

MARKETING OF THE BANKING SERVICES IN ROMANIA – AN ANALYSIS REGARDING THE EVOLUTION OF THE INFLUENCE FACTORS

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1. Introduction

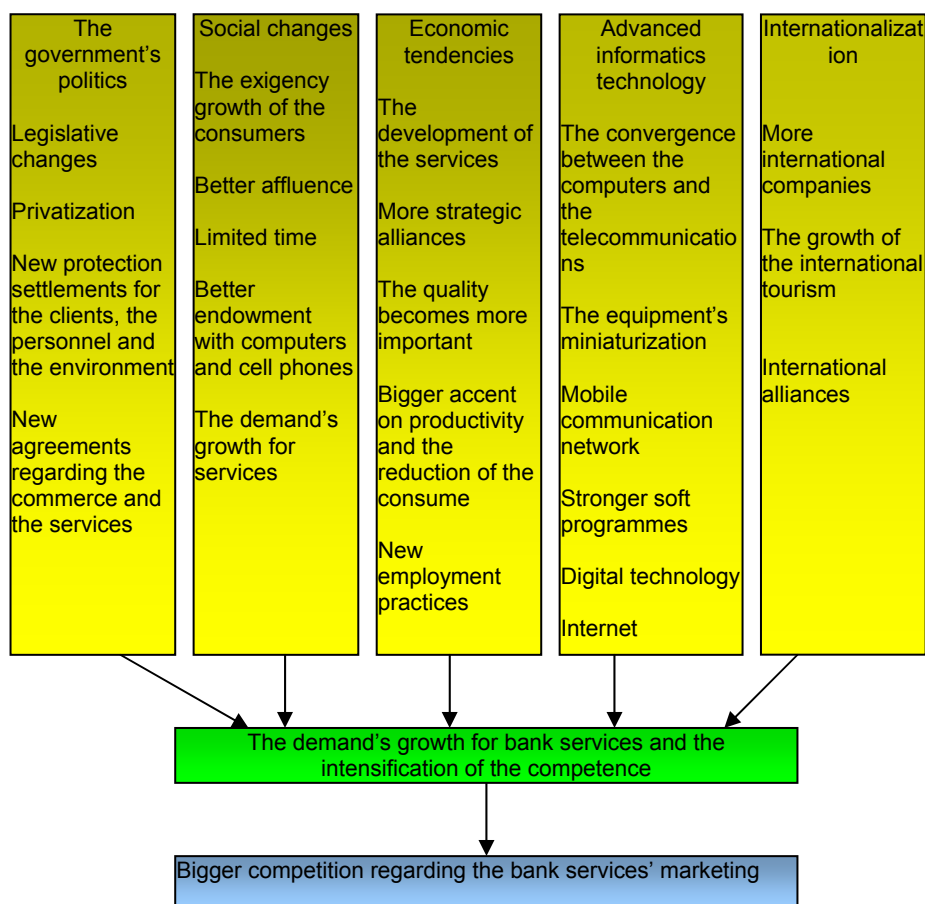


Fig.1. Factors that influence the services' evolution

These are the general factors that influence the services, and they are presented by Lovelock in his work. It is important that they are presented due to the fact that they can be met also on the Romanian market, especially in the banking sector.

2. Factors that influence the services' evolution

The marketing of the Romanian services is dependent mostly on the external environment, in which the banks develop their activity.

• Factors that are related with the evolution of the customers' demand

The pressure that the clients exercise is more obvious in the case of the commercial companies. In the past, the banks have given an immediate answer to the needs of the manufacturers, especially for the exporters. In the financial services domain this situation will continue. The important banks like CITIBANK, CHASE, ABN AMRO, ING BARINGS think globally based on their partners.

The banks, through the marketing departments will follow:

- a). to identify the tendencies regarding the consumer's needs for services;
- b). to define the distribution manner and the support technologies of the new services;
- c). to establish the strategic position on the market based on the consumption demand.

In Romania an example can be given by the development of the custodian services. These assume the secure bank maintenance of the shares possessed by the investors, and which were bought on the capital market, from Bucharest Stock Exchange or from RASDAQ. The demand for these services is still limited, but the transnational banking companies already offer this kind of services to their clients,

on whom they serve on a global scale. ING BARINGS, CREDITANSTALDT, ABN AMRO, CITIBANK are present in almost all the Romanian publications that are written in English with aggressive advertisements regarding the availability of these services.

The local banks come from the behind even if not so aggressive, because this is a market that has future perspectives for the local clients. The necessary informatics and logistic support as well as the legal one are very complex for these services. The banks are still in the phase of defining the modality in which they will treat and offer these services to their traditional clients, but also of the modality in which they could attract new clients, especially the investors in the capital markets and the external ones. The competition is still in the phase of defining the publicity and promotion budgets which have to be allocated, in the phase of training the personnel who will have to sell these services and of implementing some new software packets that will assure the logistic support of the operations.

Another example is given by the services connected to the trade finance or to the prevention of the risk from the international trade (hedging, swap). These are very developed in the West meantime in Romania they are at the beginning.

But also the needs of the clients can determine changes in the banks' activity. Thus it can be observed a quick growth of the demand for new technologies regarding the bank transfer, but also a growth for information demand. It is a pity that the Romanian banks have not yet reached the technological level of the western banks, and the communication infrastructure and the information processing among with the legal framework are still in the implementation phase, and sometimes they are not even at the research stage.

On an international level, like in Romania, the marketing will receive in one way a strategic component – it will

take part in the defining process of the banks' position on the market – and an informative and educational one on the other hand, by addressing personally to the clients in order to give them explanations regarding the manner in which they can use and benefit from the banking services, in both of the situations the image publicity will be more important than the product one.

While the image and the constitution of the branch as a contact element with the individual consumer will be redefined as an effect of the technological development (ATM, POS, HOME BANKING, SMART CARDS), the geographic marketing will have to reinvent the manner regarding the services' distribution, the consumer's contact, the data base sources, the arguments and the publicity, but even the promotion instruments.

- **Factors that influence changes in the relative costs of the resources that the banks use**

These factors regarding the internal costs can be considered non-relevant by the marketing workers. It does not work like this. The marketing takes care of the profit and is obvious that the suitable products' mix has to be offered to the appropriate markets if the banks' available resources are used in a profitable manner. Some changes in the internal costs have determined in the past the companies to retract their products; an obligation for the marketing workers is to try and anticipate how costs changes can create new possibilities.

The most obvious tendency regarding the costs for most of the organizations represents the decrease of the price of the computers' power unit (example: the computer along with all the accessories) and the growing costs of the working force. For the computers the pattern has been the same in the last century, and the processing cost has fallen with less than 1%, while the storage at approximately 0.25%.

The authentic cost for the work force have move less spectacular and in the opposite direction. From the owner's point of view the cost for a human work unit is now of 150% from its cost that was registered 25 years ago.

The conclusion is that the human resources can not be sparse by doing routine things, that can be done better by the computers and also faster, but used for jobs that require intelligence, imagination, bigger flexibility. The possibilities for more efficient organizations and better paid jobs are unlimited with the condition that people have to be flexible and adaptable and not rigid and conservatory.

- **The attitude and the behavior of the banks' personnel**

The attitude and the behavior of the personnel evolve and react to the changes all the time. But the next years will bring changes bigger than ever, and the option between resistance and acceptance will be imposed.

The jobs will change, and some of them will even disappear. Like always, the personnel that will be affected the most in the first stages will be the young women with ancientness under 5 years.

The bankers will want no doubt, more and more, to be consulted and to have more possibilities and time in order to take part to the decisions that involve their jobs.

The computer will be able to store and to arrange in a proper manner the entire data base necessary in order to lead the business in a world that changes all the time. In any way, the marketing will penetrate more and more the conscience of all the bankers, because here the marketing has to be done from the door man to the president.

The competition, that was not existent in Romania 18 years ago, will restyle the profile of the bank worker, its mentality, behavior, personal image and the corporative identity.

- **The legal framework**

The current tendencies in pointing out the protection measures of the consumers can and will affect the banking structures and their practice. Similar, the macroeconomic settlement can cause structural changes. It is hard to predict which will be the impact of some settlements of the European Union on the European banking system.

In Romania new laws regarding the activity of the Romanian National Bank, the commercial banks and the bankruptcy have been recently adopted. The fiscal settlement changes and the legislation harmonization with the European Union one will bring new changes in the banking activity, changes that in the present can not be estimated from the point of view of their general impact.

The world-wide tendency towards the generalization or diversification of the banking activity will give an impulse all new to the marketing activities regarding both the amplitude and their content.

- **The technological environment**

The introduction of the computers after 1980 modified the analysis and the decisional process in the banks. The interactive systems allow one to know the bank's activity and to give quick solutions to the problems of any client (sometime thousands of variants can be optimized). Once the house terminals have been developed, the competence of the bank workers start to be observed differently. The growing of the credit card system shows that it will be possible to avoid any contact between the client and the bank's staff in order to obtain credits.

The offset documents' circulation will be substantially reduced and replaced with other methods. The cash circulation will also decrease. The branches will stay but they will have different activities.

By introducing the computers the bank worker's time will be more available for doing other services more important regarding the development of the business and the client's serving.

The marketing will become an information function and also an educational one. The direct marketing will be developed together with the imagine publicity, while the promotion activities will focus on the finance sector that is fated to the scope, infrastructure, support projects. It will also bring the banking product in the client's home (electronic banking, home banking, INTERNET banking), while the imagine marketing will assure the banks' presence in the consumer's mind even if it is an individual client or a corporate one.

The marketing will be influenced by the information processing capacity development, by the internet, e-mail, intranet, but also by many other communication technologies.

- **The political and economical frame**

An economical standard that influences direct the banking activity is the taxation of the banking interests. Their taxation could reorient the banks towards the development of some saving products that have not interest or even of leading the financial cash flows from the banks towards other sectors of the monetary and capital market. This will attract the growing of competition between different categories of financial institutes, and the banks will have to develop other services along the deposits.

Obviously in these conditions the entire marketing mix scale will have to penetrate aggressively, and the banks that will develop the marketing functions and will apply the marketing principles in promoting their own business will be those that will win the battle.

The evolution of the banking sector depends on:

- political, social and economical tendencies and phenomenon;

- Romania's access to the external markets;

- the political decisions of FMI, the World Bank and EBRD;

- the financial evolution in the important centers (New York, Londra, Tokyo);

- the political, diplomatic and military evolutions in the area;

- the world's economy situation.

The reform of the Romanian banking system with the purpose of modernizing the banks' activity, accordingly to the international standards can be made by:

- the internal harmonization for establishing some standards and common practices with the help of the Romanian National Bank settlements;

- the harmonization with the western European banking practices;

- the introduction of the modern technologies in the payment system, and especially in the telecommunication systems;

- the continuous extinction of the professional perfection;

- the economical privatization and reorganization.

3. Conclusions

It is very probably that the banks will try to exploit markets that are new for them. Those which will do their homework quicker and will act more rapidly will win due to this tendency.

The marketing can discover this new opportunities by researching the market, the products, the habits of the consumer and of the competition, so that the strategically decisions regarding the development and the positional will be taken in time.

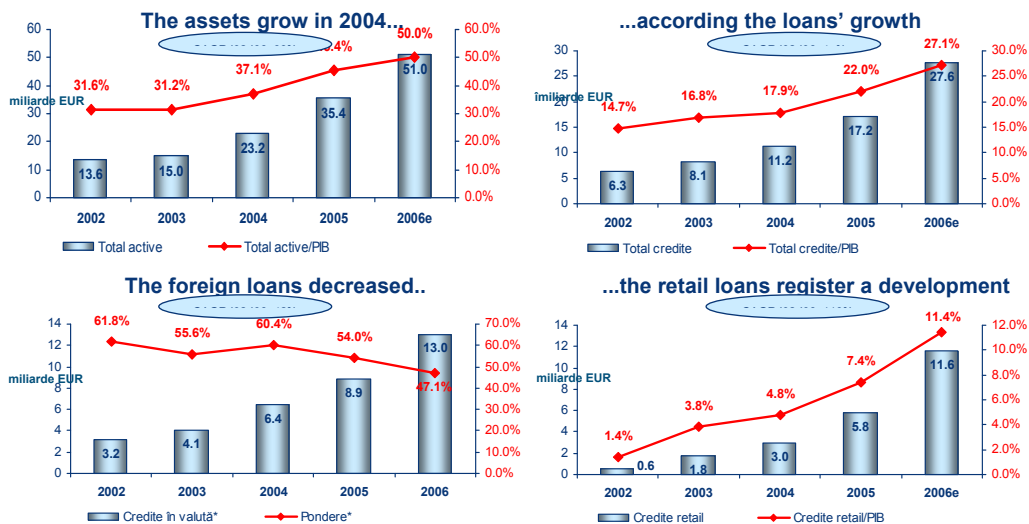
The opening of the Romanian banking markets before some international banking group that are very strong will provoked a market re-settlement and will create problems for the banks that have a small capital.

The new market movements will push the banks to being more attentive, to offer quality products, more flexible and to increase the attention regarding the risk management, because some of the players will come in Romania and will try to increase the market share, despite the Romanian banks that have profitability targets.

Alongside the competition growth the Romanian banks have to give an important attention to the way that they structure their products.

Romania is a market with a very good potential from the services point of view

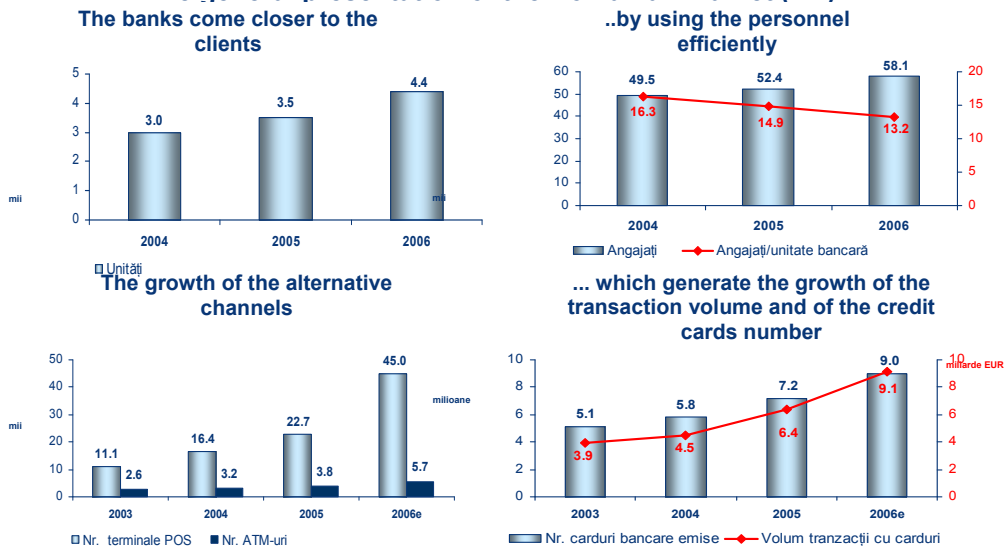
The general presentation of the Romanian market (1/2)



Source: Romanian National Bank, Eurostat, BCR.2008

.....and the competition becomes more prominent

The general presentation of the Romanian market (2/2)



Source: Romanian National Bank BCR 2008

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