and last but not least the financial system itself.

Most answers of private bankers provided the same answer: this answer can be expressed by a single word: carefulness. After the crisis the conditions worsened rapidly, both in the environment of private banking and other spheres of banking, in retail banking or company banking. The total structure of products, rates and mainly the necessity of securing in case of any investment changed substantially. In private clients, a great transfer from more aggressive investments and more dynamic possibilities of return on their investments in products to more conservative types of investments occurred. Today the problem is a low-investment profile, which often provides nearly 0% possibility of evaluation. Overall, clients prefer a more stable fixed-interest earning assets, dividend stocks with a stable or growth potential.

Question 14: “How many clients have you in your portfolio?”

This question is important for showing how much time a private banker can spend with an individual client and how precise his service can be.

The individual private bankers gave the number of clients in the range of 80 to 120 clients. If we compare the number of clients attended by a private banker,

we come to a similar number a corporate banker has in the portfolio, so we can clearly see the complexity and importance of the work of the private banker.

Question 15: “Have you, within your position, predetermined plans for the acquisition of new clients? Is the percentage increase required / in what amount?”

In this question it is again necessary to take into account possibilities of a private banker to pay attention to his private clients. Definitely, the annual percentage increase in the bank and within all levels of the bank is expectable and current. According to the responses of the individual bankers, an increase based on the annual numbers was identified, we can quantify it as a 15% increase. Regarding product distribution and increase in the individual types of products, this increase is mostly a purely internal decision of each bank, and this increase cannot be published.

Question 22: “How do you acquire a new client, how do you maintain him (what are costs on a client), reasons for loss of a client?”

This question again reveals a relationship between a private banker and a client and a complexity of banker’s work, the whole process of searching a client.

According to most replies provided in dialogues, this aspect is a detective work but most websites of the individual companies contain sufficient information on potential clients and ultimately, their life style. Information that private bankers does not know they usually learn at the first meeting.

Considering the costs on the individual client, the basic value and basic cost is work and time a banker invests in a client. Bankers consistently told us that this cost on a client is not about bribing a client in a form of presents and lunches. Clients appreciate work the banker does for him. Bankers also agreed that they do not lose their clientele and even if a client does not use services of the bank, the relationship with a banker remains. **Question 23: “What is further procedure if a client losses creditworthiness for private banking?”**

In this case, most banks act similarly: the client is not definitely excluded from the portfolio nor he is placed to retail banking. The key point, however, is the reason for the loss of creditworthiness and whether the client will regain creditworthiness or not.

Question 28: “What is the segment of clients like – foreign client?”

As a rule, private banking clientele consists of clients from the Czech and Slovak Republic. As for other clients, it is rather a minority within the private banks.

Question 29: “How is the analysis of the client’s portfolio conducted?”

In the last phase of the interviews with private bankers, I focused on the characteristics of the portfolio of a client and its assembling.

In the first phase, during the meeting, first overall information about client is obtained as I already mentioned above. At this stage the investment questionnaire is presented and through this questionnaire, we find out what approach the client takes to investments. At the beginning the private banker designs an investment portfolio and on its basis the offer for a client.

If the client is an already existing client using services of the bank, it is necessary to evaluate profitability. Strategy towards the client and goals set by the private banker with the client are reviewed.

Question 31: “What sources do you use for setting up the analysis?”

Information further used for modification and setting of client portfolio is drawn from leading global bank houses, consulting firms, independent analysts; further the bankers add to this analysis their own views and opinions of analysts which result from the monitoring of macroeconomic indicators and financial markets. Deciding on the resulting analysis and reactions of banks is collective work of the investment committee of the bank.

Structured interviews were devoted in detail to all issues discussed with private bankers in conversations. Thanks to their view of marketing

communication and overall approach to the relationship with their clients, important parts of their work were identified, ways how they gain and maintain their clients in their portfolio and how they look after them were described. Although many people might believe that the work of a private banker is comparable with the work retail or corporate banker, the results of this work show that the marketing communication between a private banker and his client varies considerably, and how specific the PB segment is.

5.3.6 Compliance or difference in the investigated banks while using components of marketing communication

Another objective of the evaluation of bankers' answers was to find out whether the bankers' answers that describe instruments of marketing communication used in PB of the individual banks under study comply or not. To confirm the validity of the null hypothesis H_0 in case of compliance or refuting in case of difference of bankers' answers (considering their number), the test of good compliance (as described in chapter Methods) was used. This test could be used only in four questions with a sufficient number and variability of answers (questions 2, 11, 25 and 26). These questions concerned the used components of marketing communication. Summarily the PCA analysis was used for the evaluation of the answers to all these four questions.

Question 2: "In your opinion, what are the most pronounced features differentiating the segment of private banking from other segments?"

Of all the banks under study, the biggest set of answers was obtained (totally 37, they are presented in the summarizing protocol).

For bank A versus (further only symbol x is used) bank B test criterion $\chi^2_{\text{calc.}} = 9.3074 > \chi^2_{\text{tab}} = 3.8416$, for $df = 1$, $\text{cal. } p < 0.0022$, i.e. < 0.05 was calculated (after the Methods). As the calculated value of the criterion is higher than the chosen value of the criterion at 5% significance level, I cannot confirm the validity of the null hypothesis. Thus, in particular, the hypothesis of compliance of banks is

refuted in responses to the evaluated questions. We can state that a statistically significant difference exists between the two banks in the most pronounced features of the PB.

Further comparison of banks shows a similar situation:

for banks A x C: where $\chi^2_{\text{calc.}} = 11,8589 > \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,0057;
for banks B x D: where $\chi^2_{\text{calc.}} = 3,9176 > \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,0477;
for banks D x C: where $\chi^2_{\text{calc.}} = 5,8108 > \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,0477;
for banks A x D: where $\chi^2_{\text{vyp}} = 0,9794 < \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,3223;
for banks B x C: where $\chi^2_{\text{vyp}} = 0,1185 < \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,7305.

Table 3: Differentiating the segment of private banking

Source: own research

Compliance between the banks A and B and between the banks A and C, B and D, D and C was refuted at 5 % significance level. A significant **difference** in the most pronounced features of their private banking can be confirmed between these couples of banks. On the contrary, **compliance** in the most pronounced features of their private banking was confirmed between the banks A x D and B x C as their calculated testing criteria were minor than tabulated.

Question 11 **What, in your opinion, are the ideal personal qualities of the private banker for work? What education, language skills? What abilities/competences should he have?**

Results of the test of good compliance for the following couples of banks:

for banks A x D: where $\chi^2_{\text{calc.}} = 4,1411 > \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,0418$;
for banks A x B: where $\chi^2_{\text{calc.}} = 0,8380 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,3599$;
for banks A x C: where $\chi^2_{\text{calc.}} = 2,0625 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,1509$;
for banks B x C: where $\chi^2_{\text{calc.}} = 0,2291 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,6321$;
for banks B x D: where $\chi^2_{\text{calc.}} = 1,0352 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,3089$;
for banks C x D: where $\chi^2_{\text{calc.}} = 0,2291 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,6321$;

Table 4: Personal qualities of private banker

Source: own research

Of all possible comparisons of couples of banks, **null hypothesis** H_0 about the compliance of banks in the used answers to the evaluated question can be refuted only in the first comparison of the bank A and bank D. We can state that between these two banks A and D a significant difference in bankers' opinions about an ideal personality and professional qualities, skills and competencies for work exists. Null hypothesis was not refuted in all other comparisons between the couples of banks, this means that bankers' opinions of the compared banks **comply** on the ideal personality and qualities for work, skills and competences.

Evaluation of answers to Question 25: "In your opinion, what are the client's expectations from private banking, i.e. the reason why he finds and starts using services of private banking?"

Results of the test of good compliance for the following couples of banks:

for banks A x B: where $\chi^2_{\text{calc.}} = 4,8611 > \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,0274;
for banks A x C: where $\chi^2_{\text{calc.}} = 4,8611 > \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,0274;
for banks A x D: where $\chi^2_{\text{calc.}} = 6,8727 > \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,0087
for banks B x C: where $\chi^2_{\text{calc.}} = 0,0000 < \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 1,0000;
for banks B x D: where $\chi^2_{\text{calc.}} = 0,1909 < \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,6621;
for banks D x C: where $\chi^2_{\text{calc.}} = 0,1909 < \chi^2_{\text{tab}} = 3,8416$, df = 1, p < 0,6621.

Table 5: Client's expectations from private banking

Source: own research

Of all possible comparisons of couples of banks, **null hypothesis** H_0 about the compliance of banks in the used answers to the evaluated question can be refuted in the comparison of the bank A with banks: B, C and D. We can state that a statistically significant difference in the clients' expectations from private banking/private banker between the above mentioned three couples of banks exists. In other three comparisons of banks B x C, B x D and D x C null hypothesis could not be refuted, which means that the opinions of clients about the expectations from the side of the private banking/bankers comply.

Evaluation of answers to Question 26 **“What do you think affects client's decision to enter private banking, i.e. that he looks for private banking services and starts to use them?”** Results of the test of good compliance chi-square for the following couples of banks:

for banks A x B: where $\chi^2_{\text{calc.}} = 9,8039 > \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,0017$;
for banks B x C: where $\chi^2_{\text{calc.}} = 5,2083 > \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,0224$;
for banks A x C: where $\chi^2_{\text{calc.}} = 0,0000 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 1,0000$;
for banks A x D: where $\chi^2_{\text{calc.}} = 0,9523 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,3291$;
for banks B x D: where $\chi^2_{\text{calc.}} = 2,1428 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,1432$;
for banks C x D: where $\chi^2_{\text{calc.}} = 0,9523 < \chi^2_{\text{tab}} = 3,8416$, $df = 1$, $p < 0,3291$.

Table 6: Client's decision to enter private banking

Source: own research

To the given question only two statistically significantly different couples of banks were proven. Thus, the compliance in opinions of private bankers about the factors affecting the decision of the client to enter private banking between banks A and B and B and C was not confirmed, the answers of bankers differ significantly. Other couples of banks A and C and A and D, B and D, C and D exhibit in answers to the given question compliance.

All four statistically evaluated questions (with the test of good compliance) were also assessed using the PCA analysis (Principal Component Analysis) and the result of the analysis is given in **Figure 9**. Answers to four questions (with the highest number and variability of answers) provided by the bankers of all the studied banks show the compliance or difference of banks. The highest compliance was detected in the banks B and C followed by bank D. Non-compliance is evident between bank A and other banks with the highest non-compliance shows the comparison with bank D.

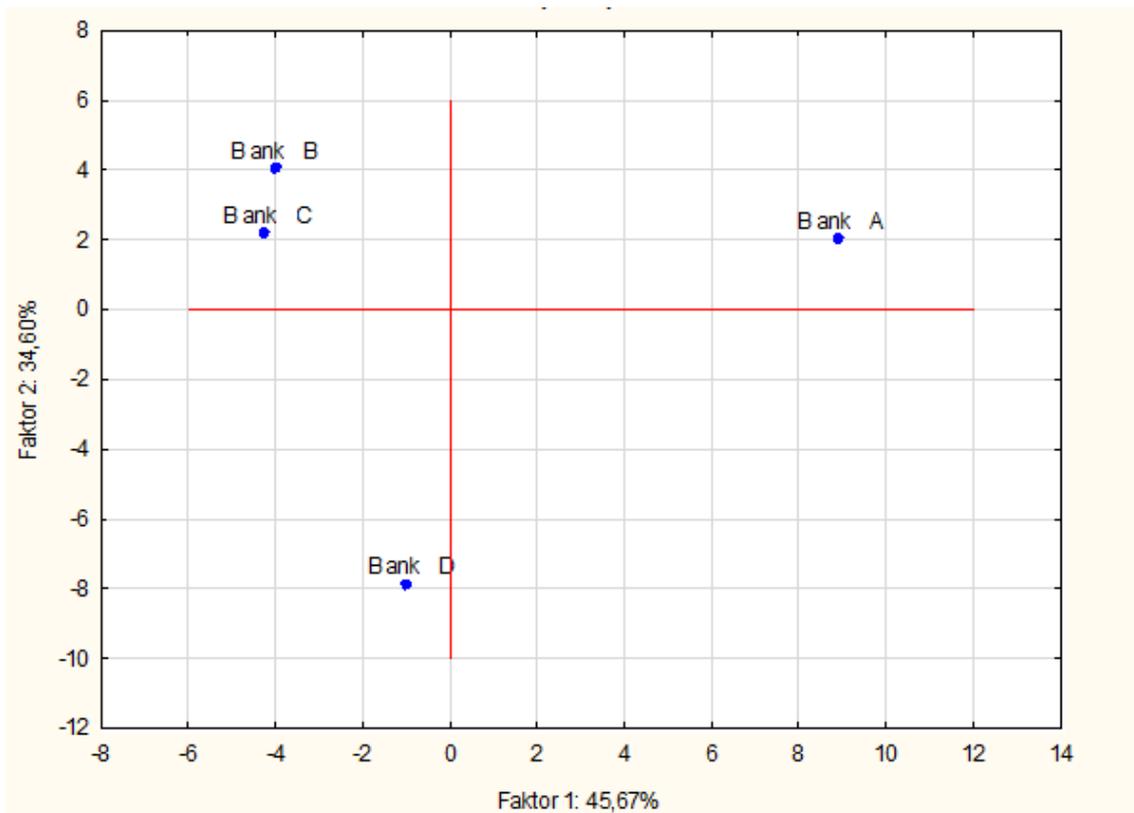


Figure 9: Similarity/Difference of marketing communication (PCA)

Source: own research

5.4 Typology of the ideal banker

To describe a typology of an ideal banker is a very sensitive and complex issue because as I already mentioned private banking is a specific segment of banking. Nevertheless, most reviewed private bankers found common characters which could define the ideal private banker; a banker should observe these qualities when dealing with a client as it is described in Table 7.

According to private bankers there are two main groups of qualities/characters:

1) Client-oriented characters

- reliability
- fairness
- empathy for the client.

2) Trade-oriented characters/capabilities drive

- sense for opportunities
- resistance to stress

3) Qualities for orientation in the area

- knowledge of issues relating to the management of client's finance
- orientation in the bank market
- knowledge of macroeconomic indicators and their effects on the market

Table 7: Qualities/ characters of private bankers

Source: own research

Age of the private banker is not the most important indicator of the success and importance in relation to the client. The age structure of Czech private bankers is very different from the situation usual in countries with a long private banking history in Western Europe and elsewhere in the world. Care of private clients is commonly entrusted to senior bankers who work in the bank even for their lifetime and who often hold high positions within the bank because a very wealthy client does not want to collaborate with an ordinary bank employee, but for example, with the vice president of the bank. However, according to the private banker of HSBC Private Bank in London, there is not any Relationship Manager (private banker) in their team older than 45. Similarly as in the CR, these are young people who, however, have a relatively long experiences in the sector, which is a result of the British university education system and job opportunities for talented graduates (Vykoukal, 2002).

The Czech Republic is still very different in this direction. A specific creation of a healthy class in the CR also affected the structure of those who look after their money. For example in the ČSOB, an average private banker is a 30 to 45-year-old male. However, similarly as elsewhere in the world, they are very loyal employees. Relations between them in the work place are excellent and according to Dvořák (2002) they are nearly like a family. The thing is that if

some of personal bankers left, the bank would lose with him a part of clients (Vykoukal, 2002).

6 Discussion

Based on the investigation conducted in the practical part, private banking can be characterized as providing superior banking and other services, with great emphasis on confidentiality and an individual approach to every client rendered by a private banker to the most affluent clients. As evident from the results, these services are both of banking and non-banking nature, so-called *consierge*.

Marketing of services in banking is different from marketing of products, similar situation is in marketing distribution channels in PB. They are direct, mostly personal without any intermediaries, it means only a banker and a private client. During marketing distribution channels in the PB segment, meetings of a client and banker, marketing mix becomes a communication mix. The role of the private banker is within the variable of the basic communication mix – distribution channel irreplaceable. The places of meeting in private banking also include various locations where meetings of the private banker and PB clients are held. The bank must be able to create a discreet yet friendly environment (mostly closed lounges) for contacts between a private banker and a potential or already existing client. As follows from the results of this thesis, sometimes the client wants to meet the banker somewhere else than in the bank, in an environment that better suits him and which ensures confidentiality for negotiations, for example in restaurants, cafes or directly in the client's house. This leads to a combination of marketing variables that are described in the literature search of this thesis with more advanced knowledge of marketing communication in private banking. As shown in this study, it can be extended by another variable – a banker and his characters which help him acquire a client. This finding is of newer character, because the PB itself is a young field in banking in the former socialist countries.

According to Pelsmacker et al. (2003), Armstrong and Kotler (2010), building of marketing mix for services offered of the segments of banking is considerably more complex than for the products offered in other areas. These authors also

add that the success of the used marketing mix does not lie in defining and analysis of each variable but in a complex approach. Based on my own findings, I can add to these opinions that for private banking a so-called communication mix is important, the marketing mix is extended by participants, process and physical evidence. This enables a basically personal, individual approach to a private client, specific for private banking. It is the presence of a banker and a client, a process in which quality of services is linked with client's demands as also stated by Krajiček (2005).

Considering the strategy of relationships in private banking, it is possible, based on the results of the survey conducted within this thesis, to agree with Storbacka and Lehtinen (2002), who presented Velcro strategy – adherence as one of the strategies. In private banking practice it means that the bank adapts its services to a customer, as confirmed in the results of the thesis. The strategy of relationships in PB adapts so that the value of relationships increased bilaterally, i.e. both for a customer and client.

Emotions arise during the meetings of private clients and private bankers. During the personal and individual marketing communication more intensive and effective emotions in clients can be assumed (Janečková and Vašítková, 2001). This is evident from the statements of the private bankers in this study and bankers are aware of it. As identified from the investigation of this work, the bankers, unlike sellers selling products, primarily do not offer services but they very patiently and with empathy listen to the client's wishes and needs. Private bankers while building relationships with their existing and potential clients try to evoke positive emotions. The character of emotions they create in a customer depends on the personal and other professional qualities of a banker. Therefore, the banker should have a number of personal qualities, he should be human, empathetic, communicative, and experienced in the field of PB (Tribelhorn, 2015). In my investigation these personal characters required for a private banker occur in the statements of the bankers. I therefore fully share the view of this author.

Simultaneously, results of my study are in compliance of the opinions of Zeithaml (2015), who points out that the support to bankers is ensured by the bank by CRM, namely by its operative part. It is in agreement with the bankers' statements who say that those bank advisers and private bankers who will be able to use CRM and who will also affect it positively with its results will be the key "know how" of the bank in the future. Modern banker will not be able to work without the database systems.

Investigation in this thesis also confirmed the agreement of the bankers on the use of the most frequent marketing communication instrument - direct marketing. It is in compliance with Nash (2003) who describes direct marketing as the most commonly used modern instrument of marketing communication. Direct marketing is based on continuous building of relationships and dialogues with clients, in PB with private clients, this is a direct communication between a potential or already existing private client and the bank, represented in the PB segment by a private banker and private bankers use it as evident from the investigation conducted within this study.

Results of the study show that for satisfaction of the PB client, it is necessary to "tailor the product, service", so-called *tailoring*. This approach can be reflected in improving the services in the private banking segment; due to high economic demands it is not possible to satisfy all clients of the bank in this way.

Bílková (2015) reported that GDP per an inhabitant had been increasing since 2010 (with a mild decline in 2011 and 2013) and it is predicted that this growth will further continue in 2015. This development is positive for the standard of living as the higher the GDP the higher the standard of living in the country is. In agreement with this author, I found in this study that private bankers expect the growth in the number of clients in private banking not only in the CR but also other EU countries.

It is often reported that the differences in the services offered by banks are not so high as the differences in marketing communication of banks. I can confirm this statement as when assessing the differences among the banks I found that

the banks differed in some most pronounced attributes of PB marketing communication.

PB client needs to have the confidence and know what value products and services represent for him as a user (Kysilka, 2015), this client's confidence and awareness can be affected by a private banker very positively within marketing communication. On the contrary, if he fails or makes a mistake (which can be made by the bank itself), client can go to another bank, only in the CR there are about ten banks with PB. Regulation of the bank market will be among others affected by a response of the clients and the interviewed bankers are aware of it. A good private banker and adviser should have set goals that are not in compliance, or are even in conflict with the structure of its portfolio of clients and their needs and interests.

Czech and Slovak experts in private banking also refer that besides economic education in banking or legal education and practice, language skills are important (Houdek, 2015). We can agree with this opinion although the interviewed private bankers did not mention the obligation to know English language but only as the appropriateness to know the language. Therefore, it is evident that it is an advantage for the private banker when besides being a good financier, he is also an expert in another sector (Grau, 2015), this is in compliance with the findings of this work, as I mention in the subsection Typology of the private banker, which I compiled based on the results of the survey. Tribelhorn (2015) characterized a private banker very aptly as a man with whom a client will gladly and confidently deal about his private matters. This author also states that a private banker needs to have knowledge of an economist/financier, and will also have to "understand life." Opinions of the three above-cited authors are entirely consistent with the results of my investigation. As results from the annual reports of banking institutions (e.g. J aT banks), there is an increasing trend in the number of private clients (millionaires and billionaires) in the Czech Republic, Slovak Republic, Poland and Hungary. 200,000 Czech households, which represents only about 5% of all households, have private financial assets worth over 100,000 USD. The

indicated percentage is consistent with the finding given by Birčiaková (2012) who reported that in the CR only 3 % (for the years 2005 – 2010) of households considered themselves as very rich (compared to Great Britain and Spain where it is 19%). As the reason for the probability of increase in the number of private clients, the bankers see the increase of the group of very rich people.

As clearly indicated by the survey of this work, bank private clients in the Czech Republic handle very carefully with their property and have high risk aversion. They advocate a conservative investment, which was reflected during the financial crisis, unlike affluent clients in some Western countries they never inclined to risky investments. This is also confirmed by Kunert (2015) in Slovakia.

Among the opinions of banker about PR within private banking an idea appears that no PR is necessary and that the size of the bank itself will attract the clientele, similarly as the answer that the bank is able to target PR and marketing directly to a group of clients whom it wants to address. We can assume that these contradictory opinions and approaches are represented evenly in every bank and although the individual bankers mentioned the size, status and awards of their banks on which they can build, without clearly defined campaigns and references, their work would be extremely complicated. Most of the banks state that an important part of private banking is customization and thus personal view of the client and his needs, thus each offer must be prepared individually and thus the materials presented on the websites could not be very helpful although some banks present on their websites possibilities of collaboration with clients presented in more detail.

It is possible to claim that the opinions and ideas of authors mentioned above are in compliance with the findings obtained within this thesis.

7 Conclusion

For the presumed total objective of this thesis: communication between the banker and private client progressive/partial goals were set.

The main objective of this thesis is to get to know the role of a private banker, ways of communication with clients and to determine the reasons why clients enter private banking in the selected banks. To fulfill this objective, research based on structured interviews with private bankers was conducted. During the interviews it was found how the relationship between a banker and a client was formed and how it worked, how new clients were acquired, what were their needs in the context of marketing and client retention. Marketing instruments of the private banking segment were identified. The investigation was conducted with private bankers from four banks. Their parental companies are big supranational banks operating in many countries of whole Europe and EU. Private bankers to whom I spoke informed me that their know-how in marketing communication, its components and ways of communication were in relation to the policy of their parental banks similar in the CR as in another country of the bank operation. The number of the structured interviews with 32 open questions was given by a certain specificity of private banking – e.g. confidentiality and anonymity of the banking sector and hence the willingness and possibilities of bankers from the perspective of their employers to be interviewed.

The partial objective of the thesis was the analysis of the income situation of the inhabitants of the selected EU countries with a focus on defining the most affluent people as potential clients of private banking.

The second partial objective of the thesis was to identify the segment of the most affluent inhabitants as clients of private banking and to describe products used by clients. Secondary data for fulfilling the partial objectives was obtained from the annual reports of the selected international banks operating in the EU, professional journals, websites of banks and current internet resources from the banking area.

The conducted investigation fell to the area of quality research, provided data was expressed verbally and thus it was difficult to assess it statistically. Nevertheless, the answers of bankers to questions best characterizing marketing communication, reasons why clients enter PB and their expectations and role of the private banker could be subject to the statistical evaluation.

The literature search of the given topic could not draw from scientific publications or books because practically no comprehensive publication exists on this topic. The available literature is limited to individual academic studies, professional journals and articles from online sources, the websites of private banks.

It is known that private banking is based on the relationship between a client and total feeling of the importance and certain exceptionality of a private client.

The investigation shows that clients consider the discretion as absolutely given and even within individual financial institutions also clients exist about whom there is not information within the bank, or about whom only their private banker and his direct superior know. Private clients have sufficient funds and expect adequate services, in supranational banks for example they assume a broader product, investment offer. Private clients also often expect from PB management of their assets, banker operating also an adviser, banker's stability, quality service, excellent care and discretion. References from other clients for selecting PB based on positive experience is also a sign of wealthy people, who consider this as more credible than e.g. advertising.

In most their answers, private bankers agreed on one aspect: private banking falls directly under the board of directors and it is managed at the level of the board of directors. This answer gives us evidence about the importance of the private banking segment for each bank. Most private banks also have departments, detached work places in bigger towns for a better availability of their clientele.

Crosseling is an important marketing instrument for bankers and recommendation to their department from their colleagues from other

departments is very important for them. On the other side, private bankers also know that they cannot rely on the cross-selling instrument as workload of other departments and requirements for their output are high and cross-selling requires some extra work and further tasks which company or corporate banker must perform. It is definitely possible to replace a client within retail and private banking and the client is always offered this possibility as long as he exceeds a certain amount of funds in his account, as private banking tools are far more sophisticated and more suitable for the management of client's funds.

Private bankers of multinational banks also emphasized the links with their parent banks, headquarters of which are located in other European countries and underlined that the offer of products here in the Czech Republic is in many ways consistent with the range of products, offered by their parent banks in other European Union countries, such as Belgium, Switzerland, Luxembourg, France, Austria or Germany. Considering the marketing communication between a banker and a client, it is known that in the western EU countries where the supranational banks have their headquarters and in which the survey was conducted have variables of marketing communication and principles of work already fixed because PB has a long history in western countries. Bankers in eastern countries, including the Czech Republic, managed it in the last 20-25 years.

The main aspect of the potential and the barriers for the entry of a client is "bankability" of assets. Here this criterion of "bankability" differs a bank from a bank completely.

Private bankers must have qualifications and characters which differentiate the PB segment from other bank segments. Direct answers of bankers suggesting that a prerequisite for the work of a private banker is their level of marketing communications, belonged to the most common in the investigation conducted within this work. It may therefore be concluded that PB bankers are aware that the level of marketing communications is crucial for their successful work. Results of this study suggest that a certain empathy and the ability of bankers to listen to the views and wishes of their clients is absolutely essential;

this is connected with the experience of the bankers that the most important aspect of the meeting with a client is a comfortable feeling of a client from the meeting with the banker, feeling that the client is in good hands. The most often mentioned qualities for work of a private banker include empathy, trustworthiness, reliability, responsibility indicating specific personal private banker's characters necessary for the required level of marketing communication. Professional expertise and competence in the field, ability to find a potential client belonged to the qualities most commonly listed in the answers of bankers.

From the findings of this study, we can determine a current typology of private bankers. The banker should be client-oriented (as already given above), he should have pro-trade oriented qualities / abilities for orientation in the field, knowledge of the financial management, knowledge of the banking market, macroeconomic indicators and their effects on the market.

It means that private bankers must have qualifications and characters which differentiate the PB segment from other bank segments and creates a level of marketing communication in PB. It is evident from the survey that in most private banks, a private banker provides services not only to the private client himself but also to the members of his family. Professional competence and experience, knowledge of market, ability to find a potential client which belongs to the often listed answers of bankers are also the most necessary for their work.

Investigation performed in this study indicates that the most frequently occurring attributes of PB marketing communication include: emphasis on discretion, customization of services, building of long-term client relations, finding solutions for the client, individual approach, one stable banker for one private client, day to day service, knowledge of the client and his his family. These attributes are mostly in compliance with the expectations of the client from PB / private banker which simultaneously influence the client's decision to join PB. These attributes were most often mentioned in the clients' expectations from PB, besides the needed time spent by a banker as required by the client,

quality care, fairness and reliance on the bankers, enough information of a client about the current situation in the markets and the reaction of a banker and pleasant feeling of a client from the meeting with a banker ("to fit to each other"). From the above mentioned it is evident that these are mostly the attributes which are at the same time necessary and very frequently used instruments of marketing communication in PB and they can be considered as part of a suitable PB marketing strategy.

Although the statistical evaluation detected some differences in questions relating to marketing communication in the individual banks, the results can be interpreted as a compliance in the used instruments of marketing communication in the investigated supranational banks.

The space for the growth of the PB segment still exists in the CR similarly as for example in Slovakia, Hungary, Poland, Germany but also in Switzerland and other EU countries. There are about 20 thousand clients in the Czech Republic who could use services of private banking but only ca 40 % of them are actually attended by banks. In 2014, the number of dollar millionaires rose by ten percent to record 21 400 people (according to the last statistics). Dollar millionaires are defined as those with investable assets of one million dollars (24.3 million crowns) and more, without the value of the permanent residence, collectibles, consumables and durable equipment. Another possibility of obtaining a PB clientele comes with a generational change in companies.

In the area of investment interests of the private clientele, a marked shift from more aggressive investments and dynamic possibilities of the evaluation of their investments to products and with them associated more conservative types of investments was recorded. The problem today is a low investment profile, with 0% of payment of interests. Overall, clients prefer a more stable fixed-interest earning assets, in case of stocks, then dividend stocks with a stable or growth potential.

According to the individual private bankers, a number of clients in their care varied from 80 to 120. If we compare the number of clients a private banker

looks after we get to a similar number as a corporate banker has in his portfolio, thus we can deduce the complexity and importance of the work of a private banker towards his clients. The client appreciates the work itself, which the banker performs for him. Bankers consistently reported that they do not lose their clients and even if the client does not use the bank's services, the relationship with the banker remains.

A private banker in the Czech Republic manages on average \$ 110 million of assets, which is about half the volume than that managed by his colleague in Western Europe. This is primarily due to a lower volume of assets per a client (1.1 mil. USD) compared to Western Europe (1.9 mil. USD).

Currently global marketing, electronic instruments of marketing communication are commonly used. Considering the developing technologies in banking, education in IT is desirable. It means that a banker should have a wide overview, even an international. However, for a successful activity of the private banker, personal contact of a banker with a client is essential and irreplaceable.

One of the principles of a successful private banker is use of innovative marketing communication instruments both in off-line and on-line communication environment creating thus a new optimal way to a client. It is useful to analyze a response of the client and to provide a feedback for the modification of the strategy. Application of a new trend into the marketing communication is on one side very suitable and efficient, but on the other side incorrect application can damage the communication.

Generally, the bankers stated that the product portfolio is wide and it includes from credit cards, insurance, various types of accounts to term deposits and investments in commodities. Private clients are special clients for the bank and the bank looks after them excellently and such clients are also offered deluxe portfolio of services and products. The basic products which were mentioned within the interviews with the bankers could be classified into several groups: private account, individual portfolio, discretionary portfolio, loans, mortgages and premium private banking, so-called wealth office and

services provided within the group (services of dealing, insurance, leasing). The private banking client has several options how he can manage his funds and investments. According to the individual private bankers products are selected in dependence on the client's investment profile and thus products which differ in their which differ in the level of risk for the client. Within the first meeting with a client, the private banker detects a degree of willingness to take a risk and client also fills in an investment questionnaire.

In conclusion, we can state that the objectives set for this thesis were fulfilled.

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9 Annexes

9.1 Structure of questions for a private bankers

I. Private banking

Question 1: “How is private banking incorporated within the organization of your bank, what is the structure of the section, what are the management levels?”

Question 2: “In your opinion, what are the most pronounced features differentiating the segment of private banking from other segments?”

Question 3: “Is the service of private banking also offered to the owners/management of the company within the commercial negotiation with other bank segments?”

Question 4: “Does product collaboration exist with other departments within your bank? Could you specify with what departments and what sort of collaboration it is?”

Question 5: “Kindly name the main products/services of private banking of your bank. Mark those by which your bank differs from other banks.”

Question 6: “How does your bank use PR (product strategy) in the area of private banking? Do you use any specific instruments within your client portfolio?”

Question 7: “Is it possible to quantify a price of services of private banking? For example in percentage in relation to the managed portfolio, on an annual basis?”

II. Private banker

Question 8: “In your opinion, is there in the Czech Republic a sufficient number of clients for private banking for acquisition?”

Question 9: “How did the crisis affect the approach to investments / willingness to invest? How does the crown exchange rate of Czech crown currently affect investments in another currency?”

Question 10: “Have you a department of private banking determined particularly for foreigners?”

Question 11: “What are the ideal personal qualities of the private banker for the job? What education, language skills? What skills / competencies should he have?”

Question 12: “It is possible to get to the position of private banker from other positions / departments in the bank? Is according to your opinion an experience in another department / position in private banking an advantage?”

Question 13: “What is the basic scope of activities of a private banker? Please mark in percentage.”

Question 14: “How many clients have you in your portfolio?”

Question 15: “Have you, within your position, predetermined plans for the acquisition of new clients? Is the percentage increase required / in what amount?”

Question 16: “How do you maintain the existing client? Give examples of client retention.”

Question 17: “How important is for you a guarantee of confidentiality while dealing with a client?”

Question 18: “Do you acquire new clients based on recommendation from other existing clients? What is the rate (approximately) of new clients acquired based on the recommendation from the existing clients?”

Question 19: “How often do you meet the individual clients from your portfolio?”

Question 20: “Can you describe a typical meeting with a client?”

Question 21: “What do you think is the most important

Question 22: “How do you acquire a new client, how do you maintain him (what are costs on a client), reasons for loss of a client?”

III. Private banking clients

Question 23: “What is further procedure if a client losses creditworthiness for private banking?”

Question 24: “Are there any barriers for the entry of a client to private banking market? If so, what are they?”

Question 25: “In your opinion, what are the client’s expectations from private banking/private banker?”

Question 26: “What do you think affects client’s decision to enter private banking, i.e. that he looks for private banking services and starts to use them?”

Question 27: “What should a potential client of private banking consider when looking for a private bank?”

Question 28: “What is the segment of clients like – foreign client?”

IV. Build project portfolio

Question 29: “How is the analysis of the client’s portfolio conducted?”

Question 30: “What is the ideal amount for a diversified client portfolio?”

Question 31: “What sources do you use for setting up the analysis?”

Question 32: “What is the scale of the offered products (active/pasive products)?”

9.2 List of abbreviatons

BMW Bayerische Motoren Werke AG

CEZ CEZ Group

CR Czech Republic
CRM Customer Relationship Management
ČSOB Czechoslovak Commercial Bank
EEC European Economic Community
EHP European Economic Area
EU European Union
FWR Friedrich Wilhelm Raiffeisen Bank
GDP Gross domestic product
HNWI High net worth individuals
ICS KB Investment capital company KB
IMC integrated marketing communication
KB Commercial Bank
PB private banking
PCA Principal Component Analysis
PR Public relations
UHNWI Ultra high net worth individuals
US United States of America
USD United States dollar
VIP very important person