

BANKER – CUSTOMER RELATIONSHIP DURING THE PANDEMIC

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Abstract: *the banking system in romania like all the other financial sectors was stricken by the SARS-COV2 pandemic. the most stricken banks were the commercial ones which effectively depended on the businness of small storekeepers who tried to overcome this period in order not to go bankrupt.*

Keywords: *banking system, banker-customer relationship, banking services*

Introduction

The relationship between the banking system, the economy and the real situation is, in the final instance, a relationship between a customer and a bank. This relationship is a two-way relationship and, as a consequence, it must be concomitantly and permanently regarded from the bank's point of view as well as from the customer's point of view. The bank industry became a strongly competitive sector, where the participants on the market have to permanently innovate and offer to customers new products. In the search of profit, the banks must not therefore forget that they have ethical obligations towards customers as well as towards the society as a whole, they holding a privileged position because the members of the society need their services in many cases, and that is why they appeal to them.

The idea that one wins and the other loses cannot be promoted, because in the end both parties lose. A healthy bank system must ensure, in standard conditions from the point of view of opportunity, legality and effectiveness, the profit expected by both parties.

The value of banks during the pandemic

The banking system in Romania like all the other financial sectors was stricken by the SARS-COV2 pandemic. "The amount of paid interests, all the expenses relating to issuing shares and bonds, the commissions and bank expenses etc. are the elements which decisively influence the cost of the capital" (Gabriel Ionel Dobrin, *Economia și evaluarea riscului în lumea afacerilor*, Editura Universității "Lucian Blaga", Sibiu, 2013, page 152).

The digitization imposed by the present situation made the banks have a rather difficult life. It led either to reorganisations, agency closures, either to investments in

technology in order to maintain the interaction with the customers. The most stricken banks were the commercial ones which effectively depended on the business of small storekeepers who tried to overcome this period in order not to go bankrupt.

Due to the situation created by the pandemic, the expenses increased and the investments drastically decreased. "The everyday life permanently proves the limited and not perfect character specific to market mechanisms, taking also into account the set of consequences which result from this situation" (Gabriel Ionel Dobrin, *Analiza și evaluarea riscurilor specifice mediului de afaceri românesc*, Editura Universității "Lucian Blaga", Sibiu, 2014, page 76).

During this period at global level the people tried to be more wise, to spend less money and to avoid borrowing, which influenced the banks activity. The 34 banking institutions in Romania closed the balance sheet for year 2020 with total assets in a value higher than 560 billion lei, Banca Transilvania being the market leader with assets higher than 100 billion lei. The top of most valuable banks in Romania remains unchanged, being composed by: Banca Transilvania, BCR and BRD. The market leader, Banca Transilvania, exceeds the assets threshold of 100 billion lei, having a visible ascending tendency, even during a pandemic.






Tabel 1. The evolution of bank assets of the main Banks in Romania

Top	Bank	31 Dec. 19	30 Jan. 20	31 Jan. 20
1	Transilvania Bank	17,71%	18,12%	18,46%
2	BCR	14,43%	14,11%	14,20%
3	BRD	11,28%	11,26%	11,00%
4	ING Bank	9,01%	9,43%	9,55%
5	Raiffeisen Bank	8,66%	8,89%	9,17%
6	UniCreditBank	8,99%	8,43%	8,11%
7	CEC Bank	6,64%	6,98%	7,37%

Source: BNR

The accumulated profits of the three banks on the podium came close to 3 billion lei in 2020, representing approximately 58% of the net profit in the banking system. The profit of the largest nine banks exceeded 5 billion lei. The entire Romanian banking system, made of 34 banks, closed the year 2020 with a net profit of 5.14 billion lei, a decrease of 19.5% compared to 2019. Most of large banks reported for 2020 decreased profit compared to 2019, under the conditions of the coronavirus crisis, which made necessary the set up of larger provisions.

Profits on assets on the year 2020 – Top 5 banks

BANK	Profit 2020 (mil. lei)	Variation compared to 2019
 BANCA BT TRANSILVANIA*	1.197,3	-26%
 BRD GROUPE SOCIETE GENERALE	951,5	-37,7%
 BCR	814,1	+37%
 Raiffeisen BANK	644	-17%
 ING BANK	574	-37%

Source: Banks

On international level in year 2021, 2 Romanian banks appear in the rankings of Brand Finance Banking 500, Banca Transilvania holding the global position 302 and BRD the position 470. Banca Transilvania, the largest Romanian bank, holds a better position in the rankings of Brand Finance Banking, from the position 339 in 2019 to the position 302 in year 2021. The value of Banca Transilvania increased with 19%, till 441 billion lei. Banca Transilvania entered this international ranking in 2018, on the position 486, with a value of USD 174 billion, in 2019 it went up 50 positions in the top, and in 2020, it went up 100 positions compared to 2019. The BRD bank fell in this international ranking from the position 434 in 2020 to the position 470 in 2021, a decrease of 17% compared to the last year.

The customers and the online environment

The banks have lately invested in the digitization system of bank operations in order to improve the relationship with their customers. Following some constant declarations made by the managers of top 5 banks in Romania, some of the customers are sceptical about the online environment, still preferring the physical contact with the banker.

Transilvania Bank

As a market leader in the banking sector, Banca Transilvania benefits of various digital solutions which satisfy the demands of business customers as well as the demands of the most common customers. The digital solutions offered by Banca Transilvania were known on the market before the pandemic, and during this period 97% of all their customers used the digital services offered by them. Also, at the level of Banca Transilvania there is that part of customers who prefer a face to face banker-customer relationship either due to the complexity of the financial product they need, the customer feeling safer in front of a bank officer, either due to the need of customers aged 45-50 who adapt with more difficulty to the present technology. During the lockdown, sustained actions were conducted in order to inform the customers related to the functionality of digital solutions. In spite all the digitization actions, there still are customers who prefer offline solutions, they representing about 12% of the total bank customers.

BCR S

At the level of BCR, only 7% of total transactions held at BCR by natural persons is made at the cash desk, and also 7% of total current accounts are opened at the branch headquarters. The BCR's representatives confirm the fact that there still are clients who prefer a face to face relationship with the bank representative and they are aware of the fact that there are more things to be done in order to decrease this offline relationship with the bank. There are two reasons why BCR customers prefer a face to face relationship with the bank officer. The first reason is that they need more complex bank financial products and the physical presence in front of the bank officer increases their trust. In this case a transparent financial dialogue is needed. This type of face to face interaction is very important especially at the beginning when the banker-customer relationship must be strengthened through trust. If in time this banker-customer relationship becomes stronger, the relationship will evolve towards the digital environment, the video-counselling, a segment in which at present are made huge investments. The second reason for which the BCR customers prefer the physical presence are the physical proves they need in the relation with different institutions: various tolls, tally-sheets, polices etc. It is expected that this sector will tend to digitalise by concluding some partnerships with the authorities involved in these operations. Immediately after the beginning of COVID-19 virus crisis, BCR implemented in record time a complex digital service named George, through which the customers could apply instantly to postpone installments, with immediate issuance of the new reimbursement graph. Also, there were activated new channels of digital communication, push-notification, then the easier activation and access to services of mobile & internet banking in George, all these precisely to increase the digitization degree during the pandemic.

Raiffeisen Bank

The digitization tendency of Raiffeisen Bank registered an accelerated increase following the COVID-19 pandemic. The representatives of Raiffeisen Bank state that the digitization progressed a lot, registering an increase of 80% in the case of transactions made using online applications, an increase of 20% in the number of customers who use digital services, the payments made by credit card increased with more than 80%, while the number of online payments to suppliers doubled. Although the digitization tendency accelerated, there still is an important part of customers who still prefer the face to face interaction with the bank representative. Depending on the complexity of the requested bank service, the banker-customer relationship tends to the direct interaction with the bank. In the case the bank service requires important decisions from the client and with an impact on long term, like the loan secured on a property, the human factor becomes very important for the customer. Usually, the young people aged between 25 and 45 prefer an online interaction with the bank, while the customers older than 55 prefer a direct relationship with the banker. In the case of Raiffeisen Bank, the pandemic accelerated the digitization projects of the system in order to facilitate the interaction of the customers with the bank services. Thus, there were registered investments of more than five hundred thousand euro in digital platforms which generated an increase of the customers who use digital transactions.

ING Bank

The services offered by ING Bank take place in a balanced mixture of online and offline banking. The banker-customer relationship in the case of ING Bank aims to be as close as possible to the modern customer's needs. The bank tries constantly to improve the banker-customer relationship and to be close to them anywhere and anytime, through the application Home Bank, but they also offer the possibility of a direct interaction with a bank officer in the case of more complex financial decisions. Through the offered services, the bank tries to cover all the portfolio of customers. "Out of 1.46 million of active customers, more than one million use ING Home Bank and more than 90% of entries are made on mobile devices. Some good news is the fact that many of ING Bank's customers aged 40-50 activated the Home Bank digital application".

Conclusions

The Romanian banking system began to continuously adopt actions to maintain and even improve the services offered to all the categories of customers, even during this period of worldwide crises caused by the COVID-19 virus pandemic. The proof was the quick capacity to change the operation system of services from offline to online. The banking system proved during the time that it is a responsible partner at operational level as well as at systemic level through the solutions it offered to customers, employees and, finally, to the economy.

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