

SIDE BANKING MARKET OF ROMANIA IN THE PERIOD OF ECONOMIC CRISIS

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In this article I will present how react the banking market of Romania in terms of economic and financial crisis. Given the fairly strong competition on the banking market will call to offer differentiation, creating and promoting the image and positioning in the mind of the consumer. Across our country is observed that banks, besides the aggressive campaigns to promote credit cards focus on promotional offers for deposits.

Keywords: banking market, offer differentiation, credit, competition

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Romania integration in the European Union took place in early 2007 and establishes a realistic integration. At the same time is conditioned by several factors such as: strengthening financial and administrative discipline, growth to the national economic productivity and achieve an appropriate level of purchasing power of the individual.

Following the monitoring of economic indicators on the domestic market such as: economic growth, foreign exchange variations, financial intermediation, real rates of interest bank, Romania is among Eastern European markets falling under the category of "dangerous financial market" along with Bulgaria, Latvia and Estonia. This is due to low performance of some of the indicators monitored.

In Romania, Competition continues to grow, new banks is founded and, therefore, the customers have the opportunity to choose of the banks that they will meet their specific needs in terms of financial-banking services. In the financial-banking sector, services and products are all similar in their effect, therefore a bank must maintain competitive advantage. Quality of services is an area in which an organization is able to act and is key to future developments. One of the secrets to insure a good service to the customer is understanding the needs and desires wishes it.

The main objective of the banking market is to offer additional benefits to the banks customer, advantages will result from two important considerations:

- customer will benefit from increasing freedom of choice by targeting the institutions that offer lower prices or by obtaining the services that were not previously available;
- prices (tariffs, fees) in most financial services should fall as a result of higher domestic market. Competition will be the main factor of a sale, although can be envisaged reducing profit margin of the bank.

Banks will inevitably focus to customer retention and to win customers in the system, not outside it, as before. This approach is necessary to maintain profitability and can not be done only by specialized investment solutions – CRM banking, modern and innovative ebanking solutions. Development of informatic banking system allows automating the process of electronic transmission a credit files of branches to the processing center, automating the flow of credit approval, and achievement a central data warehouse from which reports can be obtained by monitoring the activity.

To maintain existing customer loyalty and to attract new clients it is important to know their behavior of purchasing products or services banking. In the financial-banking market the customer chooses not only the product or service but the bank will respond to the needs of existing.

Factors that influence customer behavior (as purchaser) in relations with the bank are the following:

- confidence in the banking system;
- Accessibility purchasing services;
- bank's reputation;
- range of products and services;
- service quality;
- perceived value of services;
- ability to meet needs in terms of financial and banking services;
- existing staff courteous and capable.

During the current economic and financial crisis the banking market reacts as follows:

- is appealing to differentiation and positioning of supply:
 - image differentiation;
 - offer differentiation;
 - personnel differentiation.
- improving communication and promotion

1. Differentiation and positioning of supply

Image differentiation

In the banking creating and promoting the image, positioning in the mind of the consumer is done in a first phase by the formation of brand using slogans. It has the ability to position a product on the market to create a segment, a target, a point of departure, a image in relation which will be judged by its customers all services launched under the brand question. Because the banks are out to a targeted one segment and launch services in various sectors and the slogan is often vague, Overall, abstract, times referred at a human ethics, a principle of life or a general need to customers. Slogans are positive, induce a state of prosperity, seriously, or even power. However, many banks are on the market that do not identify with a particular brand because that promotes their products rather and too little focus on one image campaign or a product campaign of successive spots. For example, I will list the top 3 banks in Romania ranked according to total value of assets and their slogans, to highlight their impact on clients:

- Romanian Commercial Bank: "Think of the way";
- BRD-Groupe Société Générale: "More and simple";
- Raiffeisen Bank Romania "Succeed together."

Offer differentiation

Borrowing market in Romania is in a moment of stagnation both because of the international financial context, as well as changes in internal credit policy. Regarding offer banks compete through various promotional offers savings and credit even if they are similar in terms of interest, penalties or facilities.

Because consumer credit have decreased considerably in the last period, banks that offer alternative credit cards. These are advantageous for those who want to finance short-term but also for customers who are able to return the money quickly. If the end of 2008 banks promote credit cards with grace periods of very high (three months) now, most have grace periods of much lower: 55-56 days. Each bank offers to physical persons various programs and benefits of using the credit card.

Romanian Commercial Bank adapted the offer with discounts and bonuses in partner stores. The bank's website shows that if you pay by credit card at merchants like, you get bonus value of 0.6% for each payment.

Raiffeisen Bank which has the highest number of credit cards to national level (310,000) care are cel mai mare număr de carduri de credit la nivel național (310.000), optimal combination between overdraft (discovery credit card) and credit cards. Thus, the client have the possibility to draw money from the card and using the overdraft to repay them in the grace period and avoid paying interest on credit cards.

BRD-Groupe Société Générale launched a loyalty program to customers who have used credit cards by offering loyalty points. Bank offers loyalty points proportional to the amount spent by the payment card to merchants. Each lion spent with the card represent a loyalty point and these can be converted into money for shopping to partners BRD. Also, BRD guarantee to credit card users the long grace period on the market for 60 days.

The same system with the benefits by points has been implemented and the Romanian Commercial Bank, through Powercard BCR and Raiffeisen Bank, through Multishop program.

Regarding commissions amounts that holders of credit cards out of the pocket differs little from one bank to another. Commission apply have the role to loyalty and to ensure the smooth running of the transaction.

As in recent months demand from customers has been reduced based on the uncertainties regarding the evolution of the economy, Raiffeisen Bank resume the crediting with a promotional offer for sale of auto loans. This promotion consists of providing loans for the purchase of vehicles for which no interest is charged in the first year. This movement is the reaction of bank to the competitors, which reduced the interest on loans.

If offers savings, banks have entered a real battle on interest on deposits.

BRD-Groupe Société Générale diversifying their business offer, launching a new savings instrument - Deposit Advance. It customizes the payment of interest in the current account, available to the client, since the formation time. Thus, the customer will benefit from the safety of a win and maximum flexibility in the use of interest earned on money deposited. This amount can be reinvested in conditions or withdrawn from the current account, for any other purposes. Advance deposit is available in lei or euro, term of 90, 180 or 365 days. The minimum amount required for the formation is 1,000 lei, or 1,000 euros.

Personnel differentiation

Banks can obtain a competitive advantage by hiring and training staff with qualities superior to those of competitors personnel.

A well-trained personnel must meet six conditions:

- competence: employees must possess the knowledge and skills;
- courtesy: employees must be friendly, respectful and attentive;
- credibility: employees must be trustworthy;
- safety: employees need to meet expeditiously and consistent with the obligations;
- spirit of responsibility: employers must respond promptly to customer requests and problems;
- communication: employees need to understand his client and to express their understandable.

2. Improving communication and promotion

Banks continued to allocate budgets for advertising, just changed the message: banks will not provide money, but will receive. In the last year, has already felt that banks are starting to store money, not only to provide loans. More and more banks have invented special deposits and savings accounts with interest that exceeded the standard. The apogee was reached but now, when banks began to carry out various campaigns aimed at attracting funds to ensure Cash assets.

Since the beginning of 2009 the advertising from banks were reduced in all environments. During January-February gross volume of advertising on TV decreasing by 52% compared to the same period of 2008. Regarding other channels of communication, advertising in newspapers has declined by 54%, and the radio 65%.

Regarding the approach of the **Raiffeisen Bank** this remark by ensuring a top 3 interest in the market. The bank appealed to advertising cognitive triggering in the minds of customers the processes of rational thinking on the advantages it could obtain.

BRD-Groupe Société Générale through campaign by "Great men" appeals by emotional advertising. The spots aired by television channels transmitted emotions and associated the bank experience through the combination of someone important in the world of sport: Nadia Comaneci, Ilie Nastase and Gheorghe Hagi.

Romanian Commercial Bank calling all emotional advertising in the last TV spot to the new credit card Powercard BCR. BCR had the most advertising inserts (2100), on TV, radio and written press.

Leader in the standings TV station that attracted most publicity are the banks, according Alfacont Mediawatch, Antena 1, which run 638 advertising spots. Television Intact trust is followed by Kanal D (549 inserts), Prima TV (346) and ProTV (273). As regards radio, Kiss Fm broadcast the first two months of this year most advertising spots (215).

3. Conclusions:

Once triggered the crisis, local banking system has gone through unprecedented transformations that can not only benefit the customer. Especially depositors.

Financial crisis had a strong effect on credit institutions, which in addition have less money invested in advertising, have changed and the strategy for the products promoted.

Thus, banking institutions are also invited consumers to make savings with beneficial interest, or have proposed loans with smaller amounts, instead of borrowing consistent long-term.

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