

# WEB PORTAL SPECIALIZED IN EDUCATION AND FINANCIAL ASSISTANCE FOR BANKING PRODUCT AND SERVICE CONSUMERS

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*The financial system of our country is going through a process of continual consolidation and development, based on an entire array of opportunities and meeting multiple challenges in equal measure. One of the most important challenges stems from the implementation of the Basel II standard, which has an influence both on the functioning of the credit institutions and on the National Bank, as a monitoring body. Although many bank customers are fully aware of the fact that saving, investing and anticipating future evolutions have an essential impact on their life quality and financial security, they do not possess, in most cases, the necessary knowledge and information to effectively manage these elements. The main scope of the present article is trying to make the academic environment aware of the necessity of creating and providing for free all the instruments the public requires in order to effectively manage their own financial resources.*

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The population is exposed to higher and higher financial risks, without always being aware of their existence. While in other countries from Europe, extensive public information campaigns were launched several years ago, in our country, no such basic financial education programmes have been initiated yet on a social scale. Even if the financial product and service providers are private organizations, we estimate that ensuring the population a minimal financial training would have as a result not only an educated customer pool for these organizations, but also a greater success in avoiding unwanted situations generated by the risk of non-reimbursement related to the financial obligations assumed by individual customers. These risks can negatively influence the credit institutions' indicators, the indicators established on the bank sector's level, a situation that can also lead to severe financial problems on the bank customers' level.

The rate of personal credit growth has intensified in 2007, its starting threshold already being on a superior level. There has been noticed an increased preference for credits in foreign currencies, an option which, in the context of an accentuated depreciation of the national currency, can have a negative impact on the credit evolution and on the financial situation of the individual customers who disregarded this influence factor.

The most appropriate person to correctly assess the reimbursement capacity is the credit applicant himself, therefore helping individuals at taking substantiated financial decisions represents the best solution for keeping a safe and undeteriorated financial environment.

By means of some actions organized on a national level, we intend to bring a contribution to the financial education of the general public. They will provide distance courses, including illustrations, animation and short movies, IT tools for determining the endebtmnt rate or generating scenarios concerning the financial evolution of the population.

A possible instrument for the public financial education could be a specialized website designed as a friendly, easy-to-use interface, containing various tests and useful strategy games, so as to make the assimilation of financial knowledge a much more pleasant process.

The portal will also comprise an area dedicated to the pre-college academic staff, providing not only user-friendly plans for the economy classes, but also suggestions concerning effective and unconventional teaching methods.

A specialized module addressing pre-college and college students, teachers and parents will be also put into place. This will contain flexible easy-to-use free guides, created especially to enhance the financial education of the future banking product and service consumers. The main objective of this module will be helping young people develop the capacity to create a budget, to manage it and to use a series of banking tools, such as: cards, deposits, credits, internet banking, mobile banking.

Last but not least, there will be created a news and comment section, providing intelligible explanations of economy-related events.

At present, Romania cannot provide enough data or analysis concerning either the financial behaviour of its population on a microeconomic level, or the population saving, endebtmnt and accumulation behaviour, in a climate in which the impact of the aforesaid behaviour upon general wealthfare is obvious.

The financial education of the population has not represented a top priority in Romania so far, although in Western countries, as well as in the new European member states, the supervision authorities attach the utmost importance to this component.

In the United States, The Federal Reserve takes public education very seriously. In November 2007, the FED set up a centralized call centre, by means of which people can contact the central bank experts by phone or e-mail, in order to file complaints against financial institutions or to obtain a diverse range of financial information concerning banking products and services or their consumer rights. Here, the people concerned can find brochures and guides explaining in simple terms the risks and benefits of financial products, from credits with low interest rates in the first year to credit reports, electronic banking and current accounts.

The Financial Services Authority, - the monitoring body of the financial sector in the United Kingdom – is statutorily qualified to contribute to the improvement of public financial education. As a result, the institution is fully involved in disseminating banking product and service information. In this respect, the FSA has prepared several publications where it offers recommendations on how to use financial services. As in the United States, the British institution has created a specialized website providing brochures, guides, calculation schemes and credit, saving or private pension comparative tables to its users.

We can also find similar examples in countries with an economic status much more closer to our own. In Poland, the population financial education effort started in 2003, when a specialized web portal was launched. The portal provides distances courses, assorted with illustrations, animation and short movies. There is even an area dedicated to primary and secondary school teachers, where one can find easy-to-use plans for economy classes, as well as suggestions concerning effective and unconventional teaching methods.

In Hungary, the consumer financial education campaign was also initiated one year before the country's adherence to the European Union. The programme consisted in solving the customer complaints, editing useful brochures and publications and launching a media campaign drawing attention to important current financial problems. The financial product comparative tables scored the highest public success.

On the national level, in February 2007, the banks from Romania initiated a series of projects aiming at improving customer services. The longest and most extensive of these projects is the one having in view consumer education. In this respect, Radu Gratian Ghetea, the president of the Romanian Bank Association, has indicated that the above-mentioned project is meant to be a long-term, fairly continuous initiative. The elaboration of the consumer education strategy and programme was incumbent to the Special Initiative Committee, a partnership between the Romanian Bank Association , the National Bank of Romania, the Finance Ministry and Consumer Protection, sustained by the Convergence Programme, run by the World Bank.

Within the draft report concerning public service policy on the European level issued on the 12th of March, 2007 by the Economic and Monetary Affairs Committee of the European Parliament, one refers to the necessity of giving more alternatives to the bank product and service consumers, highlighting the fact that promoting financial literature and access to accurate information and unbiased counselling on investment stands for a crucial element. One also heartily applauded the creation of the Consumer Group for financial services, as well as the attempts to involve the users' representatives in expert and consultant groups; nevertheless, one also notices that the interests of the financial industry still prevail over those of the customers and end-users; the report recommends opening a European budgetary line in order to finance the expertise of the financial market for consumer organizations.

By means of the present project, we respond to the Committee's initiative to increase the level of population financial education and we answer to its invitation to step up the effort to create specific programmes and websites, while following the call to integrate these initiatives with the elementary school education.

The proposed project will comprise media campaigns and the setting-up of the web portal for the financial information of consumers. It proposes itself to modify and update the information on the websites belonging to the involved institutions, to implement consumer alert systems, to suggest elements specific to the financial education to be included in the academic curriculum, to launch modules for comparing financial products. The project responsables have chosen a step-by-step strategy envisaged to unfold over a period of two years.

The main objective of the proposed project refers to upgrading the level of population's financial education by presenting both the benefits the customers can enjoy while using various banking tools, and the risks to which the bank product and service consumers are exposed.

The reason for setting this objective stems from the increasing risk that the fast dynamics of crediting might lead to cases of over-endebtment or irresponsible use of the loans, alongside the expansion of the bank sector. This risk is aggravated by the fact that the long-lasting transition period, as well as the still poor quality of life have given rise to a strong appetite for consumption, which leaves little space for a reasonable financial planning of the family budget.

Moreover, as the financial institutions are extending their presence in Romania, they begin to provide products and services with a higher degree of sophistication, yet mostly unfamiliar to the general public. For example, the banks offer credits in foreign currencies on a large scale, recently even in more exotic currencies ( the Swiss frank, although few people are aware of the associated exchange rate risks. Another case is that of intensive proliferation of home loans with low interest rates in the first year, without the interest adjustment mechanism being properly presented to the public.

If initially the information, education and consultancy activities are directed towards all the categories of banking product and service consumers, we subsequently intend to develop special programmes within the project addressing some particular categories: debtors with financial problems, first-time home buyers, young people, credit card users, first-time bank customers, low revenue consumers, retired people, etc. Among these, the young and the senior citizens are the most vulnerable.

Ethics is important both in setting-up and in carrying out the project. In the education and consultancy activity, the stress falls on adopting an ethical behaviour, a greater attention being given to the quality of the teaching material, as well as to the ways of presenting it, all of these triggering in the long run the interest for the training, information and consultancy provided by the project.

The education and consultancy provided by the project must be achieved from a neutral stand with regard to the financial and banking institutions, thus any reference to bank products and services on the market at a given moment should be avoided. This aspect will be carefully monitored by the project coordinator.

The ethics in scientific research activities is based on an aggregate of moral principles and procedures to observe them. The partners involved in the present project will follow and observe Law no. 206/2004 concerning appropriate behaviour in scientific research, technological development and innovation, as well as Law no. 8/1996 concerning royalties and associated rights.

Complying with the specific EU legislation and international regulations in the banking-finance field is also included.

In order to attain the proposed objectives, we offer an elaborated work plan, so as the public is provided the best knowledge possible of banking instruments. Based on the information obtained in the research stage, we will put into practice an education and assistance system which contribute to the increase in efficiency, effectiveness and quality of the financial educations of banking product and service consumers.

As we have mentioned before, the financial assistance and education project specialized in banking products and services will be based on a mixture of measures aiming both informing, training, and assisting consumers. This mixture represents the most appropriate way to achieve objectives, because it provides the opportunity of using multiple communication channels.

The experience of other countries has shown that such projects have a decisive impact on the financial culture level, as well as on the wealthfare of the people.

The programme will develop around the web portal and will contain several dissemination channels for the education and assistance facilities: on-line or printed publications (brochures, guides, trimestrial reports, e-mails, letters), phone or forum-based assistance services, free courses, public awareness-raising campaigns, symposiums, workshops, motivational software, financial strategy games.

The project proves its viability in the sense that it is harmonized with the European and national strategies of providing financial education to the consumers and it aims to become an instrument of implementing these strategies with the general public.

If the level of financial education of the general public is usually fairly low, one can notice an even more disturbing situation with certain categories of consumers. We refer mostly to people with primary or highschool education, with low revenues or belonging to an ethnic minority (the Rroma minority in particular).

The project results will be exploited as it follows:

- the resulted studies and reports – through extensive dissemination with the interested scientific community, by means of articles, scientific communications, the website of the project;
- the education module, containing material especially created to allow transforming the acquired financial knowledge into action tools;
- the assistance module available to the banking product and service consumers, by means of which they can analyze the main steps to be taken in order to repay their debts and to invest afterwards in an appropriate and aware manner, by responsibly assuming the risks they are exposed to, in order to achieve their financial objectives.

The main project beneficiary is the banking product and service consumer, this category including all the citizens of age, regardless their level of training, social status, age, occupation, property or other demographic, social or economic criteria.

The project addresses also to the bank service providers, to the Special Initiative Committee, to the Romanian Bank Association, to the National Authority for Consumer Protection, to the National Bank of Romania, as coordinating and monitoring body of the national banking system, as initiator of monetary and credit policies, as „judge” of financial relations between banks and their customers.

According to the activity plan, we intend to support an intensive promotion of the end-products, by publishing scientific material in specialized magazines, by organizing conferences with the participation of the RBA, NBR, NACP, finance-banking institutions, specialized companies and, last but not least, by intensively and directly promoting the project on the Internet. The web portal will provide information concerning the main bank credit offers, thus each visitor (individual or legal person) will be able to assess its reimbursement capacity and assumed risks. Each visitor of the system will practically obtain a score on the basis of which he/she will be recommended the best bank offer possible at the moment.

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