

THE NEW DIMENSION OF BANKING KNOWLEDGE IN THE GLOBAL ECONOMY

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The diversity and complexity of banking activities have emphasised the role and the importance of knowledge in the banking domain. This new online economic world has led to an exponential development of banking knowledge. Being the most disciplined financial entities, the banks are especially interested in banking knowledge. This is not limited only to the knowledge of work norms and banking procedures, to the use of algorithms for calculation of financial banking indicators. In this IT era, the diplomatic and psychological dimensions of banking knowledge have been developed. There are three main types of knowledge: factual knowledge, practical knowledge and knowledge by acquaintance. Banking knowledge also represents a source of risk prevention, and especially fraud risk. In the global economy, banking knowledge has acquired new dimensions.

Key words: banking knowledge, global economy, banking information, global markets.

PAPER CONTENT

The banks are great financial intermediaries activating within global economy. A series of global products as cards, Internet banking, Home banking, etc. can be found in their portfolios of products and banking services. At the same time, in their customer portfolio there are also corporate customers (large transnational corporations), that are activating in the global environment.

The diversity and complexity of banking activities have emphasised the role and the importance of knowledge in the banking domain. In order to define the new dimension of banking knowledge in the global economic context one has to start with defining knowledge.

Knowledge is defined in *Romanian Explanatory Dictionary* as having two aspects:

- reflecting in consciousness of an existent reality independent from the knowledgeable subject;
- having certain knowledge, information about a subject or a matter.

Gnoseology or theory of knowledge, a branch of philosophy, studies the possibility, the sources, the forms, and the regulations of knowledge. Thus, knowledge implies possessing information about a subject. The banks have access to three categories of information. The present legislation regulates the information circulation depending on the criterion of its degree of accessibility. Based on this criterion, the global analysis of the valid legal provisions allows for information to be divided into three categories:

- information with unrestricted access;
- internal data and information;
- restricted information.

In the category of information with unrestricted access there is public information and information for public interest. Their defining characteristic is the degree of public openness. The banks operate with a large area of public information, as for example: information registered in the registry of commerce regarding shareholding, equity capital, headquarters, administrators, public information in the Official Gazette, in written press, etc. This information provides the bank with certain level of knowledge regarding its customers.

Internal data and information are an intermediary category between information with unrestricted access and restricted information. It is created or received by the bank, circulating freely usually within the bank. It is of great importance for each bank to have the complete inventory of data and information with which it operates.

Restricted information is the one whose circulation is limited either by law or corporate internal banking regulations. Usually there are two kinds of restrictions: regarding persons (subjective restriction) and regarding categories of information (objective restriction). All these categories of information assure banking knowledge.

In the context of world economy globalisation, in the era of Digital Economy the access to information is no longer restricted by time and space. Information storage regardless of its volume does not represent a problem for banks any more. This new online economic world has led to an exponential development of banking knowledge.

Banking knowledge also represents a source of risk prevention, and especially fraud risk. The dimension of fraud risk for a bank implies three aspects. They refer to fraud risk by bank management, employees, or customers. In order to protect the bank in crisis situations when the bank is constrained to rapidly implement multiple new requirements, there is a need for quick solutions to maintain the credibility in social and economic environment and to manage conflict situations. Banking knowledge permits a decrease of decision risk, credit risk, market risk, etc. Banking knowledge leads to a greater degree of social responsibility regarding priorities and objectives of banking activity.

Being the most disciplined financial entities, the banks are especially interested in banking knowledge. This is not limited only to the knowledge of work norms and banking procedures, to the use of algorithms for calculation of financial banking indicators. In this IT era, the diplomatic and psychological dimensions of banking knowledge have been developed. The implementation of global banking products is the result of knowledge of global macro-economic context as well as of necessities and priorities prescribed by global economy.

In the post-industrial connotation the notion of knowledge implies an extended dissemination of knowledge in a global world. In order to assure the continuity of banking activity, banking knowledge offers:

- transparent, complete and accurate information issued in the banking system;
- creation of a favourable image of the bank, image which will motivate the customer's interest for the institution;
- a thorough approach and check-up of various possible scenarios for the development of reaction capacity in crisis situations;
- the necessary condition for displaying the economic truth;
- outlining bank politics and strategies based on the social and economic context in which the bank activates;
- efficient management of banking activity.

Being a notion with a subjective characteristic, knowledge is unequally distributed and its capitalisation depends on: life experience, personality, natural aspirations and qualities of the individual.

Knowledge has two dimensions: common or subjective and scientific or objective. Common or subjective knowledge refers to common sense while scientific or objective knowledge implies the use of ideas and scientific reasoning. Banking knowledge makes use of the two dimensions, the common and the scientific. Both dimensions materialise in banking activities as well as in its relations with customers.

A system of banking knowledge comprises specific elements of knowledge paradigm, useful in the following domains:

- strategic management (social, administrative) of the bank;
- executive, actual, operative management;
- global risk administration, i.e. risk decrease and fraud prevention;
- promoting new knowledge and social control;
- knowledge management, i.e. efficient use of information possessed by the bank with the aim of obtaining best economic and financial results.

In order to eliminate the danger of fraud in the bank there are opinions stating that it is safer if the decisions are based only on a single econometric system of optimisation, using the informational system which will eliminate contingency and subjectivism. However, in banking activity this proves to be not only impossible but undesirable as well, as thus, work procedures would eliminate the use of intuition, creation and knowledge. The banks take into consideration the experience as well as safe practice in the domain.

To outline the dimensions of banking knowledge one has to start from the philosophical questions regarding knowledge, which belong to either epistemology or the philosophy of spirit. The two groups of

questions can be separated approximately, considering that the first analyses the nature of knowledge, and the second analyses the nature of the knowledgeable subject.

There are three main types of knowledge:

- factual knowledge, or “knowledge that”, which implies knowledge of bank regulations and instructions;
- practical knowledge, which implies “knowledge how”. In banking activity this knowledge is materialised in implementation of banking norms and instructions;
- knowledge of people, places and things, or knowledge by acquaintance. In banking environment this knowledge implies knowledge of customers.

The three main types of knowledge that constitute the component elements or the dimensions of banking knowledge are shown in the figure below:

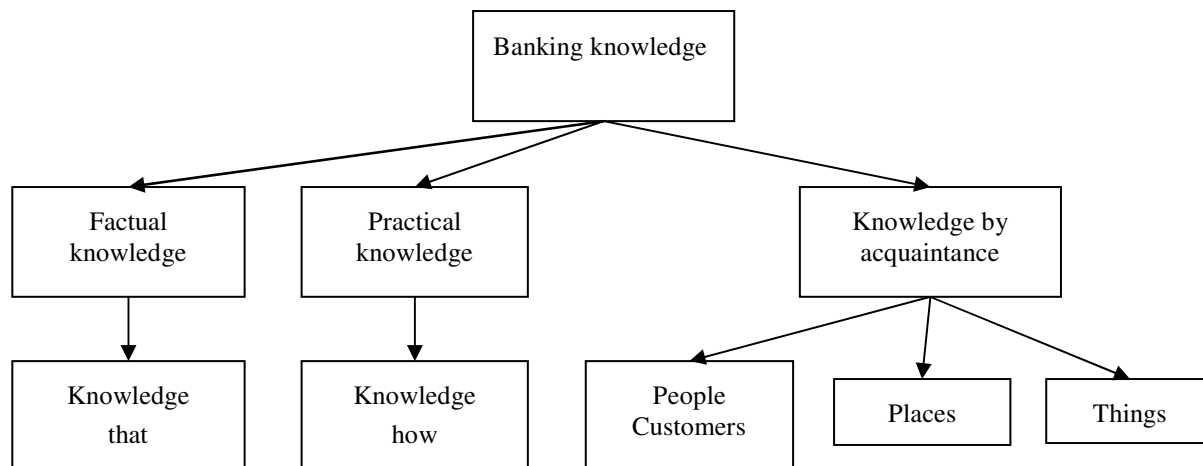


Figure 1. Dimensions of banking knowledge

In the global economy, banking knowledge has acquired new dimensions. It is no longer limited to bank norms and instructions or to the national juridical and economic context in which the bank activates. Nowadays, banks activate on global markets and manage banking products and services as cards and Internet banking. In this context banking knowledge implies:

- use of information from global economic environment;
- knowledge of universal laws that are producing economic booms, economic crisis, and other economic events;
- knowledge of European legislation regarding economic and banking domain.

Stabilisation of the Romanian banking system requires a strategy of the organisational management of banking information which comprises elements of banking knowledge.

In the context of world economy globalisation both banking activity and banking knowledge have acquired new dimensions. Banking performance depends for the most part on the dimension of banking knowledge.

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