



THE OFFER OF THE ROMANIAN BANKING MARKET AIMED AT ENHANCING THE TOURISTIC DEMAND

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Abstract: *The present paper aims at analysing the Romanian banking offer for supporting the touristic demand. The goals of the present study consist in identifying the products granted by the Romanian banks for the acquisition of touristic services and I intend to use the results of this analysis for a larger research about the Romanian banking market. The method I used consisted in interviews with the product managers from all the Romanian banks. As the results of the research show that only a few banks offer specific products for the acquisition of touristic services, the conclusion may be that the Romanian banks are not interested in promoting tourism oriented products and their offers for the tourists need to be improved.*

Key words: *banking products, tourism, loans, investment*

1. INTRODUCTION

Significant component of the modern social and economic life, tourism is part of the sustainable development of the world economy, remarkable for its dynamics, complex motivations and the diversity of the manifestation forms (Gruescu, 2005). Due to the high cost of the specific infrastructure and equipment, and also to the financial efforts made by the representatives of the touristic demand, the tourism is a capital intensive field, being an important target segment for the financing and banking institutions all over the world. The ability of tourism of meeting a wide range of material and spiritual needs explains the high growth rates known by the national and international tourism worldwide (Lomine & Edmunds, 2007). The Romanian touristic market followed the general growth trend, as the number of the Romanians willing to travel inside the country or abroad has significantly increased from year to year. Consequently, as the overall expenses for acquiring touristic services have become an important part of the individual yearly budget, the Romanian banks have also become interested in identifying the Romanians' financing needs related to supporting the travel expenses. Within this context, the present paper aims at providing a quantitative and qualitative approach of the specific banking products and services the Romanian retail banks offer to their customers in order to enhance the touristic demand. More precisely, within this research I intend to identify and characterize the products and services granted by the Romanian banks to their clients who need financial support for acquiring touristic services.

2. LITERATURE OVERVIEW

Due to the intensification of the national and worldwide financial flows, the role and the importance of the banks within the economy have constantly increased, as a consequence of the general development of the human society. The banking and financial institutions are seen as one of the growth engines of the nowadays social and economic life (Berea & Stoica, 2003). Thus, it is fully justified why the banking activities cover so many pages within the economic and financial literature. However, although the necessity of focusing the banking and

financing institutions' efforts on enhancing the tourism activities are broadly recognized, a small part of the specific literature approaches the subject of the banking products and services developed for supporting the touristic demand, especially for the Romanian touristic market. Thus, my research follows the lines drawn by the previous studies, where there was underlined the importance of making all the efforts that the banks properly identify the tourists' specific needs and develop and promote tailor-made banking products and services (Danila, 2004) dedicated to financially support the travel expenses and all related costs.

3. THE SUPPORT GRANTED BY THE ROMANIAN BANKS IN THE VIEW OF ENHANCING THE TOURISTIC DEMAND

3.1 The Context and the Method of Research

The number of the Romanian citizens willing to travel inside the country and abroad has constantly increased over the last five years, excepting for the period of March, 2009 – June, 2010, when, due to the global economic crisis which also affected Romania, there was registered a slight decrease in the Romanian touristic demand (<http://www.insse.ro>). Noticing the significant potential of the touristic industry, the Romanian banks showed their interest in developing and promoting banking products and services aimed at meeting the complex needs of the travellers.

Within this context, during August 2, 2010 – August 31, 2010, I carried out an analysis of the banking products and services provided by the Romanian banks and aiming at enhancing the internal touristic demand. The method I used for achieving the purpose of the analysis was the field research, consisting in direct interviews with the product managers or the retail counsellors from the counters of the commercial banks acting on the Romanian market. The questionnaire that the interviewees had to fill in comprised questions related to the existence of the products for the tourism within the offer of their institutions, and to the specific features of this kind of products.

3.2 The Romanian Banking Offer Dedicated to the Acquisition of Touristic Services

By analysing the achieved information, there can be noticed that out of the 41 commercial banks in Romania (<http://www.bnro.ro>), only a number of seven banks provide products especially dedicated to the acquisition of touristic services. Among these special products offered by the banks, a central role is played by the bank loans, as the major source of financing the touristic activities.

However, the loans granted for the tourism are characterised by a range of common features, such as:

- A relatively low value of the loans (usually up to Euro 5000)
- A short crediting period (no longer than one year)
- A variable interest rate

- A high debt ceiling (between 50% and 70%)
- A wide range of incomes accepted as guarantees.

Moreover, the loans granted for acquiring touristic services require life insurances for all the borrowers and their endorsers, especially as this kind of loans may be provided to a wide range of customers according to their ages (even up to the age of 85 years old, including the crediting period). The loans for the touristic activities are granted on a certain purpose, i.e. to acquire the touristic service, thus being necessary for the customer to submit to the bank all the supporting documents, which are by far fewer than the set of documents required for the ordinary loans.

Besides the above mentioned characteristics, the banking products for the touristic activities involve various facilities that differentiate them from the similar classical products. Such facilities comprise the possibility of paying the loan in advance at no additional cost, as well as other advantages including free issuing of a credit card, free Internet Banking or free issuing of the life insurance. Moreover, for the loans with a value lower than a certain amount (usually up to Euro 500), there is no need for an endorser.

3.3 The Mechanism of Granting the Loans for Purchasing Touristic Services

In order to promote the touristic loans, the banks have generally concluded partnerships with the travel agents (Cetina & Odobescu, 2007) so that the loans may be granted even at the travel agent's counter, without being necessary to go to the bank. The granting mechanism is mainly the same for all financing institutions. Thus, the direct user of the loan may be the borrower himself, his wife or his children. The bank pays the entire amount of the touristic services directly to the travel agent's bank account and grants its customer with a certain amount for additional expenses. If decides to take the loan directly from the bank, the borrower has to submit to the bank the documents issued by the travel agents, reflecting the amount of the travel services, the country of destination, the period of staying, as well as the entrance visa, if the case.

Although only seven commercial banks provide products for financially supporting the touristic expenses, all the other Romanian banking institutions offer ordinary loans, for unspecified financial needs. The interest rates cover a large range of values, and the total cost, less the insurances, remains the only efficient indicator that may be used for comparison.

4. RESULTS AND FURTHER RESEARCHES

The results of the present research consist in identifying a number of seven banking products especially dedicated to the acquisition of touristic services, all of them having as main component the bank loan, among other financial/banking facilities. By analysing the above results, there may be noticed that most of the Romanian banks grant loans rather for individual unspecified needs than for touristic activities. This trend may be explained by the low interest showed by the bank customers for this specific category of loans. The loans for individual unspecified needs may be preferred by the customers because of their advantages, such as:

- A high value of the loan
- A long crediting period
- No advance required and no documents for justifying the destination of the loan.

Following the trend of the customers' demand, even commercial banks that previously offered banking products for the acquisition of touristic services have lately renounced at this kind of products, due to the low number of customers who requested them. Thus, the loans aimed at financially supporting

the travel expenses have been gradually replaced by individual unspecified loans or by credit cards. What might have caused this trend? Traditionally, most of the banks paid the price of the touristic services directly to the bank account of the company in charge with the travel. Gradually, the credit institutions tried to better meet the customers' financial needs: to grant additional amounts for unpredictable expenses, to pay just a part of the amount into the travel agent's account or to sell the banking products directly through the travel companies, so that the customer does not need to go to the bank. Surprisingly, what initially seemed to be an innovative marketing and sales technique finally proved to be just a too low potential strategy. And this is because most of the travel companies accept to receive the payment by installments: the customer must pay a low percentage of the price of the touristic service in advance, the difference of the amount being paid a few days before the departure. In this way, the tourists may benefit of a loan granted by the travel agent, with no obligation of paying the interest rate or other fees and additional costs related to the process of getting a bank loan.

The perception of the customers regarding the requirements that should be met by a banking product for tourism is intended to be the subject of my future research, the results of such an analysis being a useful instrument for the banks' product development strategies.

Moreover, as the present paper is limited to the analysis of the products dedicated to support the touristic demand, a further research will approach the nature and features of the financing and banking products aimed at supporting the investments in tourism, as the evolution of the touristic demand leads to the necessity of permanently improving the touristic offer.

5. CONCLUSION

Although the banking products for the acquisition of touristic services do not own an important percentage of the total products and services offered by a bank, the Romanian banking institutions may still play an important role within the process of enhancing the touristic consumption by permanently improving their products or by developing new ones that better meet the requirements of the potential tourists.

On the other hand, there is to be mentioned the necessity of supporting the touristic offer, one of the major roles within this process being played by the financing-crediting policy. In order to properly apply it and to get the optimal results, the banking institutions need to develop a new vision regarding the instruments dedicated to financially support the investments in tourism.

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