

# The Romanian Banking Environment

**Radu Gratian Ghetea**

President of CEC Bank

President of the Romanian Banking Association

SWIFT Member Group Chairperson

# The Romanian Banking System

## Two-tier system

### National Bank of Romania

set up in 1880



### Credit Institutions

- ✓ 2 banks with majority state-owned capital
- ✓ 4 banks with majority domestic private-owned capital
- ✓ 25 banks with majority foreign-owned capital
- ✓ 10 branches of foreign banks
- ✓ 1 cooperative network

## Main characteristics

- ❑ First 5 banks in the system concentrate 52,4% of bank assets
- ❑ Market shares:
  - 85,3 % credit institutions with majority foreign-owned capital
  - 7,4% credit institutions with majority private Romanian-owned capital
  - 7,3% credit institutions with state-owned capital
- ❑ Solvency ratio 14.67%
- ❑ Since 2007 - 207 foreign institutions notified their intention to provide banking operations in Romania in a direct manner

Source of information: National Bank of Romania, December 2009

## Romanian Banking Association

- ❑ Founded in 1991 by 14 banks
- ❑ October 2010: 41 members - credit institutions, branches and representative offices of foreign banks

- ✓ dialogue & collaboration
- ✓ exchange of experience
- ✓ cooperation
- ✓ common practices
- ✓ projects



# Romanian Banking Association

## Member of:

- International Chamber of Commerce of Paris since 1995
- Inter-Balkan Forum of Banking Associations since 2003
- European Banking Federation since 2007  
(correspondent member between 1992 and 1999  
associate member between 1999 - 2007)
- European Payments Council since 2007
- European Mortgage Federation since 2009
- European SWIFT Alliance (ESA) since 2009



# Romanian Banking System Pillars

<b>Romanian Banking Institute</b>	<b>ROMCARD</b>	<b>Bank Deposit Guarantee Fund</b>	<b>Payments Incidents Bureau</b>	<b>Credit Informati on Bureau</b>	<b>TransFonD</b>	<b>Credit Bureau</b>
<b>1991</b>	<b>1994</b>	<b>1996</b>	<b>1997</b>	<b>2000</b>	<b>2001</b>	<b>2004</b>

## Challenges

- ❑ Economic environment and financial crisis
- ❑ Changing regulatory environment and compliance requirements
  - Capital Requirements Directive (CRD, Basel II), Basel III
  - Money Laundering Directive (MLD III) and Know Your Customer (KYC)
  - Markets in Financial Instruments Directive (MiFID)
  - Payments Services Directive (PSD)
- ❑ Industry initiatives
  - SEPA
  - TARGET2 & TARGET2 Securities
  - E-invoicing

## Main Projects (1)

- ❑ Set-up of the Electronic Payments System and further developments – electronic processing of cheques, bills of exchange and promissory notes
- ❑ Reporting System of the credit institutions to the National Bank of Romania – SIRBNR
- ❑ Implementation of the New Capital Accord – Basel II
- ❑ Set-up of Ombudsman institution and consumer education
- ❑ Expanding the services of the Credit Bureau
- ❑ Collaboration tools to prevent and mitigate fraud and cyber attacks / events: Forum for IT&C Security Events



## Main Projects (2)

- ❑ Analysis of economic policy implications on the cost of banking products and services
- ❑ Creation of databases regarding loans information
- ❑ Developing rating agencies
- ❑ Development of a market for agriculture loans, based on warrants – certificates of deposit
- ❑ Methodological aspects of the stress testing for banks regarding physical exposures to natural and legal persons
- ❑ Single Euro Payments Area – adoption of SEPA standards for euro and domestic currency payments, development of additional services

## **CEC Bank**

11-13, Calea Victoriei, Bucharest 3, Romania

Tel.: +4021 3111119, +4021 2025000, +4021 3123465, Fax: +4021 3125425

## **Romanian Banking Association**

4-6 Aleea Negru Voda, Bloc C3, Bucharest 3, Romania

Tel.: +4021 3212078, +4021 3212080, Fax: +4021 3212095

e-mail: [ghetea@cec.ro](mailto:ghetea@cec.ro), [arb@arb.ro](mailto:arb@arb.ro)

websites: [www.cec.ro](http://www.cec.ro), [www.arb.ro](http://www.arb.ro), [www.infosepa.ro](http://www.infosepa.ro)

**Thank you**