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SECTION II FINANCIAL AND ACCOUNTING POLICIES

POSITIONS AND CONVERGENCES OF THE SUPREME INSTITUTIONS OF AUDIT IN ASSESSING FINANCIAL POSITION AND PERFORMANCE OF PUBLIC ENTITIES

Diana-Alexandra, Baicu¹

Abstract:

The analysis of the issues addressed by the supreme audit institutions, as directions to guide their activity, clearly shows that they can provide relevant information on the position and financial performance of public entities, as well as information on the accountability's level and at the public sector's level, while providing support to the audited public authorities on the adoption of strategies and the formulation of forecasts.

Keywords: *supreme audit institution, financial position, financial performance, public entity, strategies.*

Clasification JEL: *M42*

1. Introduction

Although international auditing standards give Supreme Audit Institutions (IAS) a unique role in formulating audit opinions about the position and financial performance of a public entity, we identify a first paradox in substantiating these opinions, which cannot be sufficiently argued. based on the analysis of synthetic documents, such as the balance sheet, the income statement and the explanatory notes annexed to the financial statements. The Fund Manager must consider, in addition to the analysis of these general financial reports, the existence and evaluation of appropriate reporting mechanisms to provide accessible information to citizens, the performance achieved by the audited entities in relation to the objectives formulated for each level of administration and the perimeter and performance of anti-corruption and anti-fraud actions, at the level of the entire public administration process. Thus, the implementation phase of a public policy is indispensable in the evaluation of information on financial position and performance, as it involves the coordination of programs and processes, the development of their specific activity and the permanent monitoring of budget execution. Also, monitoring the results of a public policy has a decisive role in understanding the weaknesses or vulnerabilities of a program as well as in overcoming the difficulties encountered, by identifying actions that have proved successful, establishing monitoring and evaluation mechanisms to either integrated into the design phase and can be used as feedback in future planning process.

2. Literature review

According to the study of David Hay, who analyzed the theoretical and conceptual framework governing private sector auditing but also the public sector, in order to identify ways in which public sector auditing can bring added value, it was shown that these modalities are correlated with a number of complementary elements, including management control, governance, compliance or assurance.

The reporting of sustainability in public sector organizations has been rather little studied, compared to corporate reports. In 2017 Ana Rita Domingues published an article based on a study that provides a critical analysis of the relationship between sustainability

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reporting (PAHO) and organizational change management for sustainability (OCMS), which shows that the public sector is beginning to use sustainability reporting as a communication tool. The conclusion is that the publication of such reports is still a voluntary process and many public sector entities have not published such reports.

In 2005 Alnoor Bhimani and Kazbi Soonawalla analyzed the link between compliance and corporate performance, starting from the fact that they are positioned at essentially different ends of the same continuum. The argument put forward in this regard is that corporate financial reporting and corporate governance responsibilities, together with possible reporting requirements on corporate social responsibility as well as value creation reporting, need to be integrated notationally into -a common spectrum so that compliance reporting and performance reporting can be presented in a fully interconnected manner. The tools by which information on the degree of compliance or level of performance reached by a public entity is either public reporting (self-reporting), usually on an annual basis, or reporting by state supreme audit institutions, to interested third parties. Through an article published in 2015, Alexandra Oțetea reveals that in recent years, the Supreme Audit Institutions (SAIs) have shown a growing concern to increase the value of the work they do. Although the impact of their work is quite difficult to quantify, its existence is certain, usually the Fund Manager bringing added value to a sector they evaluate. These aspects have been studied in recent years, either by case studies conducted at the small number of supreme audit institutions, or by conducting a multi-case study.

3. Research methodology

In the present study, the research is carried out through a detailed analysis of information on financial position and performance at the level of a public authority, obtained by the approach of the supreme audit institution in our country, in the international context provided by studies of the Organization for Cooperation and Economic Development on a portfolio of ten Member States (United States, Brazil, Poland, Chile, Canada, Finland, Korea, Portugal, France and South Africa).

The study is based on a rather extensive verification research which is based on a direct collection of data, in the form of quantitative variables, using complex statistical tools.

Data collection was ensured by adopting a multi-angle collection model, in order to guarantee the internal validation of the research and to avoid significant errors. Research is an analysis associated with textual analysis and observation. This started from the allocation of information to one of the sections established by the external public audit methodology adopted at SAI Romania, by horizontal textual analysis, followed by a vertical textual analysis, in the sense of allocating those sections to the components of the theory, respectively position and financial performance and responsibility of the public entity.

4. Financial and non-financial information prospective and relevant for the evaluation of performance at the level of public authorities

The analysis of the issues addressed by the supreme audit institutions, as directions to guide their activity, clearly shows that they can provide relevant information on the position and financial performance of public entities, in addition to information on the level of accountability at the level of public sector, while providing support to the audited public authorities on the adoption of strategies and the formulation of forecasts. In six cases out of the ten IAS analyzed by the OECD study, the capacity and effectiveness of central government units was tested by measures to ensure long-term visions, harmonized with other key documents (fiscal plans) and by concrete measures that reflect long-term vision in the institutional plans of the ministries. In seven of the ten cases subject to evaluation, a division

of responsibility was found between the various actors involved in strategic planning. Thus, SAI Brazil (TCU) evaluated the institutional planning system of the central public administration from several perspectives. Through an evaluation on the strategic planning and investment department but also on other affiliated entities, the analysis of the adequacy of some programs and result indicators of the objectives formulated by government policies was taken into account.

The analysis carried out by the OECD showed that nine out of ten IAS evaluated used information from previous experiences in the planning process. This involves analysis of the relevance and reliability of the data, the mechanisms that previous programs have used to achieve performance and outcome indicators, and the mechanisms for integrating future trends and risks.

Moreover, some supreme audit institutions considered that the assessment of human resource planning can provide meaningful information on the position and financial performance of the public pension fund in the future.

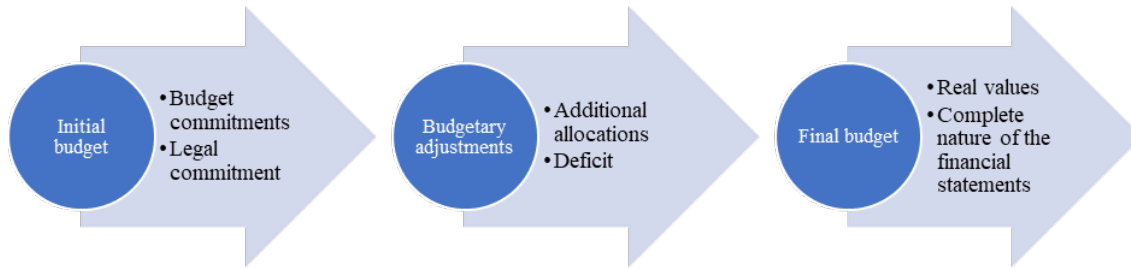
In 2012, SAI Korea (BAI) conducted an audit on the management of the pension service of government employees and the pension fund of teachers, in order to determine the stability of the pension system and restore public confidence in them. Given the low birth rate and the aging population, BAI found that the management and stability of the public pension fund affects the entire population, not just retirees. Weaknesses were found in the management of securities and in other operations undertaken with the two pension funds, including erroneous valuations of securities, oversized payments compared to other pension funds for the same services and overvalued income. Illegal beneficiaries of pensions and unjustified payment situations were also identified. BAI made recommendations to improve management and notified the line ministers of illegal beneficiaries so that they could start recovering the amounts.

4.1. Budget planning

According to IPSAS, it is necessary for the financial statements of entities that conduct accrual-based accounting and have public budgets to include a comparative statement between budget values and actual values from budget execution, as well as explanations of the reasons for that there are significant differences between them.

Thus, public sector entities will ensure public accountability and increase the transparency of financial statements, demonstrating compliance with the approved budget and financial performance in achieving budget results by preparing the budget and financial statements on the same basis. In the case of state economic entities, those provisions apply on a case-by-case basis, as they apply IFRSs, the obligation to publish the budget not applying to all legal entities of this type. However, IPSAS clearly states that it establishes the obligation to publish the budget and not to present comparisons through the financial statements, if the budgets are not public.

Figure no.1-Recent approaches of public external audit on the position and financial performance



Source:Own projection

By including in the financial statements comparative data on the initial and final budget values as well as the presentation of the real values on a basis of comparison with the provisions of the budget which is public, the accountability cycle is completed, allowing users to assess whether resources have been established. and used in accordance with budget approvals. Explaining by notes to the financial statements the significant differences between real and budgetary values, the necessary support will be provided to users in order to understand the reasons for the existence of significant deviations from the approved budget, giving a complete character to the financial statements.

In the context of understanding the role of an extensive budgeting and a review that the central government wants on the budgetary processes and instruments used, the traditional competences and abilities of the Fund Manager to be independent, objective and rigorous extend to the area of budget building processes. income and expenses. Supreme audit institutions are involved in the budget planning phase, from the stages of ensuring understanding and overseeing activities to the stage of debating the budget, when time allows. There is even a tendency for the Fund Manager to increase the use of forecasts in audit actions, while assessing the reliability of fiscal projections, in order to ensure that the assumptions underlying the budget are correct. Thus, the Fund Manager can provide support by assessing the existence of clear limits on fiscal policy, budget reliability and long-term sustainability.

In recent years, OECD Member countries have increasingly sought to develop a target for achieving results with certain attributes, with a variety of approaches, all aimed at assessing budget performance.

In an attempt to better correlate the national strategy with budget execution, the performance of the budgeting process requires effective communication and coordination between central public administration bodies. Among the countries that have had such audits, we mention Australia, the United Kingdom and Norway. The OECD recommends that budgetary instruments used in medium-term budget execution or instruments based on subdivisions of the budget classification be used in a prudent macroeconomic context, based on responsible risk management and an appropriate fiscal framework. Thus, budgetary policies will ensure expenditures and revenues at a sustainable level in the short and medium term. For a longer-term perspective, the most useful analytical tool would be a projection on taxation that incorporates the demographic or socio-economic trend. Trend analyzes and fiscal risks can be useful in testing assumptions about the tendency of revenues to vary due to the assumptions on which public finances are based.

Eight out of ten SAIs assessed took into account the degree of understanding, reliability and accuracy of the budget as well as the degree of compliance of budgetary information with accounting standards. According to professor Ana Stoian, “one of the

informational interests honored by accounting, considered by some authors to be the main one, is the fiscal one. For accounting, there has always been the problem of reconciling it with taxation. The perpetual cause of such a situation was generated by the fact that not in all cases the accounting principles on economic valuation and calculation are convergent with the fiscal ones, which are not subordinated to the presentation of a true picture of the operations that take place in the enterprise. Fiscal principles aim at either stimulating or inhibiting certain activities. By the Fourth Directive of the C.E.E. the interactivity between accounting law and tax law has been established. This is done through the fiscal management of the enterprise ”.

Nine of the ten IAS evaluated considered the impact and quality of the overall budget implementation framework, in order to promote the optimized allocation and implementation of resources as well as the evaluation and review of budget execution. Thus, we exemplify through the case of SAI Mexico (ASF), which analyzed in 2012 how to substantiate decisions on the budget deficit. In its report, the FSA criticized the increase in the budget deficit, noting that the economic situation did not justify the decisions taken. Five criteria for measuring the increase in the deficit were also highlighted and recommendations were made to avoid future discrepancies.

In 2014 the Supreme Audit Institution of the United Kingdom (NAO) prepared a government forecast report on the added value obtained through the policies developed, which made findings on the shortcomings of forecasts and forecasts as well as on the significant errors that led to increased costs for taxpayers. The report highlighted that insufficient documentation at the level of the departments involved in these processes caused problems and caused negligible added value.

Nine of the ten SAIs considered the adequacy of budget planning processes, including the possibility of aligning the budget with strategic objectives, ensuring the reliability and quality of the instruments used in substantiating the budget, public debt management, ensuring long-term sustainability, guiding allocation processes of resources for multiannual programs. For example, the Fund Manager Portugal took into account the adequacy of the budgetary planning process of the audit action within the general consolidated budget. At the level of the Supreme Audit Institution of South Africa (AGSA), an evaluation of the budget and strategies is carried out annually. Although this action is officially considered a financial and compliance audit action, it still has a component that assesses the achievement of the objectives set by the budget. AGSA assesses in particular the relevance and measurability of predefined objectives but also the measurability of targets in order to help ministries identify shortcomings in the planning they have adopted.

Six out of ten evaluated IAS considered the accessibility of budgetary planning processes, including the existence and adequacy of realistic and participatory debates on budgetary options. It aims to inform citizens, the legislature and stakeholders about the real position of public finances. For example, the SAI of the United States of America (GAO) reviewed in 2010 the process of drafting the budget of the US Army Corps of Engineers and made recommendations aimed at improving transparency in the decision-making process regarding project priorities.

4.2. Regulatory policies, non-financial information

Regulations are an important tool that governments can apply in pursuit of economic, social growth and environmental goals. However, regulations can also cause unjustified burdens, generate inefficiency and their use should be justified, especially in the case of tax constraints.

At the level of OECD Member States, supreme audit institutions carry out actions that take into account several issues relevant to the establishment of regulatory policies, aiming at the formulation of explicit regulations incorporating ex-ante and ex-post tasks. An OECD

study found that in 20% of the states evaluated, the executive considered that supreme audit institutions have a role in evaluating government regulations, and in none of the states analyzed was the SAI considered to have a role in designing or improving these regulations. As a rule, the supreme audit institutions do not have a role in deciding the political issues nor in detailing them, as they are matters proper to the Executive and the Legislature, assumed for the electoral mandate. However, approximately 42% of the evaluated states were involved in evaluating the processes aimed at developing regulatory policies. In France, Korea, Portugal and South Africa, these activities are periodically covered by sectoral audits or audits carried out at relevant entities.

All ten supreme audit institutions considered the processes of developing regulatory policies and rules, including issues related to the clarity of the objectives of the regulatory policy framework, the incorporation of risk management, the accessibility and consultation of the process, the correlation of regulations with international principles.

Five of the ten SAIs assessed the effectiveness and efficiency of the application of regulatory instruments, including the diagnosis of regulatory issues intersecting several levels of government, impact assessment ex-post reviews of existing regulations and reports on revenue performance from regulations.

According to the OECD supreme audit institutions can assess and support public authorities through their actions on regulatory coherence and ensuring compliance.

The effects of risks can never be completely eliminated, and internal control and audit can only provide reasonable assurance as to the adequacy of risk management. The management of the central government should establish an acceptable level of risk in the process of pursuing objectives. An organization's "risk appetite" will determine the amount of risk to which the entity is prepared to expose itself before performing any activity. The Fund Manager can pursue and support this key function through guidance activities on internal control and risk management, as well as by providing audit evidence to underpin the decision-making process.

By evaluating the efficiency and effectiveness of internal controls and risk management, the supreme audit institutions were able to collect data on what works but also on the non-functional aspects. Fundraisers are also active in the process of developing guidelines on internal control and risk management. Some IAS are responsible for the full development of these guidelines. According to the study conducted by the OECD in 2016, it showed that eight of the ten supreme audit institutions evaluated took into account the risk management system in audit actions performed on state-owned entities.

It is therefore noted that the Fund Manager plays a unique role in terms of internal controls. Auditing compliance with internal controls and government regulations are core tasks of the Fund Manager, but they extend beyond basic compliance verification, as shown below. It has become a habit to have permanent working relationships and, in some cases, to develop such relationships between the internal public audit and the Fund Manager. In some countries, these relationships are established in laws and regulations. Relationships are often based on ad hoc initiatives of audit organizations, to avoid duplication, inefficiencies and duplication of work, as well as to facilitate the process and ensure cooperation from the audited entity. The internal audit is able to provide the Fund Manager with information on the effectiveness of the systems used. However, the Fund Manager should be fully responsible for the conclusions drawn from such information.

4.3. Coordination and communication

These functions specific to the public policy implementation process adopted by a public entity are closely related to the information needs of third parties, whether they are

beneficiaries of the services provided, providers of resources managed for this purpose or partners of the entity in this process.

In order to develop coherent policies and programs that aim to fulfill the government's vision, effective horizontal (intersectoral) and vertical (between entities) communication is needed. Effective communication and coordination presuppose the existence of clear information about programs and services that are communicated to citizens.

Coordination and communication also allow a variety of actors to work together and develop policies and programs, which is particularly important in cross-sectoral policy situations. They experienced a significant evolution in the period 2008-2012 at the level of OECD member countries, increasing up to 59%. Subsequently, in 2014 it decreased to 38%.

Supreme audit institutions are not traditionally interested in assessing elements of coordination and communication but there have been many cases in which the Fund Manager has had the capacity to monitor the communication and coordination but also to make predictions on these issues.

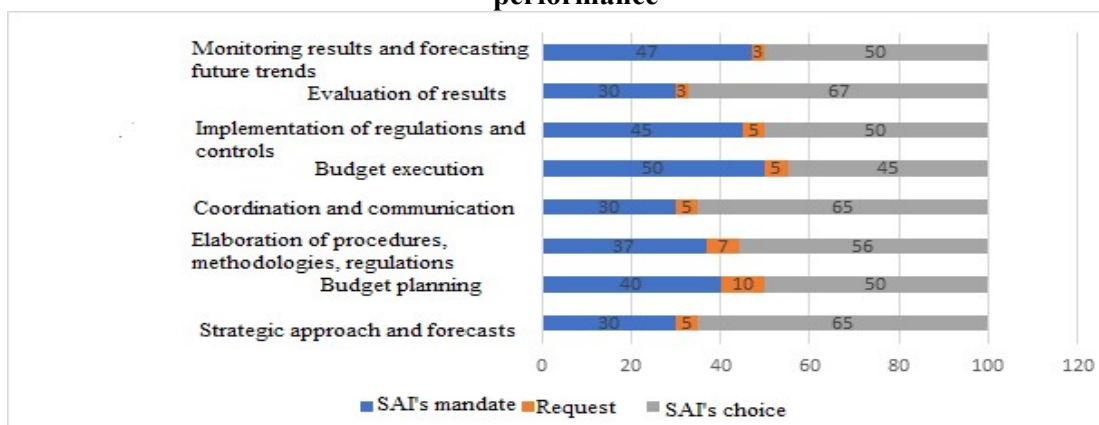
According to the OECD, the central public administration is responsible for the coordination policy 70% of the time and delegates this responsibility 30% of the time. The mission of the central public administration is to ensure coherence by horizontally linking policies at interdepartmental level and between agencies. Of course, divergences often occur in this process, usually between the ministry that manages public finances and the other ministries. But the role of the central administration is a very important one to harmonize the ideal of coherence with the realities of public policy and with the practical limits. Inconsistent policy can increase the risk of duplication, inefficient spending, poorer quality of public services, conflicting objectives and targets and ultimately a reduced ability to govern.

4.4. Budget implementation (execution)

The budgetary execution of a strategic state refers to the implementation of the budgetary allocations authorized by law, at the level of the entire public administration. Budget execution should only be carried out in the context of internal controls and rules that ensure the efficient and effective allocation of resources and prevent corruption and fraud. In their role of auditing and, in some cases, certifying the accounts, the Fund Manager is traditionally involved in evaluating budget execution. It is essential that the central government remains vigilant in choosing priorities and judging budgets from top to bottom so as to allow ministries to be flexible in budget allocations and reallocations. For this budgeting to be implemented effectively, rigorous and economically prudent forecasts must be combined with complementary fiscal management practices, such as multi-annual budget appropriations. Factors that could influence budget flexibility are the classification into budgetary subdivisions, the use of lump sums, the freedom to reallocate budgetary provisions during the year and restrictions in this regard, as well as the possibility to carry over unused budget appropriations to the following year.

Supreme audit institutions can evaluate and support the monitoring of budget execution, fiscal risk management and quality assurance of audit actions and opinions (Figure no.2).

Figure no.2-Recent approaches of the external public audit on the financial position and performance



Source: *Supreme audit institutions and good governance-Oversight, insight and foresight, OECD Public Governance Reviews, 2016*

As a rule, the public budget is primarily focused on budgetary provisions, authorizations and management of financial resources. In this context, the supreme audit institutions played a central role in ensuring the accuracy of the information on the accounts, the probity in the management of public money and, in some cases, the examination of the aspects of costs and effectiveness. Carrying out financial and compliance audits to ensure verification and balance of government expenditure remains a core task of the Fund Manager.

All ten SAIs analyzed considered the effectiveness of the current procedures regarding the management, monitoring and supervision of financial allocations, including compliance and consistency of budgetary reallocations, the level of adequacy of interim budgetary reporting carried out during the year. Also, all ten SAIs evaluated addressed the accuracy and probity of public entities and government as a whole.

Eight out of ten supreme audit institutions evaluated considered the existence of mechanisms to generate and capture information on quality and performance during the budget execution phases. At the same time, they took into account the adequacy of other mechanisms for determining the quality and relevance of budget forecasts and fiscal plans as well as their management accordingly.

Seven out of ten SAIs assessed addressed the clarity of how public authorities reallocate funds during the year.

We exemplify by the case of SAI Brazil, which according to the Federal Constitution of 1988, has the role of examining the annual accounts of the Presidency of the Republic and to prepare an annual report at the end of each fiscal year. In addition a report on fiscal management is generated every four months during a fiscal year to analyze financial-budgetary execution, legality and compliance as well as other relevant issues.

In Canada through its November 2006 report on the “Federal Government Expenditure Management System” the Supreme Audit Institution analyzes the effectiveness of state funding allocations to promote an efficient and accountable public administration.

In 2015 the Auditor General conducted a performance audit, examining whether the Department of Finance and the Tax Agency of Canada had adequately managed state tax revenues and reported clear and relevant information on how to use them. The GA concluded that some improvements are needed to ensure parliamentary monitoring, such as the inclusion of projected and estimated program costs in the coming years and a better indexation of the expenditures to the program to which they belong. In addition, the Auditor General

recommended that the Department of Finance publish more complete information on all expenditures financed from tax revenues and taxes that have been assessed.

In 2012 the SAI Mexico (ASF) identified and reported in an report an unauthorized increase in central government spending and recommended the establishment of mechanisms to review budgetary procedures in federal institutions, discussing accounting procedures and comparing them with the existing regulatory framework and good practices in the field.

In 2011 SAI Poland (NIK) conducted a special audit entitled "Implementing a successful budget process: planning evaluation, monitoring and reporting of processes". Aspects related to the performance of the budget process were audited in relation to the execution of the state budget from 2007-2010. The audit conducted in 2011 targeted 48 entities (Ministry of Public Finance and other ministries and public entities), aiming to assess the degree of implementation of public management responsibilities, respectively planning, monitoring and reporting on the state budget. NIK identified a high risk regarding the level of performance of the budgetary process in the predefined terms for the field of public finances, concluding at the same time that the reporting system is not easy to understand, presenting data collection, verification and processing in correlation with specific tasks. the public sector and its mission.

SAI Korea (BAI) has been active in the field of budget execution, going beyond traditional audits to support the proper execution of the revenue and expenditure budget. By auditing the financial statements, BAI examined, on the one hand, the relevance, position and financial performance of the agencies within the central government, starting with the financial year 2009, and, on the other hand, examined the budgetary provisions. Through the special audit actions, BAI carried out analyzes and evaluations leading to the understanding of some significant social and economic aspects and issues. The number of such actions increased in 2014 to 63% of BAI's activity, through this type of audit offering a systematic diagnosis and analysis on efficiency, effectiveness and economy as well as on damages, in order to promote a correct budget execution.

5. Conclusions

At the international level, assessing the financial position and performance of the public sector implies the need to provide useful information, both to the providers of resources consumed in this sector and to the beneficiaries of public services provided, and to those interested in the entity's responsibility or involved in decision-making. The main tasks of Supreme Audit Institutions are usually to verify the accounts and compliance with relevant laws, so that Supreme Audit Institutions provide interested third parties with information on the processes carried out in the public policy implementation phase.

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ORGANIZATION OF FISCAL CONTROL-INTERNATIONAL COMPARISONS

Genifera Claudia Bănică¹,
Klejda Gabeshi²

Abstract:

One of the duties of the state is to verify whether or not taxpayers, natural or legal persons, obliged to pay taxes and fees, comply with the relevant regulations. This is done through the fiscal control activity. The efficiency of this activity leads to the reduction of tax evasion, the full declaration of tax obligations and the increase of tax compliance by taxpayers. The organization of fiscal control depends on the fiscal policy adopted by each country. On a sample of 16 countries that included Romania, was analyzed :information on the access of control bodies to general fiscal data, the competence of tax authorities to carry out a tax audit at the taxpayer's registered office or even at his home, the need to send a prior notice to the taxpayer of the next tax audit, the duration of a fiscal control, the existence of an act prior to the completion of the fiscal control activity. From the research carried out, it resulted that there is no valid form of unitary organization of the general fiscal control activity. However, there is a general trend of collaboration between taxpayers and tax authorities, as well as between existing tax bodies in certain countries.

Key words: *fiscal inspection, additional tax obligations, budget revenue, fiscal damage, fiscal debt.*

Classification codes JEL: *G32, H11, H21*

1. Introduction

The fiscal policy adopted by each country aims at collecting at the maximum level the tax obligations owed by taxpayers, but they are looking for various variants of tax non-compliance, reaching the level of tax evasion. It thus appears necessary to carry out a fiscal control activity, through which the state aims at declaring and collecting at the maximum level the fiscal obligations.

Fiscal control is defined as a basic function of the tax administration, through which the state fulfills its task of collecting total tax obligations due to the government. The activity of fiscal control is a means of declaring the fiscal obligations in full, the basis for combating tax evasion and a factor for increasing the tax compliance of taxpayers.

Each country has adopted a fiscal policy appropriate to its needs, so that fiscal control has acquired various valences, however, there are a number of similarities, but also differences in terms of fiscal control carried out in different states. The aim of this research is to identify the common and / or specific elements of the fiscal control activity carried out in 16 countries on different continents.

Using the comparison of various information related to the fiscal control activity resulted a series of common activities carried out by the control bodies such as: access to information, access to taxpayers' premises, as well as the use of taxpayers selection criteria subject to fiscal control: non-compliance, non-filing of declarations, arrears in the payment of obligations, evasion from the presentation of information, etc. At the same time, the frequency of fiscal controls is a criterion often used by the countries studied in selecting future taxpayers who will be audited for tax purposes. The exception is the law applicable in the United States of America, where the access of the tax authorities to the registered office or to the tax domicile of the taxpayer is made only with his consent or with a warrant signed by the court. The ultimate goal of any activity carried out by revenue bodies is to increase the collection of tax liabilities. From this point of view, for the countries included in the study, it turned out

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that Italy has the highest percentage (8.7%) of collection of additional income from the total tax obligations collected, at the opposite pole being Denmark with a percentage of 1.5 %. Regardless of the state in which the fiscal control activity takes place, the comparison showed a general trend of collaboration and guidance between taxpayers and tax authorities, as well as between existing tax bodies in certain countries.

2. The need for fiscal control, its role and efficiency

The state, through the legislation, establishes the manner of determining the taxes and fees due to the state budget, the manner of declaring and paying them, as well as the fiscal bodies empowered in this respect.

An ideal economic situation would involve the payment of tax-conscious tax obligations by the taxpayers at the real level, Di Mauro L. (2019) arguing that: " *an educational policy that spreads a fiscal morale is expected to be more effective than a fiscal amnesty because it works in such a way that individuals feel themselves rewarded by the institutions* ".

Thus, the payment of taxes and fees in the real and legal level is paramount in the existence and evolution of a country. If this is not done deliberately or illegal variants are tried, by which the level of payment is lower, economic phenomena of tax evasion appear. Tax control is an important tool used by many tax authorities to improve tax compliance by identifying, recovering and collecting due taxes (Advani , 2019). Lethbridge C. (2013) defines tax control as a basic function of the tax administration, essential to help the state fulfill by monitoring compliance with taxes, the task of collecting total tax obligations due to the government. Tax control has become the basis for combating tax non-compliance, as the results suggest that those taxpayers who have been subject to a tax audit improve their future tax activity, while taxpayers who evade taxes but are not subject to a tax inspection activity try to they evade payment even more in the future, because their possibility of being detected is reduced(Løyland and others, 2019). Thus, the fiscal control becomes the impetuous instrument necessary for the tax administration to combat tax evasion, through checks on the tax activity of taxpayers. The activity that "detects and corrects non-compliance immediately, but can also change the future fiscal behavior of taxpayers" (Løyland and others, 2019) is the activity of fiscal control. It goes without saying that any fiscal control action has as its ultimate goal the attraction and collection of revenues by each state, which forms the general budget of a nation. The amount of additional revenue collected for tax purposes obviously depends not only on the level of tax compliance, but also on the activity of tax control. If we refer to the attributions of the fiscal control, we identify:

A. The role of fiscal control to discover undeclared tax debts, either by omission or by error or deliberate deception. Thus, the actions carried out by the tax control activity are summarized by Lethbridge C. (2013) in activities that examine the taxpayers' declarations from the point of view of accuracy, but also assess the declared credibility or assessment of the tax liability. In this case, the role of fiscal control is to discover, both the taxpayers who evade the declaration, and to establish the amount of the obligations evaded on the declaration;

B. A tax control activity will assist the government in pursuing the voluntary compliance of taxpayers and will facilitate the fulfillment of the purpose of tax administrations to obtain the maximum tax due. In this sense, the role of the fiscal control of fiscal guidance of the taxpayers is paramount, the methodological role that the audit activity has. As a result of tax control, in addition to the fact that the state correctly and legally collects its tax revenues, there is also the tax education of payers, which is reflected in voluntary tax compliance, as "An increase in the probability of tax control and an increase in fines increases tax compliance of taxpayers "(Maciejovsky and others, 2012). Joao Araújo Marques (2019) considers tax auditing as a positive means of "tax advice and education". A

tax audit triggers both taxpayers' responses in future periods with direct effects on the audited taxpayer and indirect ones on the unaudited (McKee, 2018), being a means of tax guidance. The dynamics between tax control and taxpayers has been structured through the "Diamond" model (Marques, 2019), through which tax control involves three possible outcomes: prosecution, recovery or compliance.

C. Perhaps one of the most important roles of a tax control action is to reduce tax evasion in 2016, Hemberg E. (2016), noting that tax non-compliance or evasion accounts for billions of revenue lost each year. , but audit activities eliminate known tax fraud systems. Taxpayers are rational and weigh very well the tax options they have: to fall into the category of tax evaders and risk detection, as a result of tax audits or to comply with tax. Maciejovsky B.(2012) argues that payers weigh the expected benefit of successful tax evasion with the risky prospect of detection and punishment. It states that a taxpayer pays taxes because, and only because, the government of a country applies sanctions through tax audits. The more intense the fiscal control activity and based on a fiscal cooperation, the more the degree of fiscal compliance will increase and implicitly a reduction of the tax evasion.

3. International tax control comparisons

The relationship between taxpayers and tax authorities was strictly hierarchical and was characterized by retrospective tax audits, completed with fines as a means of enforcing tax law, say Enăchescu J. and others (2018).

Globally, each country has adopted a fiscal policy appropriate to its needs, so that fiscal control has acquired various valences, but as stated in 2018 by the author Danadara V., through an article that presented a comparison of control systems in different countries, there are a number of similarities, but also differences in terms of fiscal control in different states.

The tax control activity was defined, in the studied countries, as activities normally carried out by the revenue bodies, in order to verify if the taxpayers properly reported their tax debts. The main verification activity undertaken by revenue bodies is usually described by the term "audit" or "tax control". Revenue bodies (revenue bodies), as institutions with fiscal control are called by the OECD (2010), carry out, in addition to specific audit activities, various other activities, such as telephone surveys, tax return scores, which may lead to changes in taxpayers' obligations compared to those reported by them. Following the research carried out in a number of 16 countries on various continents (Austria, Belgium, Denmark, France, Germany, Greece, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and Romania), we centralized for the fiscal control activity in table no. 1 the possibility for the tax control bodies to have access to information from taxpayers, their partners or other bodies and institutions as well as to the possibility to enter the taxpayer's premises or domiciles.

Table no.1: Access of control bodies to information and to the headquarters / domicile of taxpayers in various countries

<i>Nr. crt.</i>	<i>The country</i>	<i>General access to information</i>	<i>Access to information of economic partners</i>	<i>Information from other government departments</i>	<i>Access of the fiscal verification bodies in the taxpayers' premises</i>	<i>The access of the fiscal verification bodies to the taxpayer's domicile</i>
1.	AUSTRIA	Yes	Yes	Yes	Yes / during working hours	Not / only possible with a warrant in criminal cases
2.	BELGIUM	Yes	Yes	Yes	Yes / during working hours	Yes / in criminal cases a warrant is required

<i>Nr. crt.</i>	<i>The country</i>	<i>General access to information</i>	<i>Access to information of economic partners</i>	<i>Information from other government departments</i>	<i>Access of the fiscal verification bodies in the taxpayers' premises</i>	<i>The access of the fiscal verification bodies to the taxpayer's domicile</i>
3.	DENMARK	Yes	Yes	Yes	Yes	Yes / in criminal cases a warrant is required
4.	FRANCE	Yes	Yes	Yes	Yes / during working hours / requires notice	Yes / / requires notice mandat
5.	GERMANY	Yes	Yes	Yes	Yes	Yes / requires warrant in case of tax investigation
6.	GREECE	Yes	Yes	Yes	Yes / only within the working hours	Yes / requires a warrant in any case
7.	ITALY	Yes	Yes	Yes	Yes / during working hours / requires notice for fraud cases	Yes / only with the prosecutor's authorization
8.	JAPAN	Yes	Yes	Yes	Yes / requires notification in cases of fraud	Yes / in criminal cases a warrant is required
9.	NETHERLANDS	Yes	Yes	Yes	Yes / during working hours	Not / only possible with a warrant in criminal cases
10.	PORTUGAL	Yes	Yes	Yes	Yes / during working hours	Yes / requires taxpayer notification
11.	SPAIN	Yes	Yes	Yes	Yes / during working hours / requires notice	Yes / requires notification of the taxpayer by the legal authorities
12.	SWEDEN	Yes	Yes	Yes / with some restrictions	Yes / only between 8.00-19.00	Yes
13.	SWITZERLAND	Yes	Yes	Yes	Yes / during working hours / for certain types of tax investigation	Yes / only for certain types of tax investigation
14.	UK	Yes	Yes	Yes	Yes for VAT /	All taxes require a warrant
15.	UNITED STATES OF AMERICA	Yes	Yes	Yes	for other taxes requires notification	Yes / only with the taxpayer's consent
16.	ROMANIA	Yes	Yes	Yes	Yes / only with the consent of the taxpayer or by court order	Yes / with the taxpayer's consent

Source: Adaptation and takeover by the Organization for Economic Cooperation and Development, 2017- Table A133

Control bodies generally have the competence and general access to obtain all relevant information in the correct assessment of tax obligations. If the activity requires access to information, it can be extended to partners in the economic activities carried out by the verified taxpayer. There is also the option to take tax information from other government bodies / departments. Of the countries studied, only Sweden has some restrictions on requesting information from other state institutions, and special approvals are needed. Access to information gives persons with control responsibilities a status, which facilitates the performance of duties, thus obtaining any type of information from various institutions, individuals and bodies to complete tax investigations. Regarding the access of the tax authorities to enter the taxpayers' premises, in order to carry out the tax control activity, it is noted that in most of the countries studied, access is allowed during working hours, with a strict schedule specified only in the case of Sweden. the mention that the fiscal verification can be done only between 8.00-19.00. At the same time, there are countries such as Japan, Switzerland and the Netherlands, where the movement of tax authorities to the taxpayer's headquarters is done only in the case of a tax control that investigates a fraud of the law. In the United Kingdom, access to the taxpayer's registered office is only allowed for the verification of value added tax. For the other taxes and fees, in order to carry out a fiscal verification, it is necessary to have a mandate / notification sent in advance to the taxpayer. The United States of America allows tax authorities access to the registered office only with the consent of the taxpayer subject to verification or on the basis of a warrant issued by the court. When the fiscal verification cannot take place at the headquarters of the control body or at the professional headquarters of the taxpayer, the fiscal control may be carried out at the domicile of the verified persons. In this respect, in general, in all the countries studied, access to the taxpayer's domicile is allowed only with a mandate / prior notice and only for the fiscal verification of some criminal cases. In Italy, the presence of the tax authorities at the taxpayer's domicile is made only with the authorization of the prosecutor who will issue in this case the necessary documents. Regarding the selection criteria used by the control bodies for the inclusion in the fiscal verification of a taxpayer, the situation is summarized in Table no.2:

Table 2: Taxpayer selection criteria subject to tax audits

<i>Nr. crt.</i>	<i>The country</i>	<i>Payer's location</i>	<i>Tax non-compliance of taxpayers</i>	<i>Frequency of fiscal controls</i>	<i>The object of activity of the payer</i>	<i>Following the tax information provided by international controls</i>
1.	AUSTRIA	-	YES	YES	YES	YES
2.	BELGIUM	-	YES	YES	YES	YES
3.	DENMARK	YES	YES	-	YES	YES
4.	FRANCE	YES	YES	YES	YES	YES
5.	GERMANY	-	-	-	YES	YES
6.	GREECE	-	YES	-	-	NOT
7.	ITALY	-	YES	YES	YES	YES
8.	JAPAN	-	-	-	-	NOT
9.	NETHERLANDS	YES	YES	YES	YES	YES
10.	PORTUGAL	-	YES	-	-	YES
11.	SPAIN	YES	YES	-	YES	YES
12.	SWEDEN	-	YES	-	YES	NOT
13.	SWITZERLAND	-	-	-	YES	NOT
14.	UK	YES	YES	YES	YES	YES
15.	UNITED STATES OF AMERICA	-	-	-	YES	NOT
16.	ROMANIA	-	YES	DA	YES	YES

Source: Adaptation and takeover by the Organization for Economic Cooperation and Development, 2017, Table A.164-166

Table no.2. shows that most countries use as a criterion, non-compliance with taxes, non-submission of declarations, arrears in payment of obligations, evasion from the presentation of information, etc. An important criterion in the selection of taxpayers who will be subject to a tax audit is the frequency of tax audits ranging from 1 to 3 years. The era of computerization also appears in the tax systems of different countries, many of them developing a type of tax control based on electronic information about taxpayers or various institutions. Denmark uses electronic control, which monitors the internet to identify new bases for collecting income tax and VAT in e-commerce. The United Kingdom has set up the Prudential Regulation Authority and the Financial Conduct Authority to control and monitor e-commerce.

According to data published by the Organization for Economic Co-operation and Development, the taxpayer's prior notice of a subsequent verification is generally encountered, with the exception of Denmark and Italy, countries where fiscal control takes place without prior notice. Regarding the duration of a tax audit, the vast majority of the countries presented did not mention in what time frame a tax audit can be carried out. However, there are also countries that have set a time limit for conducting tax audits. Thus, in France-3 months for small firms (low income) verified, Italy-30 days, Portugal-6 months, Spain 12 months with the possibility of extension. Regarding Romania, the period of conducting a tax inspection differs depending on the category of taxpayer: 180 days for large taxpayers (income declared above a certain level), 90 days for medium taxpayers and 45 days for other categories of taxpayers. Regarding the method used in the fiscal control activities carried out, most countries use document-by-document verifications (exhaustive control), by survey or electronic control, as Romania does. France compares the taxpayer's standard of living with the amount of taxes paid by him. In this regard, in France, the taxpayer, who does not agree with the tax obligations set by the supervisory bodies, has the opportunity to provide evidence of sources of income, which ensures a high standard of living. In Portugal, Marques J.A.(2019) argues that tax inspectors can improve the way tax collection is taken into account by taking on the dual role of investigator and adviser. As regards the tax audit of small enterprises, since 1997, France has been applying a new procedure. Annually, within 2-3 days, the general verification of small enterprises takes place. If, as a result of the verifications, violations of the legal provisions are found, the verifications will take place in the next two years, but if the tax authorities find that the taxpayer has complied with his tax obligations, the verification will end. The United Kingdom uses alternative methods of calculating tax liabilities: comparing them with another similar taxpayer by standard of living or by the amount of income earned. However, the method has shortcomings, with taxpayers registering their assets in the names of other people. In the Portuguese tax system, there is a distinction between tax control and tax investigations. Tax control focuses on compliance with economic realities and taxpayer behavior and may or may not include a tax in the tax inspection. Tax inspections focus on correcting detected misconduct and may or may not include a tax investigation, which may begin when there are clear indications of inappropriate tax behavior. In Romania, regarding the verification of taxpayers with substantial incomes, there is the tax verification service, whose main objective is to verify the large assets of taxpayers, how to obtain them and the level and method of payment of tax obligations related to the assets held. In Germany, tax control carries out tax audits of taxpayers on its own initiative or on the initiative of the prosecutor in the two areas of activity: prosecution and tax search. Tax research is the basis of tax investigations and uses calculation methods. In the category of tax prosecution, there are tax inspections completed with criminal sanctions. In the Swiss tax system, as a way of conducting tax audits, we encounter the possibility that under certain conditions and only once, taxpayers are allowed to self-report non-compliance with taxes to

tax authorities without being prosecuted - according to federal law. Upon completion of the tax audits, the control bodies in the analyzed countries have the possibility, where necessary, to collect in original or in legalized copy a series of tax documents belonging to the taxpayers subject to control, but only in justified cases. Spain is the only country out of the 16 that does not allow the collection of documents from the taxpayer in any of the situations to which the taxpayer was subjected for verification. Before the completion of a tax audit, in general, all countries have provided in the tax legislation, the preparation and submission to the taxpayer subject to tax control of an audit report containing the tax findings. France has made it mandatory for tax authorities to submit only a notification with the findings of the tax audit. In Switzerland, the audit report must also be signed by the taxpayer. In the vast majority of states, there is a growing interest in the consultation and guidance activity that tax control bodies offer to taxpayers. We have already debated the issue of better cooperation between taxpayers and control bodies, the ultimate goal being better collection and higher tax compliance. Denmark has set up special tax advisory departments. The UK tax advisory department provides consulting services only to tax staff, not taxpayers. Austria organizes guidance sessions, with newly established businesses having the opportunity to move their tax bodies to the taxpayer's headquarters for tax guidance. France grants tax consultations, both by telephone and by e-mail or in person at its premises, but if the taxpayer has not paid or is not fulfilling his tax obligations, he loses this right to guidance. The US addresses the issue of tax consultation in terms of innocence, providing a special regime for those who pay and fully meet their tax obligations, offering them free tax advice on the application of taxation methods and changes in tax law. Regarding the fiscal control activity, at the regional level, there is a Federation of fiscal bodies, which deals with the training of fiscal inspectors, with consulting services and the exchange of fiscal information. As for Romania, I mention that the tax system works with consulting services for taxpayers (tax methodology service), but also consulting and guidance services for tax inspectors.

Regarding the sanctions applied by the tax audits carried out, in general the countries studied use traditional methods (tax fine), but Sweden also uses the publication of the names of criminals. In Romania, such a method is used, the tax authorities publishing the list of indebted taxpayers in order to stimulate voluntary compliance. A number of countries grant reductions in tax penalties if the taxpayer corrects their non-compliance until the fiscal control is completed. France, the USA, the United Kingdom, as a result of the controls carried out, apply more drastic sanctions that go so far as to suspend the activity for certain types of occupational sectors.

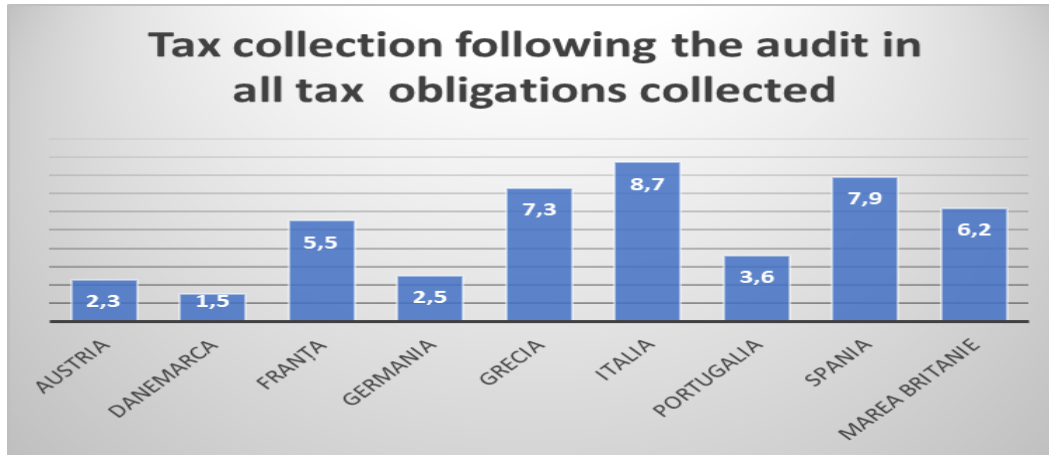
Upon completion of a tax control action, tax documents are concluded that can be challenged by dissatisfied taxpayers. Most states offer as a possibility to challenge the acts concluded by the fiscal control bodies, the court, but there are also countries that offer an additional option, namely challenging the decisions of the tax authorities hierarchically superior to those who drafted the tax documents. In our country, the contestation of fiscal acts differs from their legal nature. For example, the contravention reports, in Romania, are challenged directly in court, unlike the tax decisions issued by the tax inspection bodies, which can be challenged at the specialized service in resolving appeals so that later, the taxpayer, within for 6 months, if he is still dissatisfied, to address the court.

Another specific aspect of officials who are engaged in tax control activities is their inability to obtain income in parallel from collateral activities or related to the activity of tax inspector (tax advisor, auditor or even pedagogical activities). The Romanian tax system prohibits the occupation of such positions that overlap with the activity of tax inspector even after leaving the public office held for a period of 5 years.

All actions taken by the tax bodies seek to increase the degree of collection so that the amounts additionally attracted and collected from the state budget as revenue is the premise of

any company. From this point of view for the analyzed countries the situation is presented in figure no.1, as follows:

Fig.1 Collection of fiscal obligations following the fiscal audit in total collected revenues (%)



Source: Adaptation and takeover by the Organization for Economic Cooperation and Development, 2019, Table D25

The importance of tax audits is given by the degree of increase in the collection of tax liabilities. Thus, for the countries studied, it results that the highest degree of collection of tax obligations from audits is found in Italy where it is close to 9%. At the opposite pole is Denmark, which has a percentage of 1.5% of additional revenue collected in total tax obligations collected. One explanation for these percentages is the fact that in Denmark, Austria, Germany, Portugal, tax legislation drastically penalizes taxpayers who evade the law, the latter choosing the option of tax compliance. On the other hand, for Italy, Greece, Spain, we must take into account the high degree of tax evasion existing through work without legal forms, which pushes taxpayers to a tax non-compliance. Differences in tax collection as a result of controls are the result of the organization and management of the fiscal policy that each country adopts. An important factor from this point of view is the number of taxes and fees that each state manages, but especially the number of tax obligations on which tax inspections take place. The higher the number of tax audits, the higher the additional obligations collected to the state budget. According to the Organization for Economic Cooperation and Development, table D26, Denmark is the country with one of the highest percentages of tax controls per 100 taxpayers respectively 23.4 in 2017, while Portugal and the United Kingdom reported a percentage of only 1.1 controls per 100 taxpayers.

Conclusions

Each country pursues through the fiscal policy it adopts the collection of fiscal obligations at maximum level. The need to carry out a fiscal control activity resides from the task of collecting fiscal obligations at a realistic level by declaring fiscal obligations in total taxpayers' tax.

We synthesized features characteristic of the fiscal control activity found in 16 countries (Austria, Belgium, Denmark, France, Germany, Greece, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Switzerland, Great Britain, United States of America and Romania) comparable information to:

- access of the control bodies of general fiscal information;

- the access of the fiscal bodies to the information from third parties or from other governmental bodies and departments;
- the competence of the fiscal bodies to carry out a fiscal verification at the taxpayer's registered office or even at his domicile;
- taxpayer selection criteria subject to fiscal verifications (taxpayers' location, their fiscal non-compliance, frequency of controls, the risk of the taxpayer's object of activity, fiscal information provided following international verifications);
- the need to send a prior notice to the taxpayer on the next tax audit;
- the duration of a fiscal control;
- the possibility of the control bodies to pick up documents belonging to the taxpayers;
- existence or non-existence of an act prior to the completion of the fiscal control activity.

The research showed that in general there are common points regarding the fiscal control activity, for all 16 countries, such as: access to information, access to taxpayers' premises, preparation of an audit report at the end of the action. I also encountered exceptions, such as the legislation applicable in the United States of America, which does not allow the access of tax authorities to the taxpayer's registered office or tax domicile except with his consent or with a warrant signed by the court. We also encountered differences in practice in terms of the indicator, the duration of the tax inspection”: 30 days Italy, 6 months Portugal. We encountered a different situation in Great Britain, which allows the access of the tax authorities to the registered office only for value added tax checks, for the rest of the taxes and fees, the access can be made only on the basis of a mandate. By studying the tax control activity specific to each of the 16 states, we concluded that the tax inspection bodies have a special status, which facilitates the performance of duties, thus obtaining any information from various institutions, individuals and bodies government. At the same time, in general, in the selection of tax-audited taxpayers the most used criteria are: tax non-compliance, non-submission of declarations, arrears, payment evasion, audit frequency, taxpayers' activity, international tax information.

Regarding the contribution of the control bodies to the increase of the tax collection level, for the countries included in the survey it resulted that the country where the highest percentage of additional amounts collected as a result of the tax controls carried out is in Italy and the lowest audits in the total obligations collected is met in Denmark. However, this is not directly a mismanagement of the control bodies in Denmark but rather a high fiscal compliance.

The study showed that special attention is paid to the tax guidance of taxpayers. The research we conducted on the audit authorities in the 16 countries was limited by language barriers to a wider range of states or variables of fiscal control activity.

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ACCOUNTANT IN TIMES OF PANDEMIC

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Abstract:

The accountant plays a very important role in the life of a business. This year, his work has grown in volume, sometimes without higher pay. Legislative changes imposed by the SARS COV 2 pandemic have affected the professional lives of accountants. They had to adapt quickly to numerous changes and in a short time to meet the requirements of their customers.

This article presents the results of a questionnaire applied to Romanian accountants in November 2020. The results of the analysis show that most felt this period was a very tiring one, with reductions in tariffs, loss of customers, additional work and no state aid, as other affected staff categories were supported.

Keywords: accountant, pandemic, COVID 19, additional work, efficiency.

JEL Classification: M49, M54.

1. Introduction

The COVID-19 pandemic has affected all industries to a greater or lesser extent. Some companies have experienced major declines in income caused by quarantine measures, school closures, and changes in consumer behavior, an effect of social distancing. The decrease in revenues affected the possibility of honoring payments to employees and suppliers.

The situation of uncertainty generated by the COVID-19 pandemic generates various problems: the temporary inability of employees to carry out their activity even within the financial accounting department; staff crises caused by scheduled childcare leave.

Another problem would be the lack of experts who provide the managerial information needed to make quick decisions such as those aimed at analyzing the impact of COVID-19 on the company, making detailed operational reports with analyzes on product or service lines, adequate monitoring of working capital and flows. cash, preparation of scenarios, timely completion of monthly reporting to the group and to state authorities.

Regardless of the reasons behind the crisis, within the financial-accounting department, the company is obliged, according to the legislation in force, to keep up-to-date accounting records and to ensure an internal control of the company that allows it to collect accurate, exhaustive and at time.

All these daily financial-accounting activities that have to ensure continuity in data collection and processing put additional pressure on the company which, in a context of crisis, has to lean on the preparation of reports necessary for decision making.

Accountants are at the forefront of the economic effects of coronavirus during the pandemic. Trusted advisors to entrepreneurs, they seek to identify solutions to quickly heal affected businesses.

In these times the legislative changes were numerous in a very short time. The workload of accountants has increased, due to the need to read all these pieces of legislation and prepare accounting and disclosure of government assistance in case the company applied for such schemes.

In addition, accountants have been forced to act quickly to identify the steps entrepreneurs need to take. For example, it is necessary to forecast cash flow estimates over a period of time, given the high degree of uncertainty and the time required to return to stability.

They must also consider many accounting issues that must be taken into account in drawing up the image of the company's assets. It will soon be necessary to prepare the balance

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sheet of this special year and have the mission to identify and reflect in the financial statements the impact of the pandemic on the company's activity. It is necessary to present the Profit and Loss Account considering the nature and extent of income / expenses, to take into account the depreciation of fixed assets and value adjustments of inventories, exposure to contractual penalties, to take into account the effect of events after the balance sheet date.

However, the accountants were eliminated from the state aid. No support opportunities were created for them. In November, subsidies of 2000 euros were granted to those who did not have employees at 31.12 the previous year and if they had a turnover over 5000 euros. Accountants who have their own accounting firm have employees, so they could not benefit from this little help. Many of them carry out the activity in the form of PFA, and this type of activity was not included in the list of activities eligible for Microgrants.

It would be thought that they did not suffer during the pandemic. Considering that their activity is closely related to the activity of the companies, the affectation of the other economic agents is directly reflected on the accountants as well. Their incomes are directly affected by the decrease of the activity of the economic agents. If they are employed in the internal accounting department of companies, the pandemic influences the salary. In the case of accounting firms / PFA, the impact of the pandemic is seen in affecting the tariffs applied, respectively in decreasing the number of clients.

Through this study we aimed to identify the opinion of those who are accountants, but not on how the companies whose accounting they organize are affected, but on how they are affected, the accountants.

2. Literature review

Overtime is a habit in the accounting profession (Lewis, 2007). The dominant long hours culture is sustained among this professional group by notions of client service and professionalism that imply constant availability, which becomes an integral part of professional identity.

Time management has become very important. For accountants, time management may reduce stress, which is generally quite high because of legislative changes and deadlines. People who completed the questionnaire try planning time for complete the tasks. They have a planning for daily tasks; they prioritize the tasks in order of importance and try to do the work during working hours. Some of them need to appreciate the time by accepting the task whose results obtained justify the time invested (Bigioi and Ionescu, 2016).

Accounting firms (known for in-person client experiences) are facing unique challenges because of remote work. To rise against the COVID-19 tide it is necessary for accounting firms to make the right investments in technology and in driving effective change management with a “people-centered, machine-first approach” to build a resilient, adaptable and purpose-driven core. The post-pandemic world will focus on delivering more value to customers at lower cost, creating new technology-driven services and responding with agility to regulatory changes (Atul et al, 2020).

In-demand post-pandemic technical accounting knowledge will need to be complemented by digital know-how. Analytical skills, and the ability to share insights behind the numbers, will become even more important for employers. Anticipating the future, understanding opportunities and trends, and adapting to new situations will prove to be the leading advantage for an accounting professional in the future (Muldowney, 2020).

CPA Quebec (2020), the organization of professional accountants has prepared a short guide with questions and answers regarding ethical issues during the Covid-19 pandemic: professional obligations, fees in advance, bill collection issues, how to receive documents from customers, alternatives to meeting in person, use of social media. For professional accountants, there are several impacts, in particular regarding government measures and

clients' requests in reaction to these measures. Despite the crisis, CPAs must follow the rules of professional conduct governing the profession, even if that means adapting their ways of doing things.

Remote work presupposed the availability of professional accountants towards clients and the employer during and outside working hours. Professional activity is interspersed with personal life and can affect it. Obstacles encountered in remote working in Romania by accounting professionals are: stress, fatigue, (both felt more by those under 29) numerous legislative changes (most easily felt by those under 29), constant interruptions (more common those over 50, due to experience). However, the stress level was the same, regardless of the area of origin and the age of the respondents (Mihai et al, 2020).

3. Methodology

We prepared a questionnaire that was placed for a week on a social network in a group of Romanian accountants. The questionnaire contains 16 questions, of which one is an open-ended question. 167 responses were obtained.

Most of the respondents were women. Only 12 men answered the questionnaire. Women are very numerous in the Romanian accounting profession: they represent 70% of chartered accountants and 65% of auditors. This majority of women in the accounting profession is explained by certain stereotypes on accountants and on accounting: patience, meticulousness, the static nature of the activity (Istrate, 2012).

The distribution by gender was as follows (Fig. no.1):

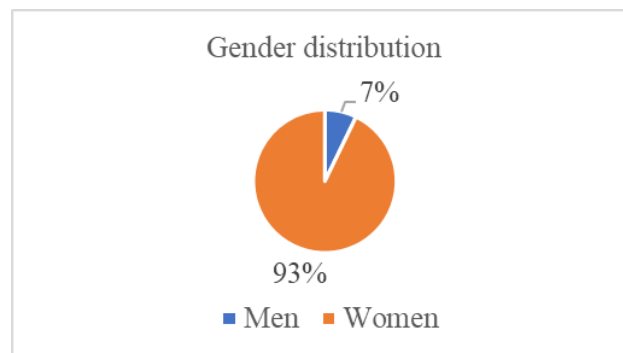


Fig.no.1. Gender distribution
Source: own processing of data obtained

Most respondents (representing 36.5% of the total) fall into the age category 41-50 years. (Fig. no. 2)

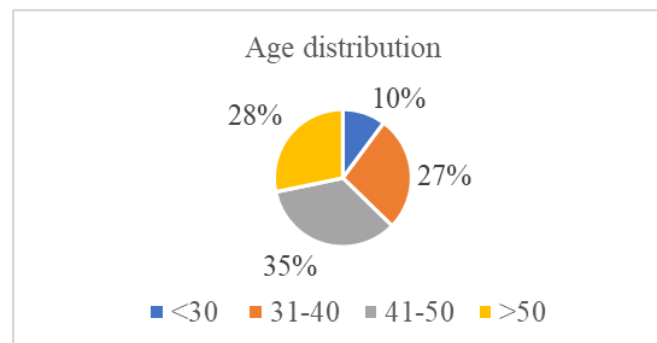


Fig.no.2. Age distribution
Source: own processing of data obtained

40% of the respondents are employed in the accounting department of a company. 28% are employees of an accounting firm; 2.4% are employed at a public institution, and 33.5% perform accounting services under another form of organization. (Fig.no. 3.)

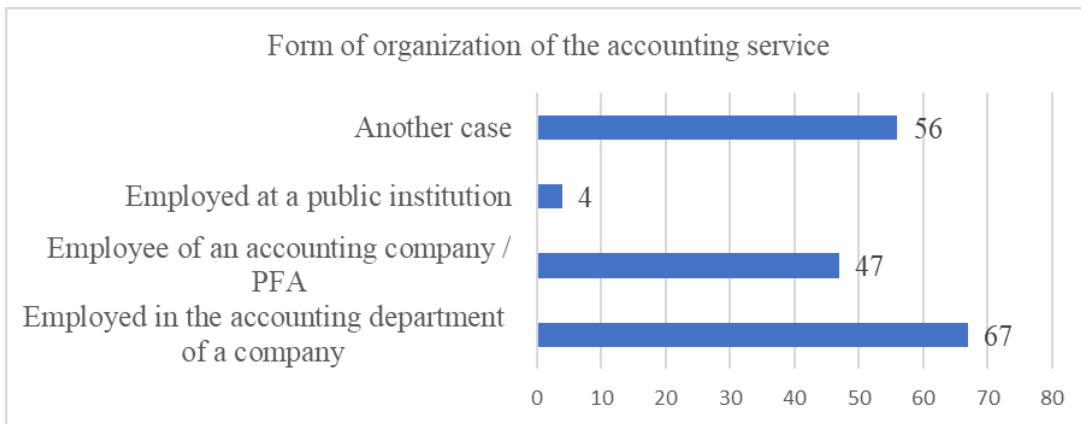


Fig.no. 3. Form of organization of the accounting service
Source: own processing of data obtained

Regarding the location where they performed accounting services during the pandemic, 39% of respondents worked from home, 35% worked from the office, and 26% combined work from home with office work. (Fig. no. 4).

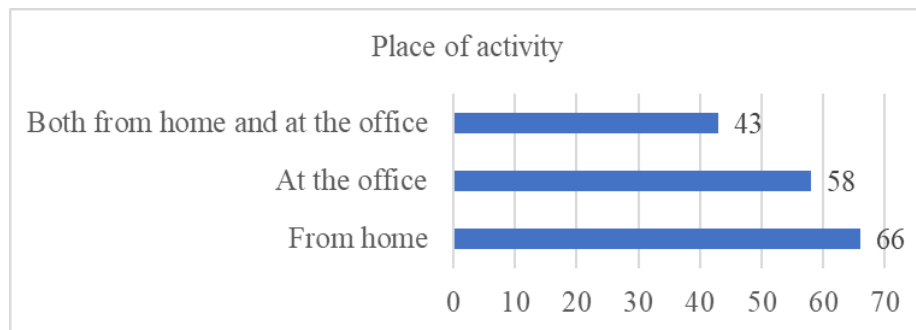


Fig. no. 4. Place of activity
Source: own processing of data obtained

Taxpayers benefit from a bonus calculated on the tax due (profit tax / income tax), if they made the payment by the due date. Only 64% of the respondents paid the tax on time and benefited from this bonus. 36% of the respondents encountered financial difficulties and did not pay the tax until the due date. (Fig. no.5)

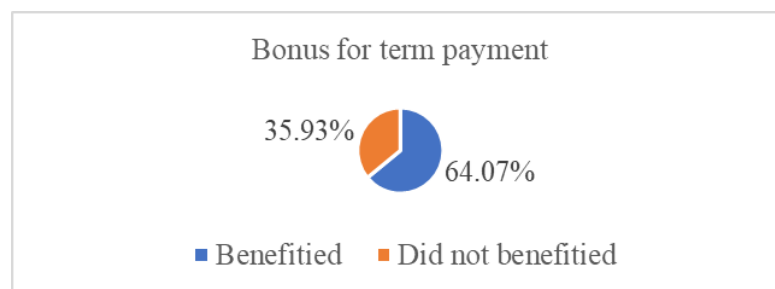


Fig.no. 5. Bonus for term payment
Source: own processing of data obtained

For discussions with clients, professional accountants mainly used WhatsApp. (Fig. no.6)

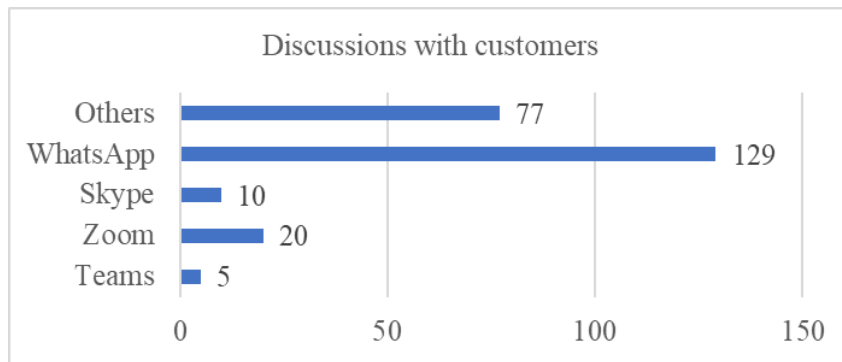


Fig. no. 6. Discussions with customers
Source: own processing of data obtained

For remote control of the computer the most used software was TeamViewer (42%). 28% of respondents did not use any other software; probably because they worked in the office or maybe they used at home the laptop on which the accounting software is installed. (Fig.no. 7)

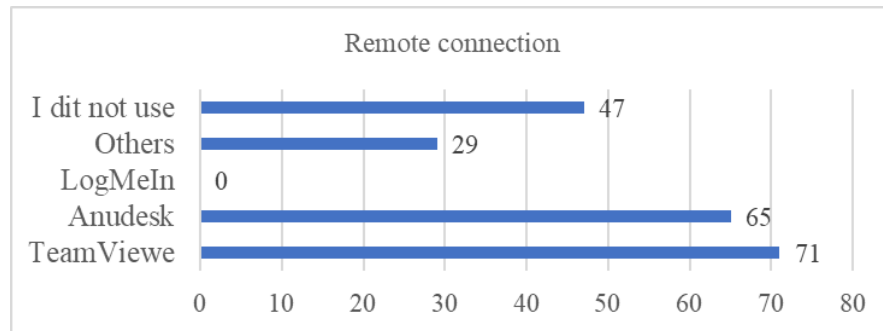


Fig.no.7. Remote connection
Source: own processing of data obtained

Regarding the change of the obtained incomes, 57 people were not affected, 55 people had diminished tariffs, 36 people lost clients, 17 people had diminished salary, and only one person lost their job (Fig. no.8).

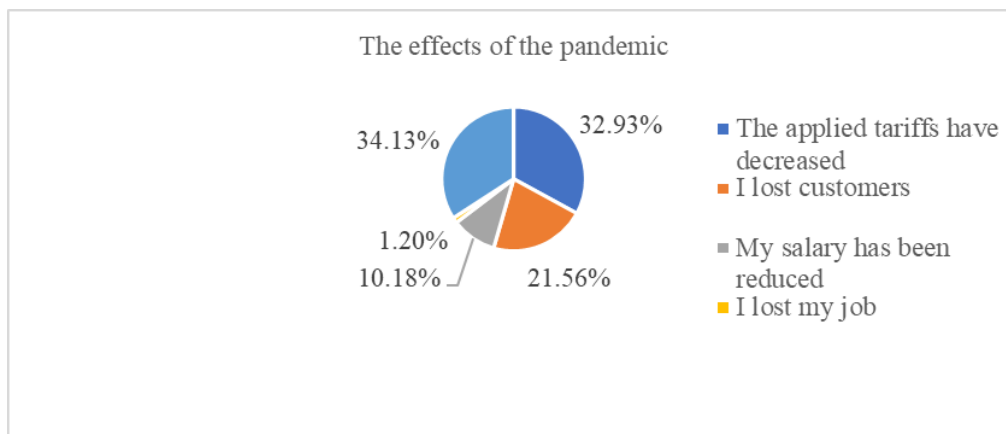


Fig. no. 8. The effects of the pandemic
Source: own processing of data obtained

The vast majority of respondents did not apply for grants (Fig. no. 9).

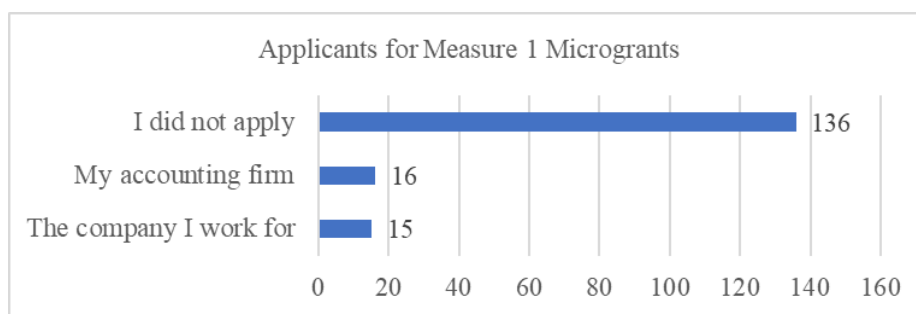


Fig.no. 9. Applicants for grants
Source: own processing of data obtained

For the reduction or temporary interruption of the activity, the companies received aid from the state (technical unemployment). Parents could request days off to supervise their children in case of suspension of classes or temporary closure of schools. The clients of most accountants benefited from technical unemployment (which involved the preparation of certain documents by the accountant), while most accountants did not benefit from either type of financial support. (Fig. no.10)

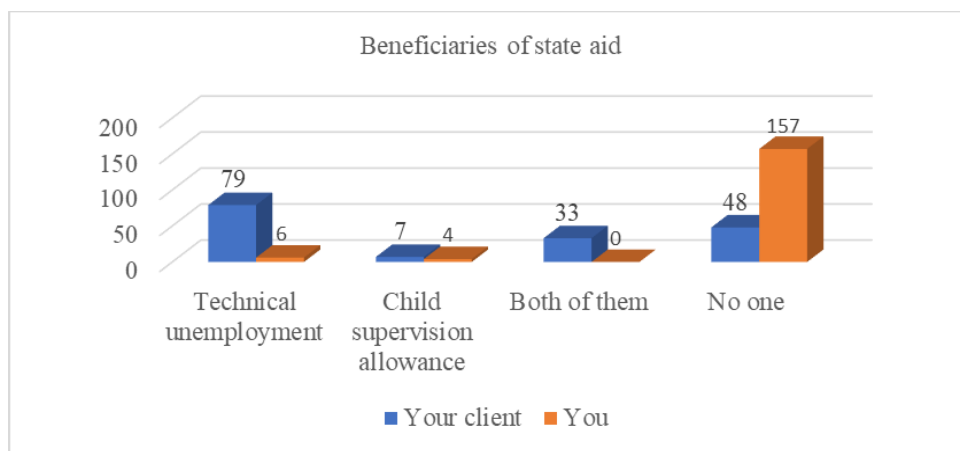


Fig.no. 9. Beneficiaries of state aid
Source: own processing of data obtained

Regarding the way of obtaining the documents necessary to be processed (Fig.no. 10), the following were observed:

- 64 people received the documents by meeting with the client, physically
- another 80 received the documents both physically and electronically

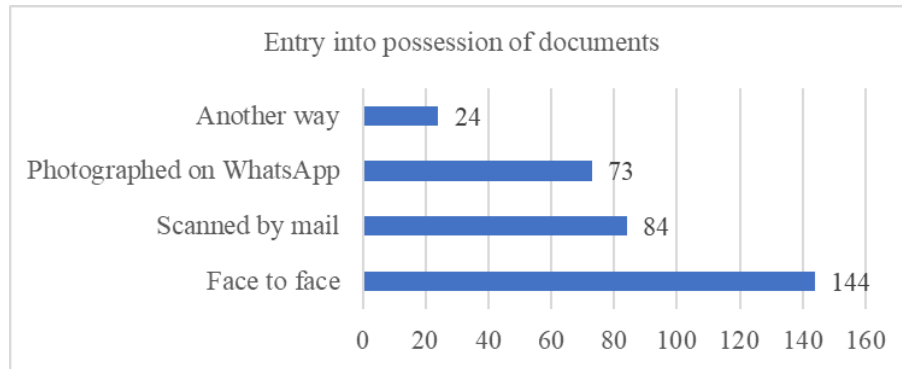


Fig.no. 10. Entry into possession of documents
Source: own processing of data obtained

Those who did not use electronic transmission are classified by age categories (Table no. 1):

Table no 1. People who physically took over the documents

Age	Number of people
<30 years	7
31-40	15
41-50	28
>50	14

The respondents employed in the accounting department of a company took over the documents both physically (39 people) and electronically (29 people).

Numerous legislative changes have increased the workload for the vast majority of respondents (148 people) (Fig.no.11).

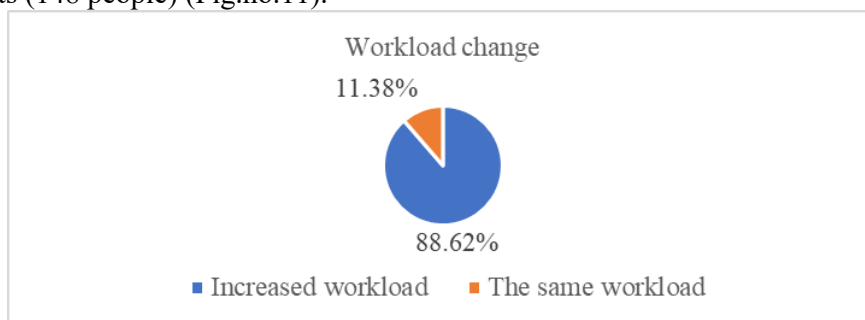


Fig.no. 11. Workload change
Source: own processing of data obtained

Higher work efficiency was achieved at the office, not at home (Fig.no. 12). Working at home is interrupted by other activities, especially if there are children who need to be supervised.

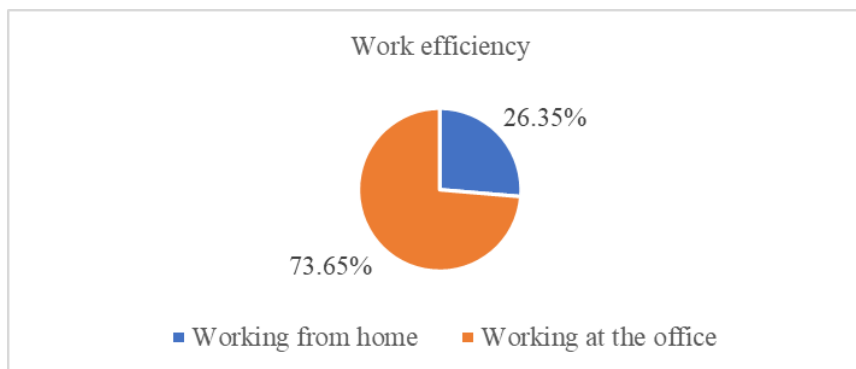


Fig.no.12. Work efficiency
Source: own processing of data obtained

Those over 50 had the greatest efficiency in working from home, followed by those between 31-40 years old. Only 1 person under 30 was more efficient working from home.

The last question was “Do you want to tell us something about your accounting work during this pandemic?”. 56 responses were received. Among these we mention:

- the hardest period
- I worked much harder
- we must be able to work even when we are sick; let's not get sick because ha has no one tot replace us
- exhausting work
- exhausting fiscal changes
- we were discriminated by not providing financial incentives during the pandemic (compared to other professions)
- a lot of stress
- lower fee for higher workload; although I worked harder, the clients had nothing to pay me
- I don't want to work from home anymore
- I felt the lack of socializing with colleagues
- I no longer had time to process documents, due to telephone conversations and preparation of documents for technical unemployment
- the phones rang day and night
- I was waiting for the Official Monitor to give quick answe to those who had to adapt to the changes
- remote work has become essential, but there are communication barriers regarding the provision of accounting documents by the beneficiaries of the activity
- ther was a great distance in the client- accountant relationship. It was very difficult for us to bridge the evolution from all points of view.

4. Conclusions

The decrease in the activity of companies had influences on the accounting profession. Social distancing has required new solutions for the remote transmission of information for communication, networking and data retrieval.

Accounting is dominated by a professional identity based on permanent availability for the client's needs, despite the feeling of a flexible program. The financial-accounting activity must be carried out in compliance with the same rules as at the company's headquarters and in safe conditions, even if it is carried out from home.

The workload has increased, with new demands generated by technical unemployment and other requirements.

The pandemic had a negative effect on accountants, leading to an increase in stress and fatigue.

Many of the Romanian Accountants who answered the questionnaire did not receive benefits during the pandemic, worked more for less money, physically took over the documents, exposing themselves to risks.

This pandemic will change the accounting profession. Emphasis will be placed on technology and on the added value brought by data analysis, the accounting processing of documents will no longer be sufficient.

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SOME COORDINATES ON BUDGET TRANSPARENCY IN ROMANIA

Carmen, Comaniciu¹

Abstract:

Transparency, realism, predictability and avoiding waste in the use of public money are keywords that every state must build and pursue their fiscal and budgetary strategy. Without claiming a comprehensive approach, through this article we will surprise some aspects of budgetary transparency in Romania, with reference to the level and progress or regress registered in the period 2006-2019, so as to emphasize its importance for good governance, for increasing citizens' trust in the public sector. Identifying the correlations with other indicators specific to the fiscal and budgetary field, as well as the good practices from the world level, will allow outlining some possible directions for improving the budgetary transparency in Romania.

Keywords: *budget transparency, open budgeting reform, standards and best practices, budgetary governance*

JEL Classification: *H11, H61, H69*

1. Introduction

The public budget being a basic component of the science of finance, with the two approaches (economic-financial and legal) determined the specialists in the field to look for reliable solutions for efficiency and effectiveness in the formation and use of public funds. For this reason, budgetary transparency has recently been strongly promoted, taking into account its main potential positive effects, such as accountability, integrity, inclusion, trust and quality (OECD, 2002).

Whereas all citizens of a State should have access to relevant and pertinent information on the administration of public revenue and the efficiency of public expenditure, an independent research tool has been launched since 2006 to identify, on the one hand, public access to budgetary information and citizens' participation in the entire budgetary process and, on the other hand, the essential coordinates of public finance management, with reference to legislation and competent institutions (IPB, 2020).

Having regard the recent studies and research in the literature on budgetary transparency, as well as its evolution based on the Open Budget Index, through this article we will capture the particularities for Romania, with the identification of some possibilities for improvement in the field.

2. Recent studies and research on budget transparency

The importance of budgetary transparency for each nation is also visible through the studies and research found in the literature, taking into account the determinants, models, constraints, interdependencies and good practices. Without claiming to be a comprehensive approach, we note that the recently published analyzes take into account aspects of budgetary transparency both locally/nationally, as well as regional/global.

In this sense, the following can be observed: the satisfaction of Chinese taxpayers for local budgetary transparency is analyzed based on the theory of customer satisfaction (Hu, Zhang L., Zhang W. and Zhang S., 2020); in Italy, the level of budgetary transparency is higher in small municipalities, and the single-vote electoral system leads to an increase in government accountability (Galli, Rizzo and Scaglioni, 2020); for Mexico, the quality of budgetary information in line with information requirements is a key factor in combating corruption and avoiding inefficient public spending (Sour, 2020); decentralization of revenues and light budgetary constraints are elements that can ensure good budgetary transparency in Turkey (Akdemir and Karakurt, 2020); researchers in the Philippines have demonstrated that

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organizational culture and public sector ethics greatly influence the level of budgetary transparency, and the performance of the public sector depends very much on trust in public institutions (Castillo and Gabriel, 2020); the analysis of the budgetary framework in the Canadian provinces in the period 1980-2018 highlighted the increase in trust in the public system based on the combination of formal responsibilities with political responsibilities, taking into account the relationship between tasks and results (Lozano, 2020); at the level of euro area states, there is a direct link between budgetary analytical capacity and fiscal discipline (Kasperskaya and Xifré, 2020); an analysis of how OECD initiatives on budgetary transparency have a positive impact on sustainable global fiscal governance highlights the fact that the potential of G20 countries is much higher than that of developing countries (Lips and Mosquera, 2020); for the countries of the Middle East and North Africa, the World Bank recommends increased budgetary transparency, considering the slow pace of economic growth and the possibility of pertinent analysis of information on debt sustainability and employment, taking into account both the shock of the spread of the new coronavirus and the fall in oil prices (Arezki et al., 2020).

The positive impact of budgetary transparency on efficiency in the use of public funds is often associated with the level of democracy (De Simone, Bonasia, Gaeta and Cicatiello, 2019), being demonstrated by the analysis of performance indices that in countries with a high level of budgetary transparency, the quality of services in areas of major importance such as education and health has increased significantly (Bauhr and Carlitz, 2020).

In a knowledge-based economy, public information is considered a distinct raw material for identifying the relationship between democratic accountability and economic performance. (Erkkilä, 2020), and the use of digital platforms that allow easy access to this information becomes an essential factor for the effectiveness of fiscal and budgetary policy decisions (Bogoslavtseva, Karepina, Bogdanova, Takmazyan and Terentieva, 2019).

Taking into account the openness to public information, but also its quality, budgetary transparency contributes significantly to increasing citizens' trust in public bodies and the public services they provide.

3. Evolution and correlation of budget transparency in Romania

According to the methodology for The Open Budget Survey (IPB, 2020a), the answers to the questions related to the three sections (Budget transparency, Participation and Oversight) given by the independent bodies in the participating States, highlight how each standard is met or not, from the perspective of the availability of public information, public engagement in the budgetary process and the way in which the entire budgetary procedure is monitored, taking into account what is actually happening in practice.

In order to identify key aspects of governance and public accountability, Romania has participated in The Open Budget Survey since 2006 (IPB, 2020b), recording a budget transparency score - Open Budget Index, which placed our country both among the states that provide significant information on how to form and use public financial resources (in 2006, 2008, 2015, 2017 and 2019), as well as among the states that provide some information on public money (in 2010 and 2012). As can be seen from figure no. 1, Romania registered the highest budgetary transparency in 2015 and 2017, when it occupied the 9th position among the 102, respectively 115 states included in the ranking, at the opposite pole being the situation from 2012 and 2010.

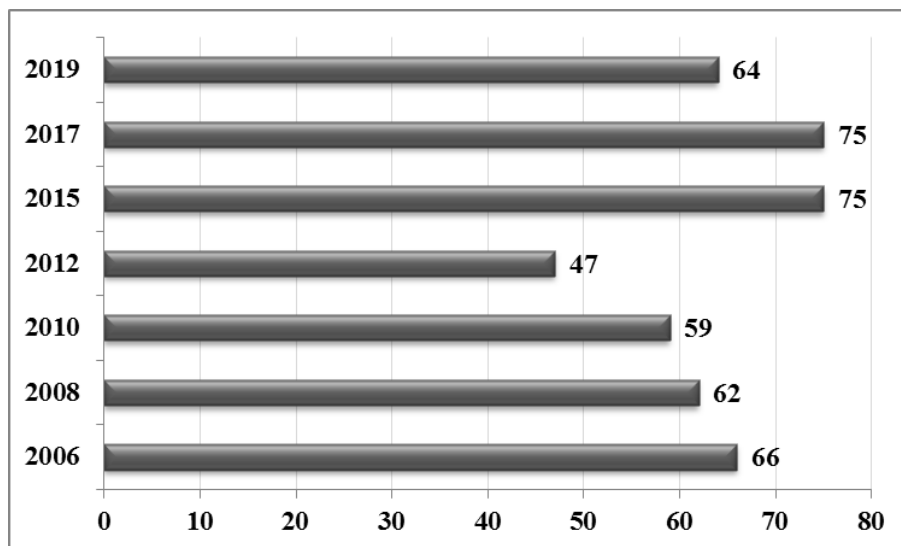


Fig. no. 1 Evolution of the Open Budget Index in Romania

(Source: Open Budget Survey. Rankings)

Even if the structure of the answers to the questions from the questionnaires on budgetary transparency, as it results from figure no. 2, shows some improvement for Romania (standards fully met with response “A” in proportion of 69% in 2015, 74% in 2017 and 59% in 2019, compared to 43% in 2010 and 31% in 2012), values related to the three components of The Open Budget Survey indicates that there are sufficiently many indicators that public bodies must find ways to improve.

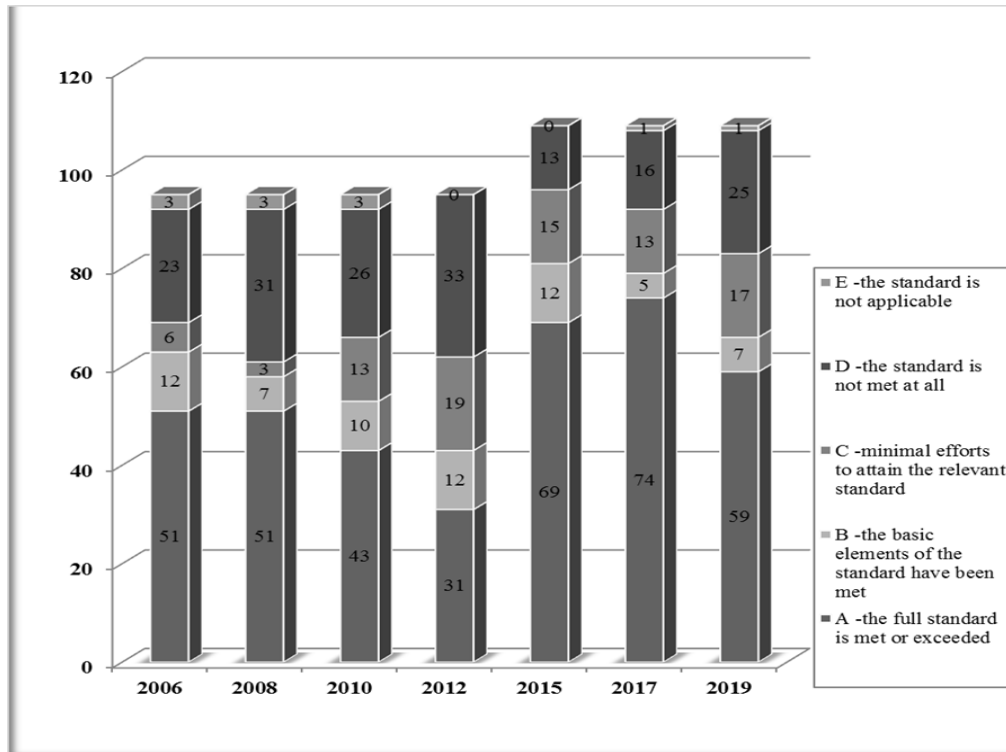


Fig. no. 2 Structure of the answers for the budgetary transparency in Romania

(Source: Open Budget Survey. Rankings)

At the level of 2019, the elements that contributed to the reduction of the level of budgetary transparency in Romania compared to the situation in 2017 targeted the following (IPB, 2020c):

- No information was presented for the draft public budget related to: the structure of the total outstanding debt; the impact of fiscal and budgetary policy decisions on certain groups of citizens; quasi-fiscal activities; arrears related to expenses; contingent liabilities; timing of proposals from other government entities;
- The pre-budgetary situation and the half-yearly reports did not include information on: macroeconomic forecast indicators; government policies and priorities related to revenue and expenditure; estimating the government loan and debt; estimating multiannual expenses;
- Lack of citizens' budget and lack of a mechanism through which citizens' requirements for budgetary information can be identified;
- The annual report did not refer to actual program expenditures;
- The government did not disclose how or not to implement the public audit recommendations and the measures taken as a result of these.

If for the first component of The Open Budget Survey, respectively transparency, Romania has recently registered values that place it in the sufficient-substantial area, we cannot say the same about the other components.

A very low value was registered for the public participation component (a score of 2, out of 100), reason for which, Romania must give priority to those actions that allow the participation and involvement of citizens and / or civil society organizations throughout the budget process, so that to fully understand the role and purpose of public finances and to ensure the context for increasing fiscal morality and ethics (Capasso, Cicatiello, De Simone, Gaeta and Mourão, 2020).

The third component of The Open Budget Survey refers to the way in which the entire budgetary process is supervised through the legislature and supreme audit institution. The recent values recorded by Romania (a score of 42, out of 100 for legislative oversight and a score of 67, out of 100 for audit oversight) show a limited and / or weak oversight performed by the Parliament, both in the planning and in the implementation phase. Regardless of the form of the audit (financial audit, compliance audit or performance audit), it must provide all information on how budgetary policy objectives are met and how public resources are managed and used.

While the responses to the Open Budget Survey 2006 were provided by only 59 countries, the importance of budgetary transparency has become increasingly in the attention of the governments of the world's states, thus reaching the realization of The Open Budget Survey 2019 based on the answers received from 117 countries. EU Member States that have shown interest in measuring budgetary transparency from the outset were Bulgaria, Croatia, the Czech Republic, France, Poland, Romania, Slovenia, Sweden and the United Kingdom. Subsequently, Germany, Italy, Portugal, Slovakia and Spain also participated in the questionnaire. The evolution of the Open Budget Index for these states, as it results from figure no. 3 highlights significant differences from one country to another, Bulgaria and Sweden being the states that in the period 2006-2019 registered an increasing trend.

The values recorded for the Open Budget Index 2019 indicate that most of the states under analysis provide significant public information (a score between 64 and 74, out of 100 in Romania, Portugal, Croatia, Slovenia, Germany and the United Kingdom). Spain, the Czech Republic, Poland and Slovakia recorded a score between 53 and 60, out of 100, which means that only some public information is provided. Sweden is detaching by all states analyzed, recording a score of 86, out of 100, which indicates a high / extensive level in the provision of public information.

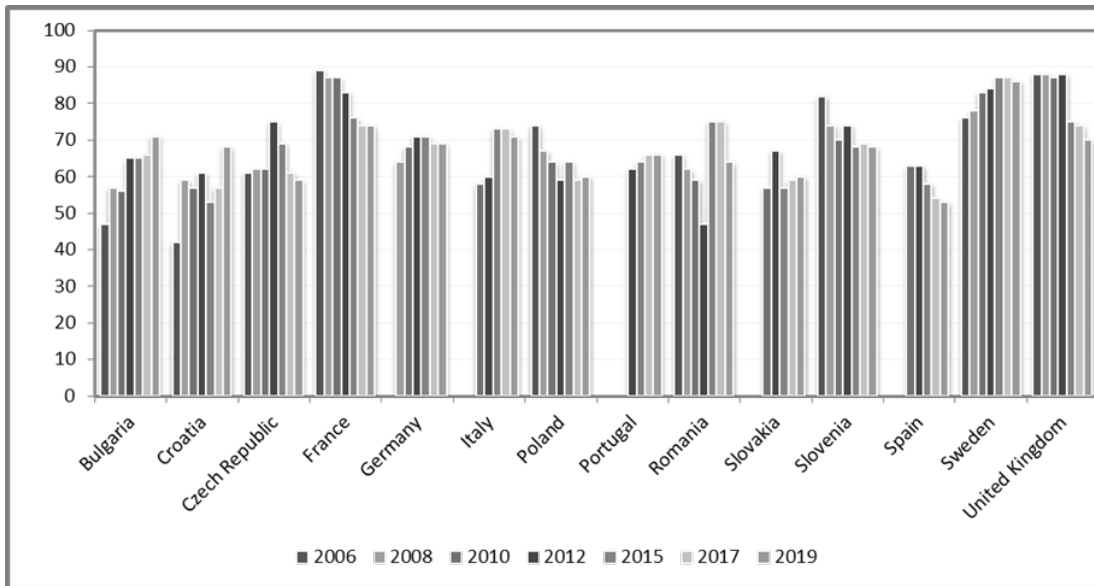


Fig. no. 3 The Open Budget Index in Romania compared to others EU Member States
 (Source: Open Budget Survey. Rankings)

Starting from questions such as: Do budget transparency policies generate positive impacts? Where is the impact of budgetary transparency policies visible? we tried to identify the existence of correlations between The Open Budget Index and other indexes that can characterize the budgetary and fiscal field, based on the recent values registered by the EU states listed above In this regard, we submitted to the analysis:

- The correlation between The Open Budget Index and The Corruption Perceptions Index, because in identifying the level of public sector corruption the information captures aspects regarding the diversion of public funds, the existence and application of integrity mechanisms in the public sector (Transparency International, 2019);

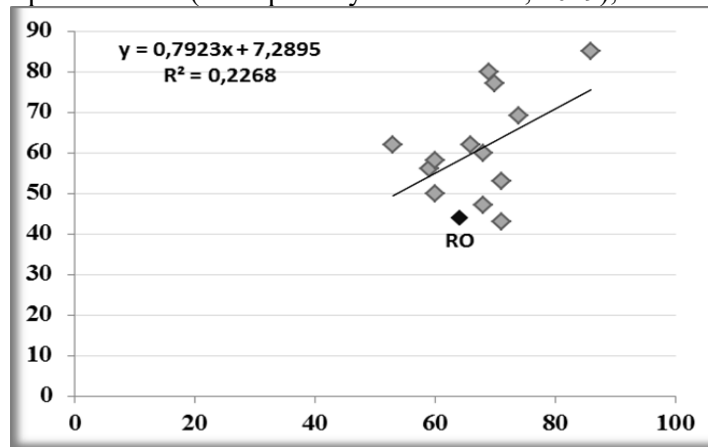


Fig. no. 4. The Open Budget Index vs. The Corruption Perceptions Index
 (Source: author processing)

With a value of the correlation coefficient of +0.48, between The Open Budget Index and The Corruption Perceptions Index there is a positive correlation, respectively an acceptable degree of association.

- The correlation between The Open Budget Index and the Ease of paying taxes score (PwC Global, 2020), taking into account that the formation of public financial resources is mainly

from fiscal revenues, and an appropriate level of transparency in the use of public money can increase the degree of voluntary compliance to the declaration and payment of taxes;

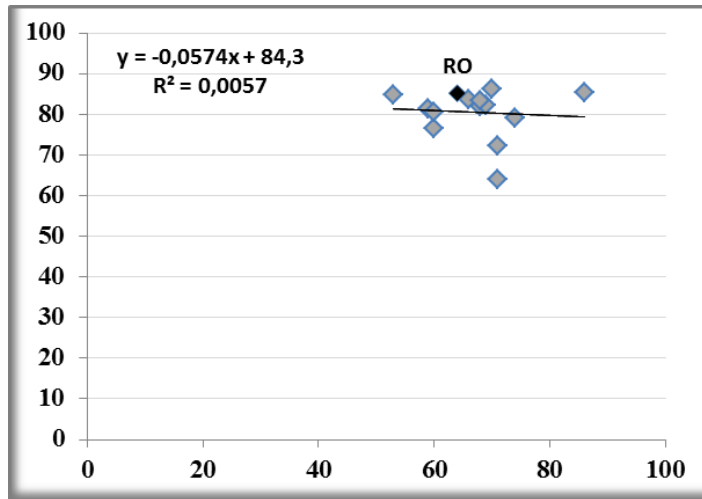


Fig. no. 5 The Open Budget Index vs. The Ease of paying taxes score

(Source: author processing)

A negative correlation coefficient of -0.07551 indicates a weak to zero correlation between The Open Budget Index and the Ease of paying taxes score.

- The correlation between The Open Budget Index and the components of the Economic Freedom Index, such as Government integrity and Government spending (Heritage, 2019), as the credibility and legitimacy of public decision-makers are directly related to integrity, and public spending is directly related to economic growth.

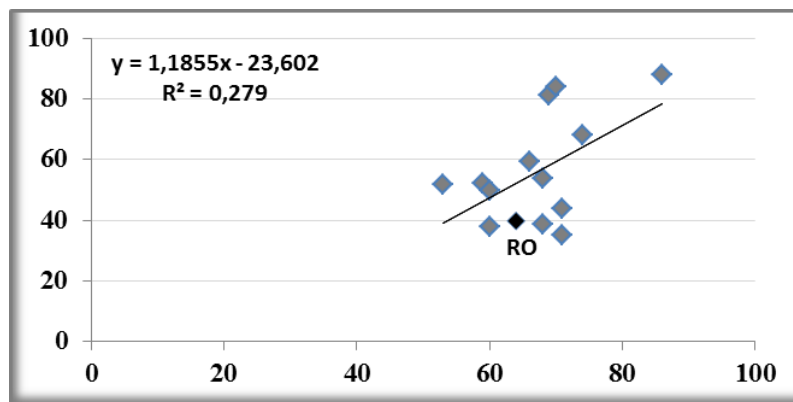


Fig. no. 6 The Open Budget Index vs. Government integrity

(Source: author processing)

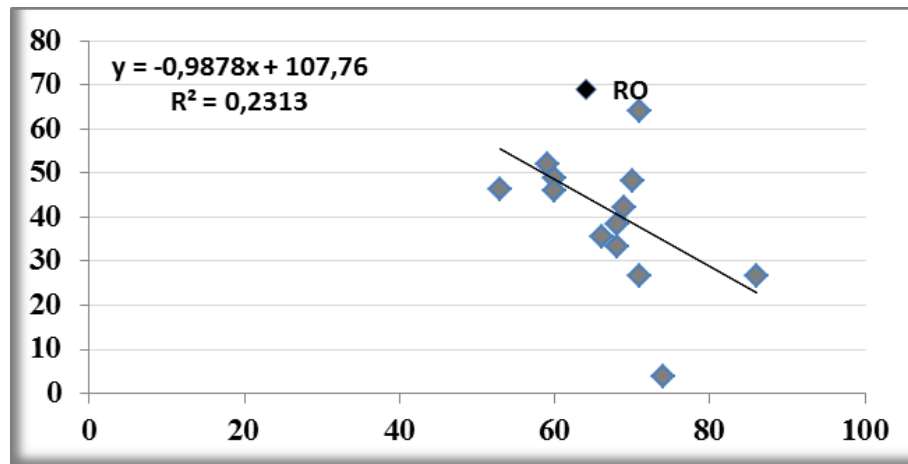


Fig. no. 6 The Open Budget Index vs. Government spending
(Source: author processing)

If, according to the results obtained, between The Open Budget Index and Government integrity a positive moderate to good correlation is identified, respectively the increase of the level of budgetary transparency determines an increase of the degree of integrity of the government, an acceptable degree of association is identified between The Open Budget Index and Government spending.

4. Access to public information in the digital age

The increasing use of information and communication technologies in the public sector has a positive impact on public confidence in government bodies (Yan, Wang and Wu, 2020), and for the publication of public information through their own websites, public institutions must take into account both the user experience and the quantity and quality of information provided (Matheus and Janssen, 2020).

In the field of providing public information, the Romanian Ministry of Public Finance through its own website (<https://www.mfinante.gov.ro>) makes available to users: information on the ministry's programs, strategies, strategic priorities and actions; convergence program; internal economic data concerning the ministry's budget, payments made, situation of public procurement contracts, annual list of investment objectives; list of documents of public interest; draft normative acts; minutes of public debates; approved normative acts; the situation of projects that involve increasing administrative capacity by obtaining extended electronic services through the portal of subordinate institutions.

Regarding budgetary transparency, users can obtain through the portal of the Ministry of Public Finance a series of reports (individual budget, budget commitments, budget execution) for public entities and public enterprises in Romania ([https://forexpublic.mfinante.gov.ro/web/transparency and budgetary](https://forexpublic.mfinante.gov.ro/web/transparency%20and%20budgetary)).

Although the ministry's website contains a lot of information, often they do not have all the qualities related to relevance, utility and timely delivery. Without listing all this public information that does not correspond in terms of quality, the following examples can be given: on November 19, 2020, the last annual public procurement program was for 2017, and the list of investment objectives referred to 2018; also on November 19, 2020, the minutes of public debates are missing, being published only 3 minutes, one for 2018 and two for 2019. Therefore, the credibility and trust of citizens in the public sector can suffer greatly considering that the ministry with a synthesis role in the field of public finances it has such gaps in the provision of public information.

5. Conclusions

Based on what is specified through this article, we argue that the provision of public information must take into account the three dimensions with the related qualities for any information, namely the time dimension (planning, timeliness, frequency, reference period), content dimension (accuracy, relevance, completeness, purpose) and form dimension (clarity, detail, order, presentation).

Dialogue and partnership must also be the key words for a transparent budget process, and increasing citizens' trust in public entities depends very much on how data and information are provided on the whole budget process, with a clear identification of the relationship between provisions and effects, between responsibilities and results.

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THE FINANCIAL IMPACT AND MEASURES IMPOSED BY THE COVID-19 PANDEMIC ON SUPPLY CHAINS

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Abstract

As globalisation has increased, the world's supply chains have become substantially more interconnected. Moreover, as emerging market economies have steadily come to account for a greater proportion of global GDP, goods often have more stages to pass through before reaching the end consumer.

From national lockdowns to closed airspace and borders, Covid-19 has resulted in unprecedented disruption to the mechanics of most economies, regardless of their size or stage of development. In particular, the erection of these barriers has placed a major strain on the world's supply chains, including essential linkages relating to food and medicines.

The global economy is facing slow growth, high global uncertainty and dangers on different levels and all that should prompt policy makers to act in order to revive the global economy. Addressing measurements needed, as this paper presents the situation from past year and perspectives.

Keywords: COVID -19, world economy, economic measurements, supply chains, international trade

JEL Classification: F, F01, F16

1. Impact of COVID – 19 pandemic on logistics firms

Logistics companies connect firms to markets by providing various services, including multimodal transportation, freight forwarding, warehousing, and inventory management. They are important for global manufacturing, which is complex and multilocal. Apple's iPhone, for example, uses components from more than 200 suppliers in 43 countries. As a result, today's global value chains require greater resilience and efficiencies in the flow of goods between and within countries. These can be achieved by firms outsourcing their logistics functions to third-party logistics services providers, especially those with integrated, end-to-end solutions capabilities.

The relationship between logistics performance and higher incomes (Figure 1) demonstrates the sector's contribution to productivity and economic development. The cost of logistics as a percentage of GDP can be up to 25 percent in some developing economies—as compared to 6–8 percent in OECD countries. Better efficiency in the sector can, therefore, boost competitiveness and stimulate economic growth in emerging markets.

The impact of COVID-19 was first felt in China due to the role it plays in global manufacturing (with Wuhan, the epicenter of the pandemic, playing a particularly significant role—more than 200 of Fortune Global 500 Firms have a presence there). China is also a major consumer of global commodities and agricultural products.

Disruptions to manufacturing in China rippled through global supply chains. Cargo was backlogged at China's major container ports, travel restrictions led to a shortage of truck drivers to pick up containers, and ocean carriers canceled (or blanked) sailings. The resulting shortage of components from China impacted manufacturing operations overseas. Major industries around the world, including automotive, electronics, pharmaceuticals, medical equipment and supplies, as well as consumer goods, were affected.

Although manufacturing picked back up—by end-February, about 70 percent of large industry had restarted operations—a return to full production capacity is unlikely in the short term because of the spread of the pandemic to China's trading partners.

The long-haul trucking sector—which carries more than 80 percent of the country's goods—illustrates the effects of the lockdown on Chinese logistics. Between January 24 to

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February 26, 2020, the volume for long-haul trucking fell below 15 percent of 2019 levels before recovering to 50 percent by the end of February and 92 percent in March (see Figure 2). The rapid recovery was driven by the ability to contain the virus quickly and the government's policy towards trucking (such as waiving national highway tolls and quarantine requirements for trucks shipping essential goods).

The pandemic spread to the rest of the world, leading to lockdowns and border closures that restricted the movement of goods. Additional protocols (such as social distancing at warehouses) introduced to ensure the safety of workers contributed to bottlenecks for freight. For example, in the European Union, trucks formed 37-mile-long lines on the A4 highway after Poland closed its border with Germany in mid-March. In India, the lockdown created a shortage of truck drivers, which resulted in over 50,000 containers piling up in the ports of Chennai, Kamajalar, and Kattupalli.

We can observe the impacts on freight capacity in three key global transportation segments - ocean, land, and air.

- Ocean freight: Total container volumes handled at Chinese ports dropped by 10.1 percent in the first months of 2020. Agility Logistics reports considerable constraints to ocean freight around the world, impacting both key exporters, like Brazil, China, India, and Mexico, as well as importers like the European Union. According to DHL, weak demand will continue to affect routes between Asia and Europe, the United States, and Latin America. Consequently, additional blank sailings are expected in the coming weeks.

- Land freight: Unlike ocean and air transport, land transport has generally remained partially available globally as roads have remained in operation, except in countries under severe lockdowns, according to Agility Logistics' tracking tool. Trucking capacity is strained because of additional demand for their services—especially food and medical supply transportation—under lockdown, combined with reduced employee availability (due to COVID-19-related restrictions), leading to higher rates. Other economic sectors that require land transport, such as manufacturing, are generally not at full capacity because of lockdowns. As a result, spot road freight rates have fallen in some markets. Demand for rail services has grown because of higher air cargo freight rates, blank sailings, and longer transit time for trucks.

- Air freight: Volumes fell by 19 percent in March 2020 due to a sharp reduction in passenger flights (which carry freight as belly cargo) and the drop in manufacturing in China. However, as shippers and governments turn to air cargo for essential goods, air freight rates have increased—some carriers are seeing delays with increased congestion at airports. Mid-April saw an increase in capacity, as well as a recovery in volumes transported (although they are still down, year-on-year). The overall reduction in capacity is greater than the net reduction in demand, which supports higher air freight rates.

2. Supply Risk and Recovery: The frequency and severity of supply chain disruptions are steadily increasing

Supply chains (SC) are vulnerable to a broad range of threats, including pandemics, extreme weather, cyberattack, and political crises.

The vulnerability of SCs has been highlighted by major incidents (COVID-19, the Petya cyberattack in 2017) and the hurricanes that hit the US in 2017 with estimated \$200 billion in damage.

Ironically, the susceptibility of supply chains has been heightened by business practices, such as single – sourcing of supplies, inventory centralization, just-in-time replenishment, and the concentration of freight traffic at hubs. These improve economic performance, but also create greater risk exposure and lower resilience.

As a result of the globalization of SCs and a tighter coupling of logistical processes, the damaging effects of disruptions now spread much further and faster, and have a broader impact.

The human cost of SC disruption can also be high, as with the tsunami that hit Indonesia in 2018. In addition to the direct loss of life during natural disasters and military conflicts, death and suffering can occur when SCs relied upon to deliver medical and essential supplies are fractured.

The impact of COVID-19 on the functioning of GVCs encouraged SC professionals to seek out more robust supplier-monitoring systems that may help build resilience. In the corporate world, the management of SC risk is being given greater priority; risk auditing and business continuity planning are now widespread, particularly among larger companies.

However, strategic risk is not always adequately addressed at an operational level-and there is little evidence that companies are effectively reversing the long-term trends that have made their supply chains more vulnerable.

The economic recession will be a second demand shock. The full effect of the pandemic on global supply chains is not yet known. As the IMF is predicting a 3 percent contraction for the global economy in 2020, the expected recession will deliver a second hit to demand and, thus, logistics companies, highlighting logistics' exposure to trade, manufacturing, and demand for goods.

Supply chain disruptions and the lockdowns are already affecting logistics companies.

Operational constraints are expected to lead to delivery delays, congestion, and higher freight rates. However, not all segments will be impacted equally—companies that serve e-commerce are seeing increased activity as consumers opt for online shopping of essentials, while those that serve other sectors (such as auto and consumer goods) will see a downturn. One mitigant: record-low fuel prices should provide some relief to transport operators. Overall, the uncertainty will exert downward pressure on revenues.

- The impact is severe for small players: Small trucking businesses are being severely hit because they tend not to have any backup, recovery plan, or intermittent operation plan.

Lack of technology, as well as tools to follow health guidelines (for example, disinfecting deliveries), further complicate their response.

- Top players are experiencing a strong impact: In April, both DHL and CEVA Logistics declared Force Majeure - a clause that allows contracts to be declared null and void due to acts of God or other unexpected circumstances - on all their contracts due to COVID-19.

Other companies' credit metrics are likely to deteriorate, triggering downgrades, as has already been seen in the sector.

For the most part, governments have responded to the crisis by designating ports, shipping, and trucking services as essential and thereby exempt from lockdown measures. For example, the Indian government exempted the movement of cargo through ports, supply chains, and the transport of essential commodities from lockdown rules. Although many airports around the world are closed to passenger flights, most are still open to cargo, which can be essential to the COVID-19 response (for example, to transport medical supplies). Closer collaboration between governments and third-party logistics companies has also been necessary to address supply chain bottlenecks and facilitate clearances.

Third-party logistics companies have adopted a range of responses to these uncertainties, including:

a. New safety protocols: To protect their staff's health, some companies have introduced new protocols on social distancing at warehouses, disinfecting work areas, or providing protective gear, while giving staff unlimited unpaid time off. However, these efforts, which come at a higher financial cost, cannot guarantee protection against outbreaks in confined warehouses.

b. Alternative modes of transport: Many companies are using creative alternatives to their go-to transport modes. Since the reduction of passenger flights has reduced airplane belly cargo capacity, companies such as DHL have used charter flights to transport shipments

to and from China. Airlines are also repurposing passenger aircraft for cargo. Some observers are even forecasting a boom for the China-Europe rail as 60 percent of the air freight capacity between China-Europe has vanished.

c. Adapting service offerings to current demand and safety protocols: Some larger players have been playing an important role in delivering medical supplies. For example, UPS provided free air transport for two million masks and protective gear to Wuhan in February. Companies are also adapting to demand. Warehouses and retailers are focusing on grocery deliveries since demand is high for essential products, while companies in the last-mile segment are offering no-contact delivery options (some of which include robots).

The recovery and long-term impact of the pandemic on logistics may be affected by adaptations and factors, as described below:

- Increased dedicated air cargo capacity: The airline industry is already reallocating fleet to exclusively serve air cargo demand.

- Increased cargo inspections and cross border control protocols: Governments have responded to the crisis with temporary trade embargoes and export restrictions for sensitive cargo (such as medical supplies, pharmaceuticals). In the longer term, logistics costs may increase due to tighter cross-border processes and controls fueled by concerns regarding the transmission of diseases.

- Technology and e-commerce rise: Logistics has been in the midst of a tech-driven revolution. Companies with robust digital capabilities that allow them to provide cargo visibility/traceability and do business online are at an advantage. This would entail investments in technology, such as the Internet of Things (IoT), cloud computing, automation, and data analytics. In the long term, robotics, drones, and autonomous vehicles might reduce logistics services providers' exposure to labor shortages.

- Reconfiguration of global value chains: The pandemic has exposed the vulnerability of extended and complex value chains to production disruptions, particularly in the East Asia Pacific region. As a reaction, many of these supply chains may shorten or diversify through reliance on alternative partners (for example, nearshoring) or intensified efforts to bring home (such as reshoring) strategic value chains. The shortening of supply chains may benefit countries with capable manufacturing sectors and beneficial exports' policy (for example, Colombia, India, and Mexico) to partially substitute China over the medium term. There may also be a trend towards placing additional warehousing capacity or dry ports near demand centers to shorten the time to get goods to market.

- Recovery prospects will vary by country, subsector: As logistics is a diverse sector, recovery prospects will vary depending on the length of lockdowns and the duration of the subsequent economic crisis. Large companies with a diversified business (such as multiple clients, serving different sectors in various countries/states) will be better placed to weather the storm.

3. A 10-point action plan to support the logistics of international trade

1. Ensure uninterrupted shipping

Around 80 per cent of global trade volume is transported by commercial shipping, which moves the world's food, energy and raw materials, as well as manufactured goods and components. For carriers to remain operational, flag and port States need to continue to provide all necessary services, from bunkering and supplies, to health services for sailors and certification of regulatory compliance. **Seafarers are critical personnel**, for whom teleworking is not possible. It is particularly important to allow crews to board their ships or be repatriated from any seaport in the world.

2. Maintain ports open

Ports provide essential services to international trade. They need to remain open to ships and intermodal connections. Staggered working hours and **non-stop operations**, if not already practiced, can help spread workloads and physical contacts.

Certain restrictions – for example, on weekend operations – may need to be lifted during the current emergency.

Governments need to ensure that health measures are implemented in ways that minimize interference with international traffic and trade. The principles of avoiding unnecessary restrictions or delay in port entry for ships, persons and property on board are also embodied in articles I and V and section 6 of the annex of the International Maritime Organization's Convention on Facilitation of Maritime Traffic. The requirements of the International Ship and Port Facility Security Code need to be applied judiciously, to ensure continued security of maritime supply chains while preserving the flow of trade. An UNCTAD technical note on port operations provides further concrete good practices to protect port personnel while maintaining efficient port operations.

3. Protect international trade of critical goods and speed up customs clearance and trade facilitation

The World Customs Organization has recently provided a list of Harmonized System codes for critical medical equipment that helps Governments and customs agencies to allow for fast-track clearance of these goods. Government and airport and border agencies need to ensure express clearance and release of these goods. UNCTAD is compiling country case studies on good practices and lessons learned.

Several **specific trade facilitation measures** can be particularly useful to speed up clearance and release of critical goods at ports and border crossings. These include special and accelerated provisions for expedited shipments, relief and medical consignments, and perishable goods. Schemes such as the authorized economic operator and pre-arrival processing key tools for ensuring a secure, transparent and predictable trading environment should be fully used where already in place or implemented as a matter of urgency. Sanitary and health restrictions should not become a disguised barrier to trade in goods or services.

Some measures, as identified in guidelines prepared by the Automated System for Customs Data (ASYCUDA) of UNCTAD, such as the separation of release from clearance and the acceptance of digital copies, can be effective tools for faster clearance, but will require particularly careful monitoring when it comes to potentially contaminated cargo.

4. Facilitate cross-border transport

Lorries, trains, aeroplanes and relevant transport workers need to be able to cross borders in order to keep supply chains functioning. Limits on transport operation during weekends may need to be suspended.

Air freight is particularly critical for certain goods and urgent deliveries. Available geo-tracking solutions for critical goods could help customs and other border agencies to speed up clearance through pre-arrival processing. Governments and industry should liaise closely to facilitate availability of strategic supplies throughout supply chains, and industry should be encouraged to provide transport and storage facilities where critically needed.

5. Ensure the right of transit

All countries, including **landlocked and transit countries need to maintain their access to seaports**. National Governments, in particular transit countries, and regional organizations should support transit, transport and trade corridors and maintain customs transit regimes and other transit-related facilitation procedures, such as use of special procedures and lanes for transit traffic. Recent experiences suggest that transit is indeed impeded by increasing health controls, slowing down the flows of goods to landlocked countries.

UNCTAD supports cooperation among transit countries and landlocked developing countries, inter alia, through the Empowerment Programme for National Transit Coordinators and the Transport Corridor. Ongoing UNCTAD collaboration in the East African Community and other regions show that regional agreements and the mutual recognition of certificates and other documents, for goods and for lorry drivers, can further facilitate transit. There is an important role for regional economic communities to play in this regard.

6. Safeguard transparency and up-to-date information

In times of a rapidly changing trading environment, it is particularly important for Governments to communicate clearly and ensure information is available to all actors and stakeholders and to **keep online trade information and help desks updated** and operational continuously. Trade information systems should provide remote access to all forms and requirements and ensure that anyone interacting with a Government can find what is required of them online, without having to go to seek information physically.

International efforts such as the Observatory on Border Crossings Status due to COVID-19 can also be very helpful. Governments should support industry associations in their efforts to share information and offer assistance throughout their global networks.

7. Go paperless

As physical contact between people needs to be minimized, **electronic submissions and paperless transactions** become ever more important. Although goods still need to be moved physically, clearance operations and the exchange of information should make use of existing electronic data interchange as much as possible. Electronic alternatives to traditional, paper-based negotiable bills of lading should be used by contracting parties where possible. Non-negotiable transport documents should be used where independent documentary security is not needed or the sale of

goods in transit is not envisaged.

Processes need to be dematerialized, including through automation, electronic payments and the acceptance of digital copies. Contactless terminals, contactless delivery and automated transport minimize the risk of COVID-19 transmission through contaminated surfaces and protect the health of all workers involved. At the same time, efforts to combat cybercrime and address cyberthreats need to be scaled up as a matter of urgency.

Allowing traders to electronically submit applications for permits and licences, and obtain the corresponding certificates from border regulating agencies, is an easy and quick way to eliminate physical interactions and dematerialize the process. Ensuring that destination and importing countries accept digital copies of certificates that can be further secured through easy-to-install Quick Response (QR) codes can also be an effective trade facilitation measure.

8. Address early on legal implications for commercial parties

The unprecedented disruptions associated with the pandemic and its massive socioeconomic consequences are giving rise to a **plethora of legal issues affecting traders across the globe** (for example, delays and performance failure, liability for breach of contract, frustration and force majeure). The effects of such issues may lead to business losses and bankruptcies, and overwhelm courts and legal systems. Industry and traders need to be encouraged to waive some of their legal rights and agree on moratoriums for payments, performance and the like, where appropriate.

The International Maritime Organization's list of recommendations on the facilitation of maritime trade during the COVID-19 pandemic, proposed by a broad cross section of global industry, is an example of the type of collaborative action that is needed.

9. Protect shippers and transport service providers alike

Economic emergency and social protection measures need to include the international logistics industry among its priority beneficiaries.

Transport and logistics service providers may need financial support to enable them to stay in business and ensure supply chain resilience throughout the pandemic and post-pandemic period.

At the same time, Governments should ensure that carriers do not impose undue fees and charges, such as demurrage on charterers and shippers for delays in loading/discharge operations or returning equipment/containers that are not within their control. Blank sailings, abandoning contracted rates and other measures taken by transport service providers need to be minimized in order to protect critical services provided by shippers and ensure that supply chains remain open, especially for the benefit of the most vulnerable countries.

10. Prioritize technical assistance

Many of these measures require investment in **human, institutional and technological capacities** and should thus be given priority immediate technical support by development partners. Even before the current pandemic took hold, many developing countries were already confronted with challenges to undertake the necessary investments in transport infrastructure and services and trade facilitation reforms.

Implementing electronic trade facilitation solutions is easier for countries that already have electronic single windows, modern customs clearance systems and digital trade solutions in place, such as that provided by ASYCUDA in over 100 countries and territories. The international community is called upon to provide technical assistance in support of trade logistics solutions as a matter of urgency. In view of the practical obstacles to travel, online and distance-learning tools need to be used to a maximum, combined with support to developing countries in the area of the persistent digital divide and digital connectivity.

UNCTAD is providing extensive support to its member States in their efforts to address the unprecedented global challenges resulting from the COVID-19 pandemic. Support includes tailor-made advisory services, as well as research and capacity-building programmes in international transport services and legislation, port management, trade and transit facilitation, and customs automation.

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9. https://www.wcoomd.org/media/wco/public/global/pdf/topics/nomenclature/covid_19/hs-classification-reference_en.pdf?la=en. For updates, see www.wcoomd.org., an UNCTAD case study on the trade facilitation responses of China to the COVID-19 pandemic.

THE RELEVANCE OF HUMAN RESOURCES MANAGEMENT THROUGH STRATEGIC PILOTING WITH THE HELP OF THE DASHBOARD

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Abstract:

The improvement of the economic performances at the level of an economic entity supposes in fact a decrease of the degree of occupation of the human resources, implicitly of the volume of activity, hence, the need to recover the hourly volume. Basically, we are dealing with a reduction of malfunctions and a conversion of hidden costs into added value

Good cost management with human resources can be achieved through strategic piloting with the help of the dashboard. The use of this management tool helps to highlight the inevitable dysfunctions as the difference between the strategic objectives set by the economic entities and the actual achievements related to the period.

Keywords: dashboard, strategic piloting, human resources, economic entity, hidden costs.

JEL Classification: M 12, M41, M51.

1. Introduction

The current context of economic development has generated concerns for many of the world's economic research institutes, which have outlined in the last 50 years a new perspective on socio-economic management, in order to stimulate the economic and social performance of economic entities. Among these concerns, the **management of human resources** and the effects produced by their intervention in the activity of economic entities, are preponderant, as actions being retained: i) development and enhancement of human resources skills in contradiction with volatile skills; ii) the significant gap between the virtual competences of the human resources in the economic units; iii) innovations to reduce human resource failures and recycle the hidden costs of value-added human resources.

For the development of economic entities, the most favourable strategic situation is represented by economic growth, because it allows the joint increase of economic and social performance considering both the maintenance of human resources and the improvement of results in terms of quality and finance.

Most studies conducted by economic research institutes recommend that economic entities that decide to resort to reducing dysfunctions and converting hidden costs into added value adjust their strategic plans, abandoning strategies to maximize immediate results and short-term economic performance, to allocate a part of the costs with human resources generated from conversions, for activities creating potential in the medium and long term, respectively: i) development of commercial activities; ii) socio-organizational technical and technological innovations, generating economic performance in the near future.

It is also good to know that: i) improving the competitiveness, profitability and economic and social efficiency of economic entities cannot be achieved only by accumulating financial resources, technical means or working hours; ii) coercive management does not allow the socio-cultural evolution of economic entities and people in general, in everyday life; iii) human resources have a predisposition to protect the economic and social environment, to comply with legislation and even state intervention in the economy, but do not accept to work under any conditions and according to any rules of the game. Human resources want to be considered as a professional producer and respected by the employing economic entities. All the aspects, mentioned above, can generate malfunctions, which in turn generate counter-performances, excessive operating costs, productivity or low efficiency, found in hidden costs.

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1. Literature review

A good management of human resources can be achieved by synchronizing the activities of economic entities, to increase their effectiveness. In this sense, the general socio-economic management model presented by the authors Savall, H. and Zardet, V. (2010), entitled "*The star of strategic management*"¹, is to be appreciated. **(Figure no.1)**. This theory promises the development of two innovative concepts, respectively: the theoretical concept SIOFHIS and the operational tool CAMRU (additional contract with human resources).



Figure no.1. *General socio-economic management (MGSE)*
(Source: *Maîtriser les couts et les Performances Caches*, page 27)

The theoretical concept SIOFHIS, is an operational information system on the integrated and stimulating functioning of human resources, usable by an economic entity. The purpose of the use is to determine the capacity of the economic entity to organize and stimulate the capacity of human resources in order to achieve the proposed objectives. The system thus built, allows the enhancement of the principles of global management, but especially, allows the synchronization of activities, highlighting the tools and sources for achieving economic and social performance of economic entities.

The whole concept is based on the efficient synchronization of activities, continued with adjustment, which becomes the complementary source of efficiency and performance. A review of objectives and procedures is regularly provided.

After highlighting the essential factors for achieving performance, the same Savall, H. created in 1977 the CAMRU concept, an operational tool for sustainable performance growth by reducing human resource dysfunctions. This method, relatively simple, is based on the principle of synchronizing activities to coordinate traditional areas of management.

Regarding the CAMRU operational tool, several features are specific:

- CAMRU is in fact an additional contract to the employment contract, with a regulated duration, which can usually be six months or can be for an indefinite period depending on the objective;

¹ Savall, H. și Zardet, V. (2010) "*Maîtriser les couts et les Performances Caches*", Economica Publishing House, Paris, p. 26-30.

- Through CAMRU, in fact, the professional relationship between each employee and the hierarchically superior boss changes. It is a job description, for a determined period for stimulating and improving short-term labour productivity, with implications on the performance of the economic entity;
- Through CAMRU a grouping of maximum ten priority objectives is set, which are either individual or collective. It starts on the one hand from the diagnosis of malfunctions, as the main source of hidden costs, and on the other hand from the strategic plan of the economic entity (for 4-5 years). The new job description (CAMRU), annexed to the employment contract will be coordinated by the same structures that generate the employment contract (section, service, workshop, form), having as management tool a decentralized piloting dashboard;
- In essence, CAMRU is a complementary tool for working with human resources, which clearly states the objectives of improving performance, but also the advantages that both parties can have. This synchronization can stimulate the productive behaviour of human resources by increasing performance by reducing costs and increasing the quantity of products and their quality.

3. Research methodology

Of all the epistemological currents in the field of socio-human sciences, two paradigms were retained for this study: positivism and constructivism.

The positivist theory, founded by the Frenchman Auguste Comte, reveals certain empirical regularities in the choice of accounting methods. However, the lack of statistical power of the tests and the obtaining of relevant results, as a result of little-known alternative hypotheses, makes this research have some limitations. The research carried out in this study is part of this current, by addressing theoretical information, based on the analysis of the interaction between accounting information and the scope of production by some economic entities on the one hand and respectively in terms of methods used for performance management and evaluation, respectively the sustainable conversion of hidden costs into added value, on the other hand.

Constructivism is the current that has evolved as a result of criticism of positivism. According to this current, the knowledge becomes a construction between the knowing subject and the knowable object, obtained from the researcher's interaction with the researched object. Some aspects treated and presented in the study have a scientific approach inscribed in the constructivist current. In other words, scientific research is positioned on the positivist-constructivist axis, based on experience and reflection.

4. The structure of the strategic piloting dashboard - TBPS

Good cost management with **human resources** is achieved through **strategic piloting with the help of the dashboard**. The use of this management tool helps to highlight the inevitable dysfunctions as the difference between the strategic objectives set by the economic entities taken over in CAMRU and the actual achievements related to the period. In essence, the strategic piloting of human resources consists in the permanent adjustment of priority actions and the connection with the strategic objectives broken down in CAMRUs.

The dashboard consists of all the specific indicators, presented in synthetic form, with a correlated periodicity, so as to allow the person in charge to react quickly when the malfunctions appear. The notion of "responsible" is generic, as it includes all persons who have a certain level of responsibility, in this sense, for the exercise of strategic piloting of human resources.

In fact, each person responsible for the strategic piloting of human resources has tasks in his area of responsibility, in reality, being considered a co-pilot of the strategic piloting dashboard of human resources. Moreover, the dashboard for the strategic piloting of human

resources, for execution is sectioned and adapted for each function, respectively responsible person on his area of activity.

Below is the synthesis of the recommended principles for the construction of a dashboard for the strategic piloting of human resources, specific to a production station, located mainly among the production structures of economic entities in the sample on which the scientific research was conducted (**Figure no.2**).

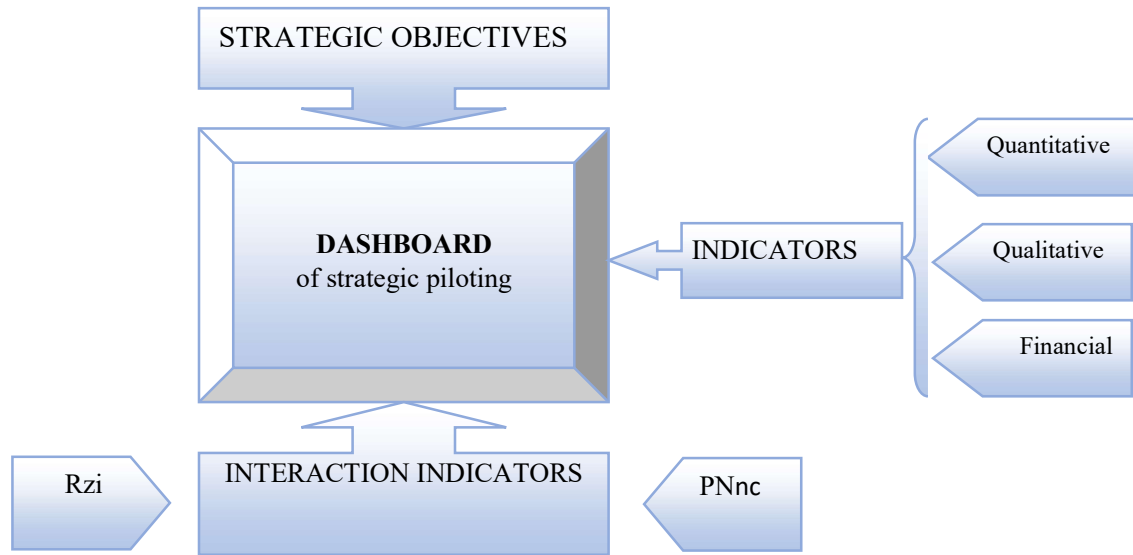


Figure no.2. *Common principles for achieving the strategic piloting dashboard*
(Source: own processing)

Respecting the common principles of achieving the strategic piloting dashboard, the strategic piloting dashboard of human resources was designed, specifying the main groups of objectives (**Figure no.3**).

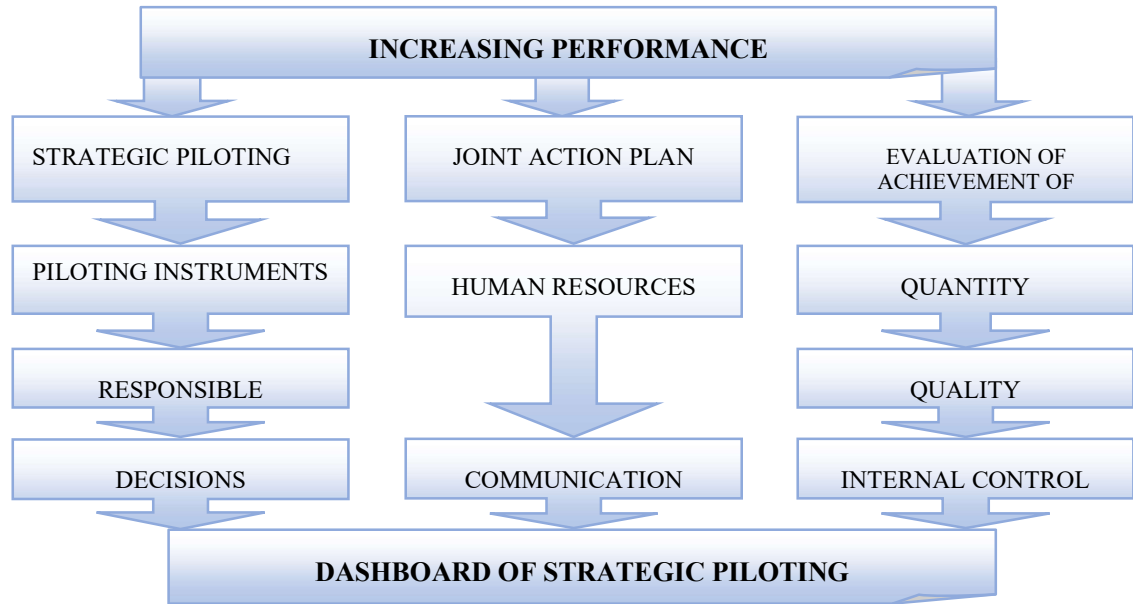


Figure no.3. *The main target groups for TBPS*
(Source: own processing)

4.1. Insertion of strategic objectives in the strategic piloting dashboard

The strategic piloting dashboard is the main working tool available to co-piloting in activities of knowledge and ongoing analysis of the operation of the area of responsibility, in order to make relevant decisions to achieve strategic objectives, in this case a production structure of the entity.

Therefore, for each co-pilot, the dashboard must be detailed and explicit for all strategic objectives. All these details must be assumed by the head of the structure and approved by the management of the economic entity.

After formulating, appropriating and approving the strategic objectives that will be registered in CAMRU, it is necessary to present the concrete actions for the enhancement of the priority action plan with the help of TBPS.

In the case of the production structure, for a set strategic objective, the following strategic operationalization actions can be chosen, each time, for each concrete action, with the help of different co-pilots. The proposed actions are the following:

- ✓ launch of the new product;
- ✓ customer reliability;
- ✓ Personalization of relationships with traditional customers.

These actions can be three different ways of implementing the strategic objective by three different co-pilots. The first action is also the first indicator, which is the subject of concern of the person responsible for the *manufacture of the new product*. The second action is the second indicator that is subject to the concerns of the person responsible for *packaging the products*. The third action is the third indicator, which is the subject of the *logistics manager's* concerns. At the same time, the definition of the three actions also represents the definition of the three strategic operating indicators, which will be included in detail in the centralized strategic dashboard of the production structure and detailed in the functional dashboard of each co-pilot.

In principle, in a first view, the strategic indicators leading to the establishment of the results achieved following the implementation of the priority action plan can be grouped into two categories:

- ✓ Strategic indicators for local piloting;
- ✓ Strategic indicators for global piloting.

Both categories of indicators remain in the sphere of action and responsibility of the co-pilots, only the former concern the actions at section level, team workshop, etc., and the latter concern the actions destined to consolidate the strategic piloting dashboard at the entity level.

A second vision regarding the grouping of strategic indicators concerns:

- ✓ Strategic management indicators for current piloting;
- ✓ Strategic management indicators for strategic piloting.

For the piloting dashboard to be a co-pilot operating instrument, it must specify:

- ✓ Indicators for immediate results;
- ✓ Indicators for newly created potential.

This grouping represents a third vision regarding the grouping of strategic indicators.

A fourth vision, regarding the grouping of strategic indicators, concerns the highlighting in the strategic piloting dashboard of the following categories:

- ✓ Quantitative indicators;
- ✓ Qualitative indicators;
- ✓ Financial indicators.

4.2. Indicators for defining immediate and future performance

4.2.1. Indicators for defining immediate performance

The indicators for defining immediate performance are indicators that reflect the obtained results as a result of the activities carried out during the current financial year, according to the revenue and expenditure budget and the treasury budget, both included in the annual operational plan “cut” from the strategic plan of the economic entity. All these represent costs and visible performance in the dashboard of the period. But for maximum visibility, to these indicators must be added indicators on the recording of hidden costs and hidden performance inherent in the conduct of economic activities. These costs of malfunctions, generated by production quality problems, need to be managed as best as possible, precisely with the help of the strategic piloting dashboard (TBPS).

In other words, the occurrence of these hidden costs generated by unforeseen dysfunctions, obliges the economic entities to set objectives, supported by innovative actions, to discover malfunctions, limit them, and as far as possible, the conversion of these hidden costs into added value for the improvement of the economic-financial results.

During the study, the following indicators were retained for analysis to define the immediate performances, within the researched production structure, due to the dysfunctions of the hidden costs:

- Absenteeism;
- Quality issues;
- Direct productivity;
- Warranty terms.

4.2.2. Indicators for defining the perspective performance

These indicators reflect intermediate results obtained as a result of the activities carried out during the financial year according to the revenue and expenditure budget, the treasury budget and some development projects implemented during the period or in progress, for which we do not find a positive impact at the end of the year, in the income statement. Thus, in future financial-accounting years we will find these results.

The following indicators were retained for analysis to define the prospective performances within the analysed production structure:

- Indicators for defining perspective performance in terms of immediate results;
- Indicators for defining perspective performance in terms of comparing similar immediate results;
- Indicators for defining perspective performance in terms of anticipated results on immediate results;
- Indicators for defining perspective performance in terms of human resources behaviour;

In summary, the strategic piloting dashboard (TBPS) has a dual role in defining and understanding the fundamental economic mechanisms of economic entities: prospective and retrospective.

In all cases, the establishment of the analysis indicators described in the strategic piloting dashboard is done with great care and thoroughness, on hierarchical steps targeting significant cost items, marking the hidden costs for a target product or group of products.

The overall dashboard established in the case of the present research, for a production station may usually comprise a maximum of 20 indicators, while for the relatively simple individual dashboard, the number of indicators shall not exceed ten. The integration of these indicators into the strategic piloting dashboard (TBPS) must be of maximum practical use, in particular to increase efficiency, quality of work and decisions.

Construction of a high-performance strategic piloting dashboard (TBPS)

The construction of a high-performance TBPS must allow a great flexibility of information over time and a permanent simplification of its structure. In this sense, for more operability, more security and more incisiveness in action, qualitative information can become quantitative along the way, quantitative information can become financial, financial information can become quantitative.

Regarding the selection of indicators for TBPS, they are guided by the following principles: to include indicators for highlighting strategic objectives; include indicators for highlighting immediate and perspective performance; to include indicators for assessing the constitutive and financial qualitative information. The stages of TBPS construction can be the following:

Stage I: setting the strategic objectives of co-pilots for immediate and perspective results. This stage remains developed here only at a theoretical level. Practically, this stage will take shape in the third part of the doctoral thesis, respectively in the last chapter, in which we shall realize the innovative project for increasing the performances of the agro-industrial economic entities. Regarding the immediate strategic objectives, they can be the following: cost reductions or revenue increases. The strategic objectives for the future can be: new investments that generate cost reductions, or new investments that generate revenue increases.

Stage II: Conversion of strategic objectives into indicators. At this stage, the nominated indicators will represent tangible concrete economic and financial operations, which can be evaluated quantitatively, qualitatively and financially. Also, at this stage, the objectives that will be transferred to the TBPS of the SPPL will be established by mutual agreement with the management of the economic entity on the one hand and with the co-pilots, respectively with all CAMRU signatories, on the other hand.

Stage III: Establishment of internal operation indicators and for operational management and completion with external indicators related to the area of responsibility.

Stage IV: Establishing the periodicity of analysis of indicators. Obviously, not all indicators need to be analysed with the same frequency. The construction of TBPS will allow an arrangement of indicators according to the need to use the information provided. As a rule, the periodicity of the analysis of the results provided by the indicators varies between one week (minimum) and one semester (maximum). At the same time, the flexibility of the TBPS will allow the adjustment, rectification, completion or simplification of the indicators depending on the following situations: setting strategic objectives; the appearance of new dysfunctions; allocating complementary time for outlining indicators.

Given the requirements for the construction of a TBPS for the SPPL production structure of an agro-industrial economic entity concerned with launching new products and achieving human resources with the help of CAMRU to achieve these strategic objectives, usually for modular periods of one semester, the framework structure of such a TBPS must include the indicators grouped in three categories according to Figure no. 4.

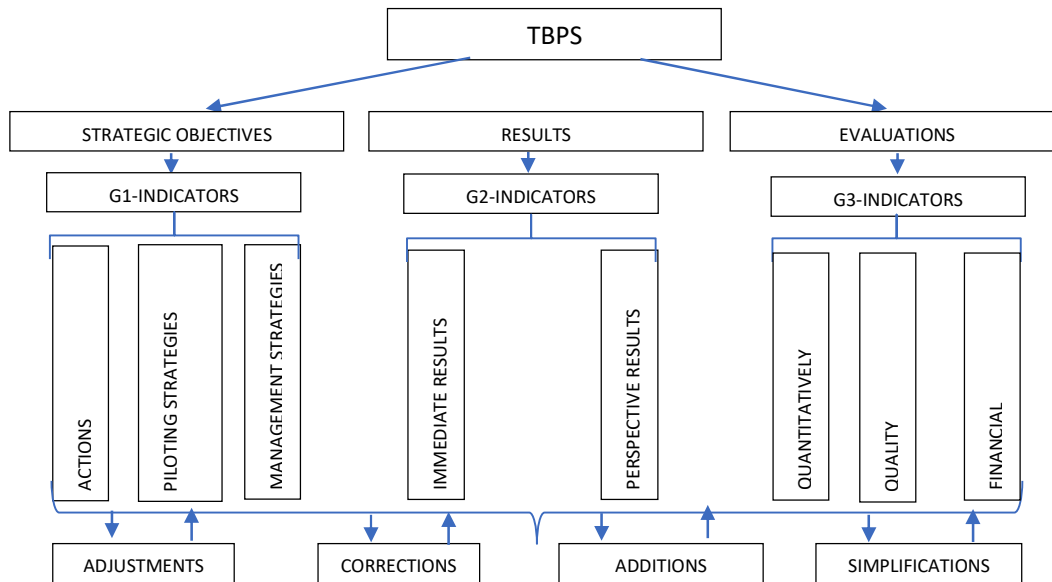


Figure no. 4. *TBPS framework scheme*
(Source: own processing)

6. Using the strategic pilotage dashboard (TBPS)

6.1. Synchronization of the dashboard for strategic piloting with the activities provided in CAMRU

As mentioned, the “additional human resources employment contract (CAMRU), is a pilot tool of the economic entity used to implement the strategy of achieving objectives and increasing performance”. From a legal point of view, CAMRU is an advance commitment between two parties to achieve the improvement of the socio-economic performance of an economic entity for a well-defined duration. Obviously, CAMRU must have well-defined coordinates and clauses on the required effectiveness of the human resources employed on the participation in profitability improvement results due to the reduction of malfunctions and related hidden costs. On the one hand, all these efforts must be stimulated by a form of complementary remuneration.

In order to achieve these objectives of human resources cost management, it is necessary to **synchronize CAMRU with TBPS** through an active human resources management. In essence, active human resource management involves the following steps:

- Identifying for each person part of the clear objectives that will be passed, in each CAMRU in connection with the individual strategic piloting dashboard;
- Centralizing the individual indicators up to the level of the head of the production station in its TBPS and following these indicators at the level of this production structure. At the same time, the indicators registered in CAMRU will be followed by the head of the production station and the designated co-pilot, at individual level. It should be noted that all CAMRU can be negotiated whenever necessary for each objective;
- Given the limited level of indicators provided in the CAMRU for each person, the flexibility of the TBPS will allow to take over some deviations of the basic indicators intervening with those adjustments, rectifications, completions or additions.

If the responsibility for coordinating TBPS, whether individual or at the level of the production structure, lies with the stationmaster and the designated co-pilot, the pilot decisions during the validity period of CAMRU are taken according to each situation based on existing and valid operational procedures at the level of the economic entity, in which we mention **(Figure no.5)**:

- The **hierarchically superior piloting**, is carried out after an analysis of the results of the individual dashboard by the pilot and the co-pilot of the production station and the information by them of the hierarchically superior echelon. In this case, the procedures provide for the decision to be taken at the level of the economic entity;

- **Conventional piloting**, is carried out after an analysis of the results of the individual dashboard by the pilot and co-pilot of the production station and a pertinent assumption of the contractual human resources CAMRU of the changes to be made to achieve the objectives;

- **Autonomous piloting**, is performed after an own analysis of the stage of achievement of the objectives provided in CAMRU. In principle, the decisions belong to the contractual human resources CAMRU, which does not prepare to consult with teammates.

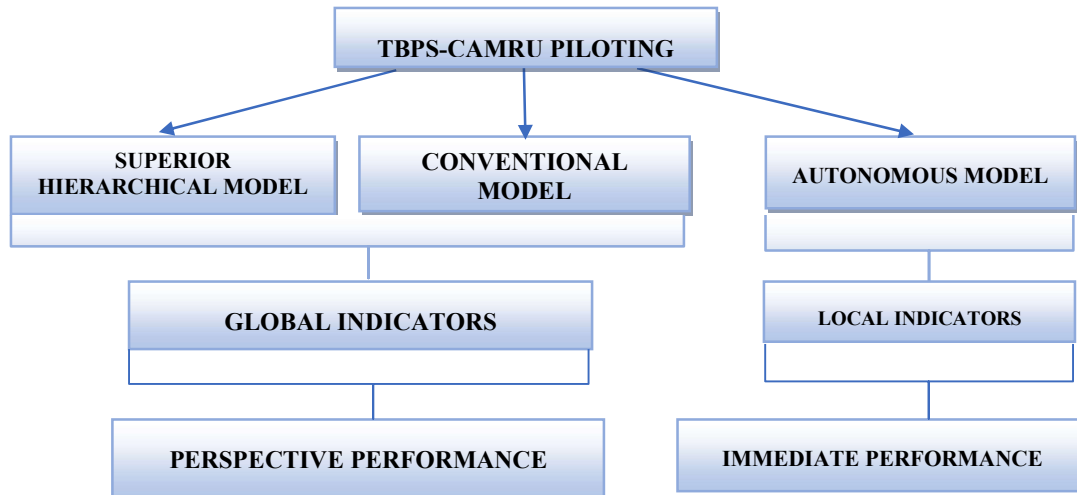


Figure no.5. Pilot models for TBPS-CAMRU synchronization
(Source: own processing)

6.2. Coordination of the dashboard for strategic piloting (TBPS)

TBPS coordination can be achieved in two stages:

- Stage I: establishing local level indicators for which an autonomous piloting model is practiced;

- Stage II: establishing the strategic level indicators for which either a conventional piloting model or a hierarchically superior piloting model is practiced.

These two stages can be alternative, complementary or simultaneous, depending on the stage of preparation of the strategic objectives at the time of starting the construction of the TBPS.

The consolidation of TBPS can be achieved either by the simultaneous centralization of all production structures, or by adding unit by unit (**Figure no.6**).

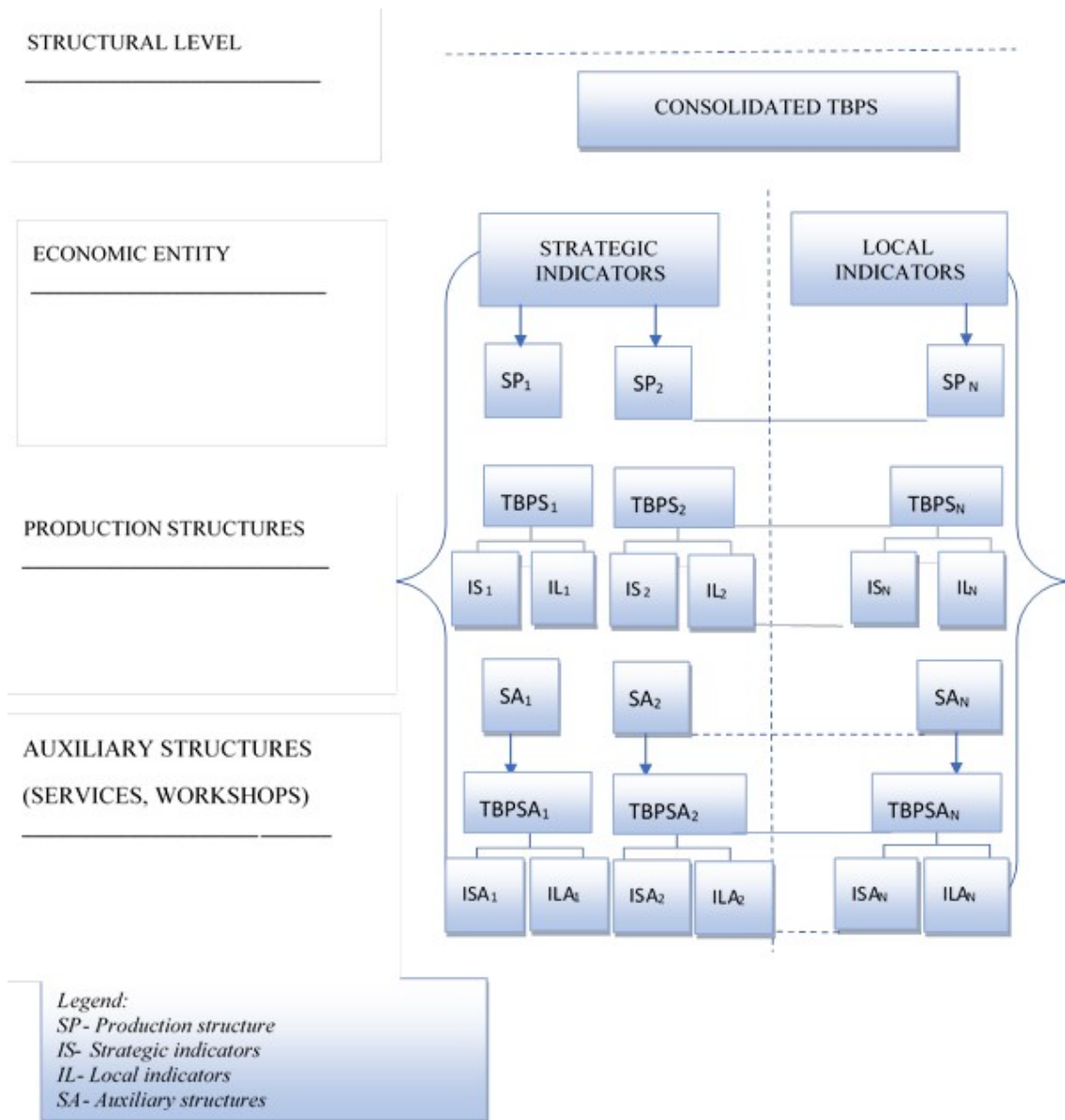


Figure no.6. Unit-by-unit consolidation of TBPS

7. Conclusions

Overall, good cost management with human resources can be one of the significant tools for increasing the performance of economic entities, by using the CAMRU concept, as an operational tool for sustainable growth of economic performance by reducing human resource dysfunctions and eliminating their effects as much as possible, respectively of the hidden costs.

Also, a better management of human resources costs is achieved through the strategic piloting of their activities with the help of the dashboard. By using this significant tool to increase the performance of economic entities, it is easy to highlight the malfunctions and manage them, in connection with the strategic objectives taken over in CAMRU. In fact, all the actions formulated and appropriated by the management of the economic entity as strategic objectives that will be included in the CAMRUs are transformed into concrete actions by highlighting the priority action plan with the help of TBPS.

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ANALYSIS OF THE FISCAL POLICY IN ROMANIA IN THE CONTEXT OF THE REFORM OF THE FISCAL OBLIGATIONS

Paul Cosmin Alin Enăchescu¹

Abstract:

In the sense of achieving the objectives of the fiscal system, if a concentration of conceptual delimitations is used, we can analyze how the fiscal policy incorporates the set of methods and techniques for determining and collecting taxes, fees and contributions. Practically, the paper aims to update the state of knowledge of the subject and to highlight the role and objectives of fiscal policy promoted by public decision makers in the period 2015-2020 and the influences that these strategies have had at the macroeconomic level. In the absence of an integrated database could detect the efficiency of the fiscal policy in Romania, this study implies the comprehensive analysis of the fiscal revenues from the analyzed period, in the context of the implementation of the reform of the fiscal obligations.

Key words: fiscal system, economic policy, fiscal policy, tax revenues.

JEL Classification Codes: E62, E63, H8

1. Introduction

In the body of this article is presented the state of knowledge regarding the delimitation of the concept of fiscal policy, with arguments and opinions on the dynamics and perspective of the tax system in Romania.

Economic rhetoric, in its entirety, is based on the theoretical foundations of economic policy and transcends the way in which society's finite resources are used to produce valuable goods from a microeconomic point of view (Samuelson and Nordhaus, 2000; Chilarez, 2011). Although there is no facsimile of the concept of economic policy in theoretical positioning, it transparently and summarizes the strategies adopted by a state to achieve its objectives, being regarded as a peculiarity of each government. Undoubtedly, economic policy is imposed at macroeconomic level as the main means of ensuring the balance of payments such as the balance of payments, the level of economic growth or employment. Instruments enabling a State to achieve its proposed economic objectives are identified on the basis of priorities, but based on precise diagnosis of the economic situation and following the relevant indicators (Cerna, 2014).

Building on these theoretical foundations of economic policy, it is considered useful, first to highlight the role of fiscal policy in the macroeconomic policy mix. It is imperative to stress, first, that fiscal policy is a basic component of the set of economic policies. Aiming to ensure the development of the country without affecting the stability of the country, fiscal policy is one of the most important levers. The explanation lies in the fact that correctly applied and implemented, fiscal policy stimulates economic growth and its balanced distribution.

A first step in the design and implementation of fiscal policy is to identify the stage of the economic cycle. During the growth periods, fiscal policy needs to be anti-cyclical or neutral, at least, in order to avoid overheating the economy. When a crisis, shock or any other unforeseen event occurs, fiscal policy needs to be stimulating - by generating fiscal impulses, in order to stimulate economic activity.

At the same time, this study tries to identify the challenges that may arise in the correct implementation of fiscal policy in Romania. In order to achieve these objectives, the study places particular emphasis on the evolution of fiscal and budgetary revenues, to facilitate the identification of probable options.

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In this sense, the quantitative and comparative methodology was chosen. This approach offers the opportunity to understand and clarify the main issue of fiscal policy implementation in Romania in the context of recent legislative changes in the period under review. The data and information in this study come from an extensive literature, statistical sources, and personal experience.

1.1. Fiscal policy - first order component of the mix of economic policies

The systemic approach, the legal, economic or social analyzes and the substantiation of the decisions to carry out the entire mechanism, led to the classification of the fiscal field as a science under the notion of fiscal system. The tax system is defined as the sum of the concepts, principles, modalities and processes that concern the taxable matter and/ or the tax subjects between which relations arise as a result of the design, legislation, placement and preception of taxes (Corduneanu, 1998; Balls and O'Donnell, 2002; Popescu, 2002; Moșteanu et al., 2004; Minea and Costăș, 2006).

In order to achieve the objectives of the system there are two levers:

- the first, of a legal nature, represented by all the rules of law in the area of activities for the management and collection of tax levies;
- the second is of a political invoice and is represented by fiscal policy, as a set of decisions defining and calculating compulsory levies.

For a tax system to meet the specific requirements of systemic theory, it must be characterized by certain features, such as universality, unity or equity. Depending on the needs of the community, the purpose of the tax system may be to simplify collection, equity and/ or increase the number of taxpayers to ease the individual task. Regarding the components of the tax system, we encounter three main elements: basic elements (taxes, taxes, contributions), the tax mechanism and the participants involved in its functioning. The result of the result depends to a large extent on fiscal policy decisions. Tax policy influences the structure of tax levies and the tax behavior of taxpayers (Chilarez, 2011).

According to Chilarez (2011), fiscal policy aims to:

- ensuring the budgetary resources necessary to cover public expenditures. The size of tax levies and the ratio between them and the amount of public spending are mainly influenced by liberal or socialist doctrine. These doctrines can promote non-interventionist tax systems, with a reduced tax burden and state intervention, respectively interventionist systems through which the government aims to finance social activities, needing increased fiscal and non-fiscal resources or loans, as appropriate;
- regulating the exchange economy or correcting imbalances;
- equitable redistribution of income and social protection.

If we resort to a concentration of definitions in the literature, we can say that fiscal policy is represented by all fiscal decisions taken by the public decision maker. The authoritarian character ensures the modeling and functioning of the fiscal system for ensuring the financial resources, necessary to finance the public needs and to achieve some objectives of economic and social nature. Fiscal policy is subject to the imperatives of real or objective factors on the economy. Therefore, the implementation of decisions and the achievement of the objectives of a state would not be possible without the existence of an instrument such as the tax system, which includes the expression of fiscal policy decisions.

The statement that the macro-decisions within the fiscal system through which its functioning and modeling is carried out, but also the instruments based on public coercion, generate the fiscal policy as an endogenous instrumental variable available to the public decision maker (Moșteanu, 2004; Moșteanu et al., 2004).

The modelling and structural evolution of the tax system is determined by the logical nature of micro and macro-decisions. In the same context, the rationality of tax policy

decisions implies that the flows produced by taxes influence both the public and the real economy. To do so, compliance with the basic principles of taxation (universality, fairness, efficiency, stability, convenience, fairness, etc.) and their foundation on the basis of the conditions regarding the predictable evolution of micro and macroeconomic variables reflect the political choices of the members of society (Chilarez, 2011).

Starting as a product of modern society, designating new realities from a factual and legal point of view, the term „fiscal policy” was quite confusing, and over time was redefined in correlation with the new principles of fiscal management. After all, this term derives from economic science (from the Greek *nomos* „leadership” and *oikos* „house”), a social science, very dynamic, complex and with a wide variety of issues. Nowadays, we must appreciate the possibility of structural changes in the tax system as a direct consequence of short-term or strategic fiscal policy decisions (Chilarez, 2011).

If we refer to the Explanatory Dictionary of the Romanian Language (www.dexonline.ro), the term „fiscal” refers to „fiscal” with reference to the collection of public resources, while fiscal policy is defined as a „component of economic policy which consists in handling the tax lever (dosage between types of direct and indirect taxes, degree of income taxation, level of tax pressure) to achieve the economic objectives set”.

Moșteanu (2004) defines fiscal policy as the result of decisions that develop and shape the fiscal system from a structural point of view. Also, the fiscal policy ensures the functioning of the fiscal system, in order to obtain the economic goals desired by the public decision maker. This definition shows that the tools used for macro-decisions in the tax system are based on public constraint. In turn, the tax system is used in order to influence the action on exogenous variables in the economy.

Fiscal policy - a component of economic policy - incorporates the set of methods and techniques, basic principles regarding operations, reports, institutions or specific regulations for determining and collecting taxes, duties and/ or contributions, materializing the temporal options of the state (Inceu și Lazăr, 2003).

1.2. The role of fiscal policy

Although in theory fiscal policy, through all the methods used and the financial institutions involved, is an endogenous instrumental variable available to the public decision maker to balance the macroeconomic balance and the choices of society members, viewed in all financial measures, fiscal policy is the equivalence of the relationship between taxes levied and ability to spend (Moșteanu, 2004; NIER, 2008).

With a limited approach during the crisis of 1929-1933, contemporary fiscal policy is based on the Keynesian economy, a theory that reveals that government decisions on both levels of taxation and public spending influence aggregate demand and the level of economic activity as a whole. Thus, the fiscal policy used in conjunction with monetary policy represents the levers through which the government or central bank fulfills its economic objectives.

As the literature shows, short-term fiscal policy decisions aim to correct the undesirable effects of cyclical fluctuations on fiscal flows and reduce the effects of economic imbalances and limit the state's options to meet the basic needs of its citizens. These decisions involve changes in the structure of the tax system and mainly concern tax rates, exemptions and deductions from the tax base, reductions or increases in the tax burden (Corduneanu, 1998; Popescu, 2002; Chilarez, 2003; Moșteanu, 2004; Moșteanu et al., 2004; Adammer et al., 2016).

The doctrinal differences regarding the fiscal policy aim from the twentieth century, rather, the amplitude and the instruments of public intervention. And the need for government

intervention through fiscal levers to regulate economic and financial activities is unanimously recognized and is demanded, especially in times of economic crisis (Oprea et al., 2013).

Economic policy has a colossal component – financial policy. This, in turn, includes budgetary and fiscal policy (Inceu and Lazăr, 2003). Currently, states can influence their own economies through both financial policy and monetary policy. While fiscal policy targets state revenues and budgetary policy expresses the ways in which governments spend the amounts collected, monetary policy deals pecuniary policy with the total supply within the economy (Goodfriend and King, 1988; Mathai, 2009).

Governments have usually adjusted fiscal policy by changing tax levels to discourage or stimulate consumer behavior and maintain healthy employment and / or inflation targets - the key measure here being aggregate demand. Of course, fiscal policy can be applied without the support of financial regulations. But obviously, fiscal policy can be implemented together with monetary policy, with a substitute relationship between the two policies, a situation in which the central bank plays an active role, especially in states with higher levels of public debt (Inman and Fitts, 1990; Afonso, Alves and Balhote, 2019).

After the global economic crisis of 2008-2009, governments had new tools in place to promote their main objectives, such as allocating resources, stabilizing the economy, redistributing incomes and economic growth. Moreover, from a traditional point of view, the use of public spending has proved its effectiveness in the crises before 2008 (Tanzi, 2008).

Clearly, taxation is the other tool that has been used and comprises a minimum of four instruments, such as the level and structure of taxation, tax expenditure or tax incentives. Thus, in order to establish the business cycle, the State was able to influence economic growth through discretionary fiscal policy and automatic stabilizers.

Horizontal and vertical tax equalization is complex and includes counter-cyclical schemes and guarantees. Due to the major impact of the financial crisis that began in 2007 in terms of economic growth, income distribution or poverty, governments around the world have positioned themselves following economic and political debates. In the absence of a common fiscal position, states have implemented taxation and public spending policies differently (Gray, Lane and Varoudakis, 2007).

2. The evolution of the taxation regime in Romania during the years 2015-2020

During the years 2015-2019, the Romanian economy was characterized by a sustained economic growth that translated into a significant increase in the tax base. In early 2020, following the global health crisis caused by the coronavirus, the International Monetary Fund (IMF) forecast one of the largest economic declines, with the highest unemployment since the 1930s and to date, with significant budget deficits relative to GDP (International Monetary Fund, 2020). Also in this conjugation, the World Bank (The World Bank, 2020) warned that most consumer goods prices were forecast to decline for 2020. This development is correlated with a comprehensive legislative reform that took place during the period analyzed in regarding tax obligations.

For example and comparison of the revenue available by the nation to carry out final consumption and gross economy operations, the most recent available data (table no. 1) show the evolution of tax revenues in the period 2015-2019.

Table no. 1. Evolution of tax revenues in the period 2015-2019

Fiscal year	2015	2016	2017	2018	2019
Tax revenue/ Billions RON	232,46	222,97	251,8	295,1	321,0

Source: Ministry of Public Finance

As a consequence of the legislative changes, 222.97 billions RON were collected in 2016, the lowest amount in the period 2015-2019. As a result of economic growth, the largest amount collected in 2019 was recorded, amounting to 321 billions RON.

Revenues from insurance contributions, not including the impact of compensation schemes, in cash standards (table no. 2), were in 2015 at the lowest level, respectively 57,34 billions RON, which was lower by 5,95% compared to 2016, by 19,66% compared to 2017 and by 41,27% in 2018. In 2019, this indicator reached the highest value of 111.47 billions RON, higher value by 48,56% compared to the beginning of the analyzed period, respectively the year 2015.

Table no. 2. Evolution of insurance contributions in the period 2015-2019

Fiscal year	2015	2016	2017	2018	2019
Insurance contributions/ Billions RON	57,34	60,97	71,37	97,63	111,47

Source: Ministry of Public Finance

Analyzing the projection of this budgetary aggregate during the period 2015-2019, it can be observed that the budgetary rectifications occurred as a result of the legislative changes generated an increase of 54,13 billions RON.

At the macroeconomic level, 2015 was marked by the increase in consumer spending. Compared to this year, in 2016, as a result of the increase in the number of employees by 3,4% and the payment of certain outstanding salary rights, it can be observed the increase of insurance contributions by 5,96%. In 2017, because of legislative changes regarding the taxation of micro-enterprises, insurance contributions increased by 14,58% compared to 2016.

Following the entry into force of the provisions of Emergency Ordinance no. 79/2017, in 2018 this indicator increased by 26,90% compared to 2017, and in 2019 by 12,42% compared to 2018. In 2015, against the background of the increase of disposable income determined by the reduction of value added tax (VAT) on basic products, the revenues from VAT amounted to 56,97 billions RON (table no. 3).

Table no. 3. Revenues from value added tax in the period 2015-2019

Fiscal year	2015	2016	2017	2018	2019
Total income/ Billions RON	56,97	51,39	53,24	59,62	65,42

Source: Ministry of Public Finance

The future evolution of the revenues from value added tax, according to the latest available data, reveals during the period 2015-2018 a slightly oscillating trend between 51.39 and 59.62 billions RON, and in 2019 the analyzed indicator reached the maximum threshold of 65.42 billions RON.

In 2015, the companies with annual incomes lower than the amount of 65.000 euros were classified as micro-enterprises, a ceiling equivalent in RON; in the context in which there were some constraints regarding this classification, among which we mention the legal persons whose object of activity was consulting and management. These companies had the option to pay income tax to micro-enterprises only if the amount did not exceed 20% of total revenue. Despite all these limitations, the operable tax rate was the equivalent of 3% on income (Government of Romania, 2016). At that time, companies with a share capital above the threshold of 25.000 euros (equivalent in RON) could choose to be profit tax payers, but this option was a final one.

The government approved in 2016 a package of measures with both economic and social impact. In the area of corporate taxation, the legislation adopted has revised the tax system for micro-enterprises. Therefore, they became the beneficiaries of a 1% income tax,

including SMEs that generated income from 500.000 euros to 1.000.000 euros and that until then owed a 16% profit tax. Also, the condition regarding the achievement of revenues from consulting and management was eliminated (Government of Romania, 2016).

Starting with 2017, the monthly ceiling was substantially increased up to which a company could be classified as a micro-enterprise up to the equivalent in lei of the amount of 500,000 euros. At the same time, the number of tax quotas was reduced, the quota being reduced from 2% to 1% for enterprises with one employee. In addition, the alternative of opting for the profit tax was conditioned by a share capital higher than 45,000 lei, this limit being considerably lower compared to 2016. At the same time, the companies operating in the tourism field and were paying profit tax they became payers of a specific tax, depending on variables such as the rank of the locality in which they carried out their activity, their area or seasonality (Fiscal Council, 2019).

Also in 2017, the fiscal-budgetary policy makers operated a large package of changes that were implemented in 2018. Following the Emergency Ordinance 79/2017, a series of social contributions were moved from employers to employees, changing the structure of gross wages. Moreover, the total shares of social contributions were reduced by two percentage points, from 39.25% to 37.25%, and the income tax was reduced from 16% to 10%.

Following the pro-cyclical nature of the fiscal policy in the analyzed period, in 2019 the Romanian economy evolved on an upward trend, and the gross domestic product (GDP) advanced by 4.1% compared to the 2018 increase of 4.4% . This approach has resulted in the reduction of the fiscal space, vital in stimulating the economy in the recession phases and which can limit the fiscal-budgetary policy in difficult economic periods as in the conditions of the corona crisis.

Another important resource for budgetary sustainability, economic and societal development is represented by the European funds allocated to Romania. Regarding the 2014-2020 programming period, Romania had at its disposal approximately 43 billion euros. According to the Multiannual Financial Framework 2014-2020, the allocation for the European Structural and Investment Funds (ESF) was approximately 31 billion euros. In this context, the allocation for cohesion policy, financed under the ESF, was approximately 23 billion euros (Government of Romania, 2020).

Starting with 2015, project calls were launched for all 6 FESI operational programs. Consequently, the beneficiary projects were OP Large Infrastructure, Human Capital, Competitiveness, Technical Assistance, Regional, Administrative Capacity, as well as for FEAD - POAD, and the budget for calls launched until 2020 was about 26 billion euros, equivalent to 97% of the total available allocation. In order to reach the objective of a maximum level of absorption of European funds during the years 2020-2023, it is necessary to constantly monitor the implementation stage, respectively the progress registered in contracting and payment.

3. Conclusions

A general conclusion that can be drawn from this study is that fiscal policy can be delimited as a basic component of economic policy; an integral part of financial policy and which consists in maneuvering the fiscal lever to achieve budgetary balance. Summarizing the literature shows that the ratio between the types of direct and indirect taxes, the degree of income taxation, the level of fiscal pressure, all these, are the set of decisions that can correct in a favorable (or negative) direction major imbalances, rising inflation and interest rates.

The purpose of this study was to analyze the impact of the fiscal policy adopted in Romania on the economic growth registered during 2015-2020. In general, the economic growth registered in Romania after 2015 was also due to the fiscal policy measures adopted by the fiscal decision-makers, among which we mention the decrease of both the tax base and the tax rate from 16% to 10%. These pro-cyclical measures have favored the creation,

development and consequent taxation of jobs throughout the territory of this state. However, this approach has resulted in a reduction in the vital fiscal space in stimulating the economy in the recession phases and may limit the fluidity of fiscal-budgetary policy in difficult economic periods such as the corona crisis.

In 2019, the fiscal-monetary parameters showed the fact that, firstly, the fiscal space was reduced, and secondly the limited prospects for stimulating monetary policy. Specifically, one of the few tools for assessing decision-makers that did not affect the competitiveness of the economy remained the increase in the minimum wage. Under these conditions, the estimates regarding the evolution of lending indicate a slow advance of it, against the background of the increase of the degree of indebtedness correlated but with the low level of eligibility of the companies to bank loans.

As an exogenous factor, the magnitude of the shock generated by the pandemic caused by the SARS-CoV-2 virus at the macroeconomic level is unprecedented, causing a chain of reactions regarding economic activity. In 2020, fiscal policy has focused on combating the negative economic and social effects of the COVID-19 pandemic. Clearly, measures are needed to support the economic recovery even after the health crisis is over. However, the challenges facing medium-term fiscal policy are twofold. First, they are generated by additional budgetary effort as a result of rising spending, large changes in the labor and social market, declining revenues. On the other hand, it is necessary to manage the situation of the general consolidated budget registered before the onset of the COVID-19 pandemic, given that the European Commission started in 2019 the excessive deficit procedure (4.4% of GDP).

This study emphasizes, in parallel, the importance of the "contingency reserve fund" to give the government flexibility to prepare the annual budget, especially in the context of cyclical developments or emergencies generated by the evolution of the coronary crisis. In the context of the interdependence of economies, the overall economic effects on budgets can result in a slowdown in real economic growth. And - it should be noted such a scenario, the negative pressure on incomes by lowering taxation and other tax contributions detects a possible increase in unemployment due to strong negative demand.

In the above conditions, it is considered that a vital first step in ensuring sustainable economic growth is the absorption of European funds. Definitely, meeting and meeting deficit targets cannot be achieved otherwise, and the capacity of the government sector to revive the economy through automatic stabilization and mitigate the effects of the crisis is low, given that the cyclical component of budget revenues is higher than the cyclical component of public spending.

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THE ROLE AND EFFECTS OF PUBLIC AND PRIVATE DEBT IN THE ECONOMY

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Genifera Claudia Bănică²

Abstract:

The purpose of this article is to carry out a qualitative and quantitative analysis, highlighting the role and effects of government and private loans in the economic development of a country, as well as determining the advantages and disadvantages of these loans. The first part of the paper aims to create an overview on the concepts and particularities of state loans, public debt and budget deficit, emphasizing the role and effects of public debt in the economy, while in the second part will be analyzed the role and effects of private loans in the economy, focusing on how credit activity influences the evolution of an economy. A special role will have the analysis of the impact of the present pandemic on these credits and the challenges it will bring to the economy. This paper aspires to update the state of knowledge of the subject in the academic literature and to capture the attribution of state and private loans as an inevitable process of indisputable importance, which promotes the economic development of a country.

Keywords: Credit Activity, Government Loans, Private Loans, Public Debt.

JEL Classification: G2, H6.

1. Introduction

Public loans are a means of indebtedness of the state to internal and external creditors. States contemplate borrowing either out of treasury needs or out of budgetary needs. In order to reach the minimum standard of living, reduce unemployment, make public investments that surround us everywhere and stimulate economic growth, governments must bear expenses that exceed limited incomes. They are therefore indebted, a normal process of economic activity, which allows all market players to meet their targets in terms of consumption or investment level, enabling economic growth and productivity. The economic crisis of 2007 forced many states to borrow because, on the one hand, their tax revenues were reduced as a result of the recession, on the other hand public spending was increased by implementing wrong social policies, assumed by the governments of these countries.

The financial crisis that many countries have faced has drawn the attention of many economists to public debt issues, leaving aside another type of debt as important to a country's economy as private lending. Given that alternative sources of financing for business projects outside banking channels are limited, private lending has a major impact on the country's economic growth. Thus, the private sector plays an important role in the economic development of each country. On the other hand, credit for the economy is an important element of the country's economic development, serving as a financial lever and stimulating the growth of economic activity. In addition, it is also one of the most important channels of the monetary policy transmission mechanism in the real economy.

The purpose of this article is to carry out a qualitative and quantitative analysis, highlighting the role and effects of government and private loans in the economic development of a country, as well as determining the advantages and disadvantages of these loans. Also, the motivation behind this paper was the need to understand the concepts of public debt, budget deficit, state or private loans, internal or external creditors and how they can affect economic development.

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The first part of the paper aims to create an overview on the concepts and particularities of state loans, public debt and budget deficit, emphasizing the role and effects of public debt in the economy, while in the second part will be analyzed the role and effects of private loans in the economy, focusing on how credit activity influences the evolution of an economy. A special role will have the analysis of the impact of the present pandemic on these credits and the challenges it will bring to the economy.

This paper aspires to update the state of knowledge of the subject in the academic literature and to capture the attribution of state and private loans as an inevitable process of indisputable importance, which promotes the economic development of a country.

2. The Role of Public Debt in the Economy

State loan represent an inevitable process of undeniable importance, which promotes the country's economic development, generates equality between generations and contributes to increasing the well-being of everyone by allocating capital to finance productive and necessary public projects from priority sectors such as : security, justice, infrastructure, health, education, etc. Public debt is one of the key macroeconomic indicators, which shapes the image of a country in international markets and a key factor in stimulating the flow of foreign direct investment. It is a lever that, if used well and efficiently, provides a positive impetus for economic growth. If misused, a country can reach the limits of the financial crisis. Budget deficit is usually defined as the difference between government spendings (including interest on debt) and government revenues.

At a time when public debt levels are steadily rising globally, various researchers have undertaken a series of analytical and empirical studies on the effects of these increased levels, mainly on economic growth and all key macroeconomic variables such as inflation, interest rates or unemployment. Mainly, over time, economists' views on the effects of budget deficits on a state's economic performance have referred to two main approaches. On the one hand, deficits resulting from reduced marginal tax rates were considered to have a stimulating effect on labor productivity. On the other hand, budget deficits were considered a cause of economic stagnation and instability.

Public debt is the main instrument that guarantees the efficient use of economic resources and ensures the optimal distribution of government policies allowing the provision of public goods and services at any time, whether or not the necessary funds are available. Thus, if governments manage to run public debt carefully, they can have a powerful tool for economic development (Keynes, 1936; Checchetti et.al, 2011). On the other hand, despite the benefits that public debt brings to the economy and the reasons why it is used, theoretical and empirical analyzes prove statistically that its high levels beyond a certain limit lead to misleading pro-cyclical fiscal policies, affecting the reduction the pace of economic growth or the worsening of other indicators such as inflation, interest rates and the likelihood of an economic crisis (Modigliani (1961), Calderon and Fuentes (2013)). This is the reason why numerous studies have been undertaken to find the optimal level of public debt that guarantees and stimulates only economic development, but the desired critical point is impossible to find. Wysplotz (2005) emphasizes that the sustainability of public debt is an essential feature of solid macroeconomic policies, but the precise and unified definition of the concept along with its testing remains a real challenge for all.

The public finance literature accepts different perspectives on the effects of high government debt and budget deficit in the economy. Thus, in addition to the positive effects, these indicators can have an impact in stopping the development of the economy due to the impossibility of their service. Modigliani (1961), Rogoff and Reinhart (2010) and many others, through their studies, argued the negative effects of public debt and budget deficit levels on GDP that first influence low levels of economic growth, to continue the rise in

interest rates and inflation associated precisely with changing consumer behavior towards investment and savings.

On the other hand, other economists such as Keynes (1936), etc. supported the use of public borrowing by the government, especially in times of economic recession, due to the stimulating effects that public debt and the budget deficit have on economic development as a whole. According to Keynesian views, budget deficits and public debt have a positive impact on each country's economic activity, especially through the public spending mechanism, arguing that the increase in public spending is the result of deficits and debt caused by expansionary fiscal policy. However, even these authors believe that their level in the economy should be measured to ensure only positive effects and that the sustainability of public debt is achieved not only in the short term but also in the long term.

According to Nuno H. et.al. (2012), the specific factors and determinants of each country affect the efficiency of public borrowing and its effect on GDP. According to them, no link can be found between the debt crisis, the level of public debt and its impact on GDP. They analyzed the benefits and disadvantages of public borrowing and the causes of the debt crisis in European Union countries. Schclarek (2005), analyzing 59 developing countries and 24 developed economies, stated that in the case of developing countries, there is always a negative and significant relationship between the total debt of each country and economic growth. However, for developed countries, it has not found a significant link between public debt and economic growth.

Pre-crisis, post-crisis and post-crisis public debt management for three members of the European Union: the Netherlands, Ireland and Hungary is addressed in the study of Badurina A. and Svaljek S. (2011). These three countries were chosen by the authors because they all had a relatively well-developed pre-crisis public debt management system, as well as the fact that those responsible for public debt management pursued during the crisis a sustainability policy in the current circumstances of the market. The global economic crisis has had various effects on the budget deficit and the development of public debt in these countries. In conclusion, the authors provide an overview of public debt management in Croatia during the crisis and compare it with public debt management in the three countries studied. But debt is a double-edged sword. When used wisely and in moderation, it clearly improves well-being, but when misused it can be a disaster for individuals, families and businesses as it leads to bankruptcy and financial ruin. For a country, high debt undermines the government's ability to provide the services it needs to its citizens.

According to Cecchetti S. et.al, (2011), developed countries have problems with an increasing public debt more than developing countries, because the aging population of these countries will significantly increase the level of public debt in the coming decades. At the same time, an aging population can reduce future economic growth and raise interest rates, further undermining debt sustainability. Therefore, in their opinion, the only possible conclusion is that developed countries with a high level of debt must act quickly and decisively to solve their fiscal problems. The longer they wait, the greater the negative impact on economic growth and the more difficult it is to regulate these impacts.

Kadiu D. (2015), studied the role of public debt on economic growth in Albania for the period 1992-2012, as well as the main determinants of these two indicators. The results showed that public debt has a statistically significant negative effect on Albania's economic growth, but government spending has a positive impact on economic growth, contrary to theory. This conclusion is reached because Albania is a transition country where the public sector is very important in the progress of economic reforms and private sector development.

The stabilization of public debt at its sustainable level depends on: the capacity of a national economy to generate primary surpluses, the interest to which the markets lend to the state, depending on the risk premium attached, as well as its own economic growth rate. This

means that the idea of debt sustainability must be thought of in individual terms, as long as it depends on one's own economic conditions. Regarding Romania, the risks related to the above estimates both scenarios can be considered of medium intensity. The risks are rather related to the need to generate primary surplus in order to stabilize the debt at its sustainable level (Socol 2013).

The coronavirus hit the global economy hard and with unprecedented speed. In addition to its public health consequences, the coronavirus pandemic has led to an increase in public debt worldwide. The global economy is expected to shrink, a recession that is likely to cause tax revenues to drop, although governments in the United States, Europe and elsewhere spend billions of dollars on emergency aid measures to try to reduce those effects. For some governments, debts contracted for the COVID-19 exemption will be added to those already on their records before the pandemic arrives.

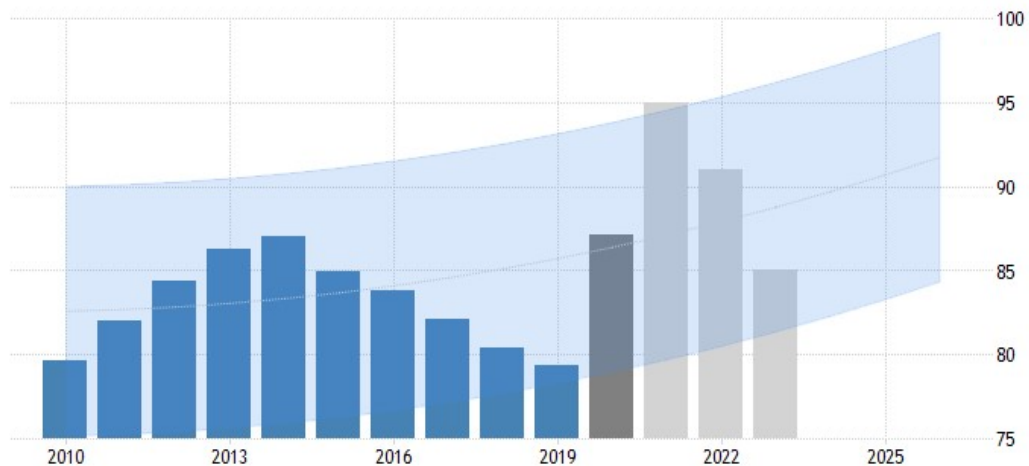


Fig. nr. 1. EU Government Debt to GDP, Source: <https://tradingeconomics.com>

European Union recorded a public debt equivalent to 79.3% of the country's GDP in 2019, prior to COVID-19 outbreak. The Covid-19 crisis has witnessed extraordinary actions by governments around the world, such as expanding support for the economy with increased spending and borrowing, while collecting less tax revenue due to higher unemployment and the slowing business sector. All these actions have led to substantial increases in public debt. Government Debt to GDP in EU is expected to reach 95% by the end of 2020, according to Trading Economics global macro models and analysts expectations (fig.nr.1). In the long-term, the EU Government Debt to GDP is projected to trend around 91% in 2021 and 85% in 2022 (fig.nr.1).

The private sector encompasses government debt, while investors give up other debt securities, fearing that the economic collapse makes them too risky and instead seek safe havens in public debt. As a result, the interest rates that governments pay to borrow have decreased even as the amount they borrow has increased. This is not how interest rates work normally, but economic crises and pandemics are not normal times. On the other hand, most new Keynesian economists believe that the high level of public debt will not in itself be a problem for advanced economies. They even suggest that further debt increases would be desirable, as this would help reverse the trend of secular stagnation in several countries. They believe that higher public debt is the right buffer for the private sector facing temporary and unpredictable economic crises.

3. The Role of Private Debt in the Economy

In recent years, private sector involvement in development policies has been the subject of discussions in several international forums. The Fourth Development Forum, held in Busan (2011), emphasizes the role of the private sector as a driver in accelerating innovation and mobilizing local resources, creating new jobs, ensuring a better standard of living and a superior level of health care in less developed countries.

The analysis of private debt is of particular importance, because private debt is associated with financing business projects and increasing consumer demand, which leads to economic growth and improve the country's macroeconomic parameters. This is more important, especially for recessionary economies (Martti Randveer et.al. (2011)). A high level of private debt before the recession is associated with lower economic growth and vice versa, the increase in private debt after the recession is associated with economic growth, due to the fact that after the recession people consume less to accumulate what they lost during the recession. A similar analysis in the corporate context shows that a high debt burden prevents revenue and investment growth and the recruitment of new workers. In times of recession, companies with higher debt levels respond to economic decline faster than companies with lower ones.

The private sector is recognized as a partner in the economic development of a country, as a provider of income, jobs, goods and services, to improve people's lives. The private sector and private sector employees are the largest contributors to tax and fee revenues and support government operations. This leads to a natural link between the private sector and the public sector. While the private sector is essential for development, it cannot act alone without the support of the public sector, which plays a key role in providing public services, environmental management and economic growth.

The relationship between the business environment and banks is the basis for the success of economic activity. This relationship increasingly depends on the evolution of the surrounding economic environment. At present, not all sectors of the economy are equally affected by the credit crunch and not all companies face the same problems. However, businesses are currently experiencing a decline in activity and revenue. Business relationships with banks are considered necessary and important, while the lending process is considered a difficult process. Bank loans, according to business estimates, remain expensive. The business-bank relationship in the lending process is all the more difficult in terms of the guarantees that companies are required to provide to banks for their loans. Most of the collateral is occupied by real estate, such as land, business buildings, residential apartments, etc. However, although most non-performing loans are covered by collateral, banks incur additional costs due to the ones associated with the collateral execution process.

A literature review on the relationship between private debt and economic growth is very important, as it deals with studies by various authors on the relationship between private debt and economic growth, discussions on the role of private capital and its positive or negative effects on a country's economic development. Many studies have clarified the impact of private capital on economic growth, such as: a nation improves productivity and capital capacity through technological advances or increases its labor productivity through human capital investments, promoting successful entrepreneurship or high-debt companies hindering growth, and investments and recruit new employees, as they are forced to respond more quickly to the economic downturn. However, there are studies that show that economic growth also contributes to private activity and increases private capital.

The question of whether there is a link between financial development and economic growth has long been debated. The question is whether there is causality and, if so, in which direction: is financial development the one that induces economic growth, or perhaps financial development only seeks economic growth. Most empirical studies (Fink, Haiss and Vukšić

2005, etc.) usually conclude that the development of the financial sector accelerates economic growth. Through their actions, financial intermediaries increase efficiency in several ways, for example, by reducing savings, allowing the development of longer-term projects with higher returns or allowing risk-sharing. All these effects have been shown to have a positive impact on macroeconomic growth.

According to Gross (2002), one of the factors influencing the positive impact of deepening the financial sector on growth and employment is the ability of firms to raise capital. At the macroeconomic level, the level of credit has a direct influence on economic growth (Levine, Loayza, & Beck, (2000)). The work of Dima Bogdan and Opreș Petru Eugen (2014) analyzes the relationship between financial intermediation and economic growth of developing economic systems. The result suggests that financial intermediation as part of financial development is positively associated with economic growth.

Credit expansion has been associated with faster economic growth and the emergence of financial crises, a pair of results that seem to contradict each other. Angeles (2015) gave an explanation for these results, by separating credit to the private sector into corporate credit and household credit. Empirical analysis showed that credit to firms is responsible for the positive effect of growth, while the higher occurrence of crises is mainly due to household credit. The events of the last decade, in which the rapid expansion of credit has led to crises and very little growth, can be understood as a change in the composition of credit to the component of its household.

On the other hand, for the Eurozone, Leitaó (2012) concluded that inflation and bank credit have a negative impact on economic growth. This highlights the importance of monitoring the evolution of credit in the monetary policy toolkit and underpins the reasoning that gives monetary and credit analysis a prominent role in the ECB's monetary policy strategy.

Given that the EU has often been described as having bank-dominated (or hybrid) financial systems, an understanding of the peculiarities of credit flows and their interference with changes in the business cycle (either in the boom or in the bust phases) is essential, not only for decision makers, but also for market participants.

It's not easy to talk about possibilities during a pandemic that is causing such a significant human tragedy globally. But private debt has a critical role to play in financing the recovery from the global slowdown caused by Covid-19. For creditors, this is an opportunity to show to stakeholders, including investors, regulators, asset owners and governments, that sustainable and supportive economic growth can be supported. The speed and magnitude of the crisis surprised investors unexpectedly, as asset classes, and especially private debt, were affected by an unprecedented combination of global demand and supply shock and extreme pressure on cash positions.

As the world recovers from the coronavirus pandemic, the private credit industry has the opportunity to position itself as a strong partner for long-term post-crisis growth. But sustainability must be the focus of private creditors. Given the current global developments with the coronavirus outbreak, private debt in the second quarter of 2020, has recorded a substantial rise, with the tendency to maintain this trend in the near future. As seen in (fig.nr.2), European Union's Private accounted for 93.14% of its Nominal GDP in June 2020, compared with a ratio of 88.72% in the previous quarter.

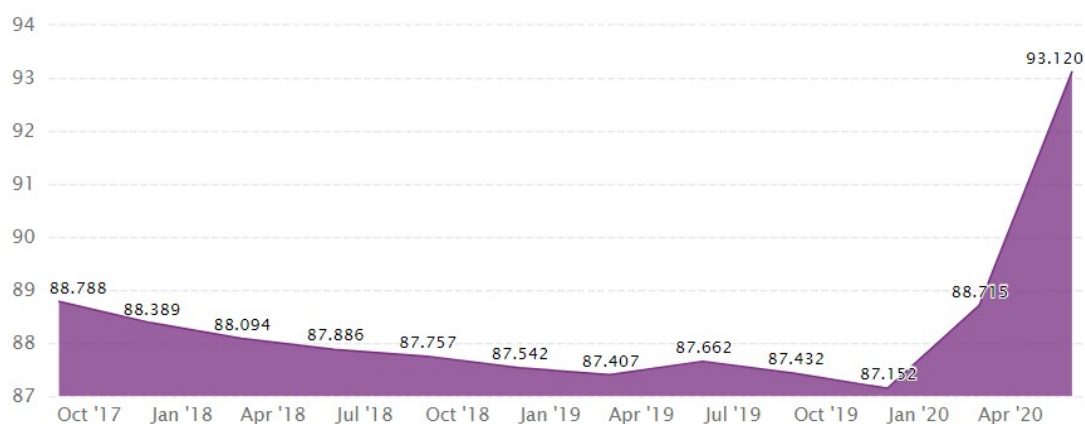


Fig. nr. 2. EU Private Debt to Nominal GDP, Source: <https://www.ceicdata.com/>

3. Conclusions

An important conclusion is the need for more careful decision-making by the government to ensure that the financial resources gained from public debt are channeled in the right direction and used as efficiently as possible by all segments of society, while determining an "optimal" level of accumulated public debt that affects the flexibility and adaptability of other macroeconomic variables to the conditions in which a country is.

Since Covid-19 halted global growth earlier this year, major advanced economies have made some of the biggest policy changes ever seen in such a short time. Fiscal and monetary policymakers have introduced massive stimulus packages almost instantly, as opposed to the much slower response to previous recessions, including the 2008 financial crisis. As a result of the recent developments, there are deficits of spending and employment, but surpluses of income and debt. Emphasis must be placed on stimulating the recovery and reshaping the economy towards one that supports employment, sustainable industries and reduces economic and social inequalities.

Credit is vital for the economic activity of any business or individual. Families borrow money to facilitate the consumption and purchase of housing. Firms often need loans to finance long-term investments. Private sector lending is linked to economic policy. They affect the monetary transmission mechanism and are the key determinant of financial stability. Non-performing loans are today the main threat to the stability and development of the banking system. The increase in non-performing loans is closely linked to the public debt ratio and, at the same time, one of the main causes of the decline in banks' lending activity.

As COVID-19 spreads around the world, a contraction in global growth is causing a short-term adverse reaction to the economy and financial markets. Transactions with strong protection against disadvantages should remain more resilient during the crisis, while the degree of contagion from public markets to private debt remains unclear. Given the current environment and challenges, the private credit industry has the opportunity to position itself as a strong partner for long-term post-crisis growth. Growth will require vision, purpose, innovation and "out of the box" thinking.

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FINANCIAL RISK - INTEGRATING DETERMINANT OF THE ACCOUNTING MODEL

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Abstract

Culture differences, business practices, political and regulatory structures, the legal system, currency values, local inflation rate, risk management, but also the method of taxation, all these influence both the way the business is managed and also the financial reporting in the world. Financial statements and other information are impossible to understand without an awareness of basic accounting principles and business culture. Accounting plays an important role in the risk management process. Based on the information provided by it, potential risks can be identified and the company's exposure to specific risks can be measured. The information provided by accounting is influenced by the adopted accounting model, the way of presenting them varying.

Keywords: *financial risk, nonbusiness risk, business risk, operational risk*

JEL Classification: G3; G32; G34

1. Introduction

The decision-making process is perhaps the most important step in the functional architecture of an entity, due to the profound implications of their adoption. In the decision-making process, the manager is forced to apply a certain reasoning, whose purpose is identified in the implementation and monitoring of a certain chosen solution. Understanding the uncertainty and risks that affect processes helps improve the decisions made. Risk, defined as a variable event that can occur and have a negative impact on the organization's objectives, is one of the topics that have gained momentum, and its evaluation has become one of the objectives of management. The financial risk assessment, that risk that characterizes the variability of the result indicators under the incidence of the financial structure of the enterprise, has an important role in the management of organizations, with an impact on the functions of planning, control and especially on the decision-making process. The current economic context has led to the increase of the importance of this activity, the success of a business being a problem of adaptation to the environment, and the connection of the company to the economic-social environment being a premise of its functionality.

The financial crisis emphasizes the need and timeliness of such an approach, the accounting model being often included among the determining factors of the current economic context. The financial risk assessment process is an ongoing one, and strategies need to be implemented and improved depending on the market and the changes that have taken place. The adjustments made may reflect changes in market share expectations, changes in the business environment, or changes in international policy conditions, for example.

The connection between risk and the accounting model can only be one of interconnection and mutual determination, the accounting information being the main common point. The different objectives of financial reporting, influenced by the economic, cultural and social environment of the country in which the company operates, lead to different ways of approaching risks, a different prioritization and implicitly different valuation methods.

We ask ourselves "can financial risk be considered a determining factor in the accounting model?". We consider that the importance of financial risk assessment and management has implications for accounting information needs, determining different reporting methods. At the same time, the evolution of the notion of risk is based on changes in the business environment, and the progress of valuation methods has been possible due to changes in accounting models.

2. Financial risk - conceptual approaches

Talking about risk in general and financial risk in particular, is and will remain a challenge. Over time, different specialists have generated different views, constructions, ideas and reasoning that have led to collaborations in different areas of science. The transition from abstract to concrete was thus made, with the help of the theories, concepts, methods and models that appeared.

Modern companies operate in a financial space that offers them specific tools and possibilities for action, but which also subjects them to special constraints. The content and conditions of the financial problems that the

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company has to face, as well as the solutions that can be found, are obviously related to the characteristics of its financial environment, as well as to its own characteristics.

Practical applications - including risk limits, business-based compensation, portfolio optimization and capital calculation - all depend on risk measurement. In the absence of a definition of risk, it is unclear what the measurement accurately reflects. An analysis of the financial literature reveals many discussions about risk. To understand risk, two concepts are important: probability and impact.

The notion of risk has existed since ancient times, taking shape since the emergence of commodity-money relations and the emergence of competition in the economic circuit. There are also a number of theories about risk with the development of capitalist relations.

The best known definition of risk is given by Frank Knight in 1921, who suggested in his paper "Risk, Uncertainty and Profit" that the terms risk and uncertainty are relevant to economic analysis. He states that "the term 'risk' can be used to preserve the distinction between measurable and immeasurable uncertainty." However, this definition is not complete, the risk being determined by both uncertainty and exposure - possible consequences. In F. Knight's opinion, uncertainty is realized when we find ourselves in front of unrepeatable events, with possible known results, but without knowing the probability of distributions, and in case of repeatable events under the same conditions, the frequency of the distribution of possible results can be defined, we can talk about the risk situation.

Following his lead, other economists turned to the notions of risk and uncertainty to explain the profit, financing, size and structure of companies, all categories of decisions. In modern decision theory, as a consequence of the fact that in real situations not all the conditions and effects of an event can be known, one no longer operates with absolute certainties, but decision makers resort to probable uncertain estimates, notions of risk and uncertainty. Incomplete knowledge of one or more "variables" is a constant of economic activity.

Risk can be defined in different ways, but the central notions are the uncertainty of achieving objectives and potential losses, and incomplete control over the consequences of decisions. Risk management is the effort to understand these uncertainties in order to make better decisions on goals set and achieve them more effectively.

According to the definition given by Kaplan and Garrick, the risk is equal to the triplet, where it is the second scenario, it is the probability of that scenario and it is the consequence of that scenario. This definition of risk becomes clearer when the probability is defined:

a. subjective measure of uncertainty related to future events and consequences, seen through the eyes of the evaluator and based on basic information and knowledge (Bayesian perspective) - subjective probability;

b. the relative frequency of the number for the event to occur if the analyzed situation were hypothetically repeated an infinite number of times.

The above statement is the definition of risk using probability. In the specialized literature we also find definitions formulated based on uncertainty, an explicit component of the concept of risk. Thus, Professor T. Aven defines risk as equal to the two-dimensional combination of events / consequences and associated uncertainties. Risk has also been defined as the uncertainty of income, actions and events.

Another approach to risk, often encountered in economic risk and decision analysis, refers to the expected utility, which can be represented as follows: - consequences and - utility function. This definition considers the preferences of decision makers as part of the concept of risk. The result is a mixture of assessments of uncertainties about the consequences and preferences of decision makers, the value of the consequences and the associated probabilities. However, researchers believe that preferences and values should not be part of the concept of risk and its assessment.

In the following table we present some definitions given by organizations that deal with its management:

Table no.1. Definitions of risk in the vision of different organizations

Organization	Definition
Institute of Risk Management	The combination of the probability of an event and its consequences. The consequences can range from positive to negative.
International Organization for Standardization (ISO) - Guide 73	The effect of uncertainty on objectives. It is also stated that the effect can be positive, negative or a deviation from expectations (it can be called opportunity, hazard or uncertainty).
Institute of Internal Auditors	The uncertainty of an event that could have an impact on the achievement of objectives. Risk is measured in terms of consequences and probability.

Organization	Definition
International Risk Governance Council	The uncertain consequence of an event or activity in terms of something valuable.
Ernst&Young	An event or action that may adversely affect the organization's ability to maximize shareholder value and achieve its goals. Business risk arises both from the possibility that opportunities are realized and from the possibility that threats materialize.
KPMG	Anything preventing the organization from achieving its goals. Dynamic entities will not avoid risk, but they will identify, measure and manage it continuously, helping to increase shareholder value.
OCDE	The possibility that an event of unintended consequences to occur.

Source: self-processing

The literature reveals numerous definitions of risk. We further present some of them, and in the qualitative study we will present what definition of risk is perceived by companies to be closest to economic reality. Thus, the risk was defined as:

- Uncertainty about achieving goals and potential losses;
1. Incomplete control over the consequences of decisions;
 2. A probable deviation from the proposed purpose;
 3. Variability of the result under environmental pressure;

Risk can be classified in various ways. One method is to classify the nature of the risk attributes, such as the range of the impact, as well as its nature and / or the likely magnitude of the risk. It can also be classified according to the impact after it occurs. The source of the risk can also be a basis for classifications. In this case the risk can be classified according to its origins, such as credit risk.

Another way to classify risk is to consider the nature of the impact. There are risks that can affect the company's finances, and others can have an impact on activities or infrastructure. Moreover, risks can impact the organization's reputation or status and how it is perceived in the market. Each company decides which risk classification best suits it, depending on the nature of the organization and its activity.

There is no classification system that suits all companies or one that is fully relevant. However, many classifications offer a common or similar structure, following a certain logic, common features of different risks can be encountered at different levels of manifestation.

According to the nature of the risks, random (accidental) or entrepreneurial (speculative) risks were identified, the latter referring to the risks to which the company is subject as a result of its existence on the market. Having as a determining factor the origin of the risk, we encounter risks associated with the internal environment of the company and those generated by the external environment. Also, an interesting classification is made according to the consequences of the risk, identifying risks that affect the company's employees, assets or financial security.

P. Jorion proposes the following risk classification:

- business risk - the risks that companies voluntarily assume in order to create a competitive advantage or value for shareholders. Business or operational risk refers to the risk associated with the product market in which the company operates, including technological innovation, product design and marketing. Business activities also include exposure to macroeconomic risks, resulting from business cycles, income fluctuations and monetary policies.

- nonbusiness risk - risks over which companies have no control. These include strategic risks arising from fundamental changes in the economy or the political environment.

- financial risk - risks related to possible losses on the financial markets, such as losses caused by changes in the interest rate or non-payment of financial obligations.

Already from this classification we notice the appearance in question of the financial risk and a first definition. Analyzing the specialized literature, we noticed that we identify various definitions of it, some of which are significantly different.

Thus, M. Niculescu defines risk in terms of the variability of result indicators under the incidence of the financial structure of the enterprise. Another definition, given by S. Gabriel and C. Baker is “the variability of the net cash flow of the equity holder resulting from the financial obligations associated with debt financing and cash leasing”.

Financial risk is a term that unites several types of risk associated with financing, respectively with financial transactions: market risk, operational risk, credit risk, currency risk, liquidity risk, legal risk, reputational risk, systemic risk. We further define these risk categories.

The market risk consists in the production of unfavorable situations as a result of the modification of the main parameters of the market in which the organization operates, respectively the interest rate, the exchange rate and the value of the assets in the portfolio. This type of risk is monitored and evaluated on the basis of quantitative models by prestigious institutions in developed countries.

Operational risk is one of the oldest risks found everywhere in the business environment. Any institution will face this risk before deciding on the first market transaction or the first lending. Of all the types of risk with possible serious effects that companies may face, operational risk is considered the most devastating and the most difficult to anticipate.

The rapid pace of changes in technology, the large volume of transactions and their value, the value of company assets, the number of employees and their experience increase the probability that operational risk will occur. There is an increase, especially within banks and financial institutions, in assigning responsibilities to the management of this type of risk, following the regulations formulated by the regulatory bodies.

There is no unanimously accepted definition of operational risk in the financial community. An important starting point is to understand that operational risk encompasses the risk inherent in a company's business, and raises a variety of issues that lie outside of market or credit risk. The British Bankers' Association defined operational risk in 1997 as "risk associated with human error, inadequate procedures and controls, fraudulent or criminal activities, risk caused by lack of technology, system crashes, all non-banking risks arising from business decisions for competitiveness, legal risk and business relations risk, lack of compliance with applicable regulations or negative impact on the bank's reputation. External factors include: natural disasters, terrorist attacks and fraudulent activities, etc. ”.

The Basel Committee on Banking Supervision, an institution that formulates supervisory standards, instructions and recommendations on best practices in banking, has addressed the issue of operational risk in the financial field, and the definition given to this risk is "the risk of direct or indirect losses due to inadequate or defective internal processes due to external persons, systems or events". The difference between fraud and error is important in the analysis of operational risk.

Credit risk exists wherever the payment or performance of a contractual agreement with another organization is expected, with the likelihood of losses being implicitly resulting from the failure of another organization. Credit risk and the methods used to manage it depend on the size of the organization and the complexity of the exposure. Financial institutions, such as banks, investment dealers, credit companies, insurance companies, have a significant exposure due to the increased activity related to lending and trade. Although credit risk is traditionally associated with lending, it is also a major issue to study for other businesses, such as corporations.

Currency risk originates in banking operations in foreign currency, and expresses the probability that changes in the exchange rate on the market will negatively influence the interest margin.

Liquidity risk occurs when an organization is unable to conduct a transaction at a certain point in time, or when it is unable to obtain funds to meet its obligations under the expected cash flow. Most institutions face two types of liquidity risk. The first refers to the depth of the market and refers to specific traded products, and the second one to the financing of trading activities. Lack of liquidity can cause the institution to go bankrupt, even when it is technically solvent (i.e. the value of assets exceeds that of debt).

The legal risk arises from the potential of certain contracts, lawsuits or negative judgments that may disrupt or adversely affect the operations or conditions of the organization.

Reputational risk is the potential for loss of revenue, market share, key employees or costly litigation, resulting from negative publicity of the organization's business practices, whether or not this is true.

Systemic risk is the term used to describe the fragility of the financial system as a whole, as opposed to the risks that any company or market participant might face. A single company or a single transaction could trigger financial instability, if features of the financial system can multiply losses or cut vital services for other sectors of the economy.

We can see that the company's financing method and the external environment are the factors generating financial risks, with a significant impact on the activity. Thus, the issue of financial risk assessment and management acquires a major importance in the company's internal planning and control processes. Choosing the optimal correlation between the level of risk and the results of the activities becomes an essential component in the decision-making process.

It should be emphasized that the purpose of risk analysis and quantification is to provide the information needed to make decisions on issues that involve not only risks but also other forms of costs or benefits. Risk must always be considered in the context of a decision theory. In this context, the risk is acceptable if it corresponds to the optimal decision, and other risks are unacceptable, even if they are lower.

2. Financial risks - priority of the entity's management

2.1. Accounting and risk management

A basic law of capitalism is that money migrates to the environment considered the safest, and / or the one that brings the most income. There is pressure on managers for a more efficient management of the assets entrusted to them. In parallel, there is pressure on successful companies to continue their rapid performance growth. Along with expanding business opportunities, two types of controls contribute to better results: cost control and risk control.

Discipline is always a success factor, especially when volatility and uncertainty increase the requirements for risk control procedures. Therefore, management must encourage a disciplined accounting culture, by promoting standards of integrity and ethics, separation of tasks, clear lines of responsibility, proper supervision and a clear set of standards. Because in all matters related to risk control, accounting acts as a recording and monitoring system, another important ingredient of sound management is complete internal controls, with activities such as approvals, authorizations and compliance controls, and non-compliance monitoring activities, clearly defined for each activity level.

In order to effectively contribute to exposure control, accountants must understand the universe of risk in the company in which they work, the course of business, and the associated

risk flow. This means that systems and procedures must clearly delineate the elements of risk, allow for efficient management of system boundaries, closely monitor market, counterparty and other financial risks, and manage assets and liabilities in a clear manner, consistent and secure.

The prerequisites for the successful completion of these activities depend on the availability of an accounting system and data capture, processing and reporting technology. P. Drucker defined a procedure to allow a critical examination of the accountant's responsibility for risk management, which contains the following questions: Has each major individual risk been taken into account? Has the margin of error been set? Have correlations between major risks been tested? The answers to these questions must be given in a disciplined and well-documented manner.

Certain practices, such as creative accounting and those who practice it are the enemies of the accountant. Lessons on how to control such deviations are provided by industrial engineering. Because nothing works in a straight line, productivity varies from person to person or from point of work to point of work, but there are certain limits. This is a basic principle in cost accounting. Also, the risks follow a certain distribution. Business risks can be tested using the "stress testing" method, this method being very important in accounting, being considered a defensive weapon.

Accountants need to constantly calibrate their tools to keep risk managers aware of exposure assessment. Accountants must also appreciate the correct definition of the risks to which the company is subject.

2.2. The main theories of risk from an accounting perspective

The development of interest in the risk management process has led to the formulation of useful theories in this process, applicable in the process of their assessment. As pointed out above, the history of financial theory actually begins in the middle of the twentieth century, with the pioneering work of some researchers (who often won the Nobel Prize for Economics), notable being H. Markowitz (the principle of portfolio diversification in 1952), J. Tobin (separation theory in 1958), Lawrence Sharpe (CAPM financial asset balance model in 1964), Modigliani and Miller (dividend neutrality and capital structure neutrality in respect to company value), R. Merton and M. Scholes (option theory), and many others.

Fifty years later, a financial theory has been divided into two major families of theories: financial market theory and enterprise financial theory. The latter seeks to give a financial definition of the enterprise and business decision, while financial market theories seek to answer investors' questions about portfolio management or the valuation of financial assets.

Two theories contributed to the substantiation of the company's financial theory:

- Modigliani and Miller model (late 1950s), they were the first to use the capital neutrality hypothesis together with an arbitrage reasoning. The model is based on the idea that there is no optimal financial structure or dividend policy;
 - the theory of information asymmetry that emerges from an article by G. Akerlof (1970), together with other financial theories such as information signal theory, agency theory and enterprise governance theory.

The most important financial theories that have implications on financial risks are presented in the next table.

Table no.2. Important risk theories and the accounting perspective

The name of the theory and its representatives	The essence of the theory	The accounting perspective
Capital allocation efficiency (<i>Kenneth Arrow, Gerard Debreu</i>)	It demonstrates that an efficient allocation of resources requires a complete set of securities that allow agents to insure all risks, thus laying the foundations of the theory of general equilibrium.	It supports the financial instruments market, explains decision making in conditions of uncertainty and shows that the ultimate role of financial instruments markets is the efficient allocation of risks.
Average variation (<i>Harry Markowitz</i>)	Investors who choose portfolios must consider risks in the same way they make investment choices.	Efficiency concept limits the benefits of the choices made.
Capital Asset Valuation Model - CAPM (<i>Bill Sharpe</i>)	With some limitations, the market compensates companies for market risk, but does not do so for particular risks that investors may diversify.	Relevant for the discussion related to the insurance of idiosyncratic risks, the reduction of which is not rewarded by the market.
Capital structure (<i>Franco Modigliani, Merton Miller</i>)	Subject to strong constraints, a company's capital structure does not make a difference in its valuation by the market, because the company's risk exposure is the same.	When constraints are removed, the model is divided, introducing the idea of an efficient capital structure and the role of risk reduction through insurance.
Option prices (<i>Fischer Black, Myron Scholes, Robert Merton</i>)	Volatility is the key to the consistency of option pricing.	The concept of the real option allows companies to put value on hold.
Binomial setting of option prices (<i>John Cox, Stephen Ross, Mark Rubinstein</i>)	Model the instrument's base over time, increasing accuracy, particularly for longer-term options.	It allows a more accurate evaluation of options that have a higher flexibility.
Arbitrage Price Theory (<i>Stephen Ross</i>)	A less restrictive alternative than CAPM, defines the expected return on a financial asset as a linear function of various macroeconomic factors or theoretical market indices.	Allows investors to segment risk systematically into factors or components that influence correlations.

Source: Buehler, K., Freeman, A., Hulme, R. (2008), *The risk revolution*, McKinsey working papers on risk, pp. 5-6

2.3. The importance and stages of financial risk management

One of the factors behind the rapid development of financial risk management is the high level of instability of the economic environment in which companies operate - environmental volatility. It exposes companies to higher financial risks, causing companies to identify more efficient ways to manage risks. To this volatility it is added the intensification of trade activity since the 1960s and the development of information technology. Improving the latter has made possible the computational power (new techniques can be used) and the speed with which calculations are made. In the contemporary period, other important factors have led to the emergence of new methods of financial risk management. Out of all of these, the most important are globalization and relocation to countries with cheaper labor.

Financial risk management is the process by which the company copes with the uncertainties arising from the financial markets. This includes assessing the financial risks facing the organization and the developing of management strategies in line with internal priorities and policies. Proactively addressing financial risks can give the company a competitive advantage. It also ensures that management, operational staff, stakeholders and the board agree on key risk issues. Financial risk management requires organizational decisions based on which risks are accepted, versus which are not. The passive strategy of not taking any action is equal to accepting all risks. A variety of strategies and products are used to manage financial risks, and it is important to understand how they work to reduce risk in the context of the company's tolerance and goals.

Financial risk management is a component of the company's financial management, seeking to control instability related to certain operations or operating costs (Operational risk related to the cost structure, leverage risk related to the effect of the company's financial structure, risk of bankruptcy), but also to control the influences exerted on the enterprise by the inherent instability of some environmental variables (risk exchange rate, interest rate risk), or special transformations that take place in the institutional environment (administrative risk and political risk). Risk management has 7 stages, in some of them the accounting information provided by the accounting model has a significant importance.

Table no.3. Stages of risk management and their correlation with the use of accounting information

Stages of risk management	Use of accounting information
Risk recognition and identification	Yes - accounting is the primary source of information.
Classification and assessment of risks in terms of magnitude and probability	Yes - accounting is the primary source of information.
Responses to significant risks, including decisions on the most appropriate ones - tolerance, reduction, transfer or elimination of risk.	Yes - calculating the impact of risks on results.
Resource control in order to ensure that the necessary control activities can be introduced and supported	Yes - budget analysis.
Planning response and / or event management	No.
Reporting and monitoring performance, actions and events related to risk	Yes - monitoring information using results' analysis.
Review of the risk management system, including internal control procedures, revisions and improvements to the risk architecture, strategies and protocols	No.

Source: self-processing

We consider that in 5 out of 7 stages the information provided by the accounting model is essential for an efficient risk management. Accounting is an important source of information underlying the identification and assessment of risks. But this is not the only function it has in the risk management process, the calculation of the impact that risks can have on the results, being of particular importance in making the right decisions related to the best way to be approached. However, these decisions require financial resources, and information about the possibility of their implementation cannot be taken without a financial analysis of the company's results. We therefore infer that the activity of financial risk management is closely related to the information provided by the accounting model.

The main purpose of this process is to provide decision support. As we can see from the steps presented above, we start with risk identification, risk analysis and description. All analyzes performed are frequently referred to as risk assessments. From our point of view, this stage of risk assessment is very important, as the other steps depend directly on it. Quantitative risk assessment (also called probabilistic risk assessment) is a new tool used in risk management. It includes:

- statistical methods - data are available to predict the performance of the activity or the analyzed system. These methods can be based on data extrapolation or probabilistic modeling;
- systems analysis methods - these methods (including the FTA fault tree method and the event tree method) are used when the data is insufficient to accurately predict future performance.

Related to the accounting theory, progress has been made in understanding how risk perception and behavior are affected; recognizing that personal decisions reflect different processes of assessing and combining anticipated and current losses, gains, delays and surprises, as well as the development of an ethical environment and framework. Assessment

methods have been developed through the use of a formal analysis of uncertainties, strengthening the capacity to apply the multi-objective decision-making process related to risk-affected decisions and modifying existing regional and economic assessment tools. During this period, the estimation of probabilities was developed and the application of intelligent analysis models was perfected. Risk communication has expanded and decisions are made based on more accurate information.

3. Conclusions

Proper awareness and assessment of financial risks is a key point in the management of the entity. An important role in this process is played by the professional accountant, by understanding the risk universe in the company and by using tools to keep management aware of it. Also, the risk analyst is the one who conducts the numerical analyzes and informs about it. The methods of financial risk assessment have evolved with the development of economic activity, and their importance has become increasingly acknowledged. The need for information on risks has led to a change in the way of reporting in accounting models, thus demonstrating the implication of financial risk - accounting model.

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VALUES OF ACCOUNTING AND FINANCIAL INFORMATION IN ACHIEVING GOOD CORPORATE GOVERNANCE

Guni Claudia Nicoleta¹

Abstract

In this material we set out to present the importance of financial-accounting information in achieving good corporate governance. Nowadays, the management of economic entities is obliged to disseminate information. Due to the multitude of users and implicitly the varied need for information, the company must provide an overview of its activity and performance, supplemented by additional information, necessary to meet the demand from different users. This article also addresses the theoretical aspects regarding the typology of financial-accounting information, the quality of financial-accounting information in terms of international norms, the qualitative characteristics of accounting information in terms of corporate governance requirements, the role of respecting the principle of transparency in achieving good corporate governance as well as the possibilities of optimizing the transparency of accounting and financial information, fair image and fair value - key objectives in ensuring the transparency of accounting and financial information.

Keywords: corporate governance, relevance of information, credibility of information, organizational culture

JEL Classification: G3; G32; G34

1. Introduction

Corporate governance is a concept that encompasses a wide range of activities, rules, processes and procedures, designed to ensure the optimal use of companies' resources and strategies, so that its objectives are achieved. This concept tests the health of economic entities in such a way that inefficient managers have to leave and be replaced by new and more efficient ones. It involves communication, transparency, participation, equal opportunities, respect for the other. Good corporate governance focuses on: the customer, the shareholder, the employee, the community, whose members agree to cooperate and work together. The development of a new corporate governance involves the establishment of basic principles that: guide the relationships between different business partners; clearly define responsibilities; guarantee the optimal functioning of the decision-making processes at microeconomic and macroeconomic level.

Numerous studies have been conducted on the concept of "corporate governance", including reports, by groups of specialists representing major institutions - universities, stock exchanges, banks, governments, etc. Since the emergence of this concept until now, numerous definitions have been proposed, all referring to the organization of the relations between shareholders and managers within a company or to a new stability of the different power factors that participate in the organization and functioning of the corporation.

In essence, this concept consists of a set of appropriate rules and mechanisms for management and control at the level of economic entities in order to protect and harmonize the interests of all stakeholders in their proper functioning, but also to monitor and motivate managers to restrict their behavior based solely on personal interest served and determine them to adopt strategies and decisions that meet the interests of shareholders and other categories of stakeholders, to respond to and meet their expectations.

The concept of corporate governance is more than a series of useful tools and techniques, of management and control; it is a paradigm, because it represents a vision of all economic entities, and finally a vision of the world, a widespread and deeply entrenched belief in the issues that deserve or can be solved globally in terms of the economic development of all countries, not just the more developed ones.

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We should not be surprised by the emergence of this concept. It arose from the need to solve the problem of inefficiency, social responsibility, ethics in domestic and international affairs, the use of realistic performance standards by economic entities, the elimination of gaps between job requirements and employee capabilities, incentive systems to encourage employees. As a process, the corporate governance system can operate in an entity of any size, and can function for any purpose, good or bad, for profit or loss. A rational and reasonable purpose of this concept could be to ensure the efficiency of the economic-financial act. Perhaps the moral and natural purpose of corporate governance consists in the name of regulated actions, of a dignified, effective model, while avoiding an unwanted, inefficient model. The ideal goal, obviously, is to ensure the realization of the best possible model.

2. Corporate governance - result of the dynamics of organizational culture oriented towards increasing performance at the microeconomic level

The organizational culture represents one of the main factors that can determine the success or failure of the economic entity, success measured by the degree of satisfaction offered by the company to shareholders and those interested in its results. The organizational culture, oriented towards good corporate governance, represents, for any entity, a guarantee of survival and continuous development, whether it is operating in a heavily competitive market or in an unfavorable economic, social or political environment. This is because the organizational culture, through its components, is the one that dictates certain norms of employee behavior, guides the way they perceive and represent their reality, the best way to react to the principles of corporate governance and the creation of value for shareholders.

An organizational culture oriented towards good corporate governance, is a good way to approach reality by companies (economic, social, etc.) which constantly leads to value creation for everyone who is directly or indirectly interested in that organization (shareholders, community, customer staff, suppliers, etc.).

Corporate governance and constructive organizational culture encompass a wide range of activities, rules, processes and procedures, designed to ensure the optimal use of resources and strategies of listed and unlisted economic entities so that its objectives are met. We could say that effective corporate governance is also an approach to organizational culture in terms of perspective, quality, increasing economic and financial performance and creating value for investors. Thus, the good corporate governance can influence the vast majority of processes in the company, has a direct influence in the definition, documentation and application of internal rules relating to various organizational processes, greatly influences the way employees apply these rules and last but not least, directs them to approach the various situations that have arisen in or outside the entity. This concept represents a set of mechanisms through which investors (outsiders) protect themselves against the danger of expropriation by insiders. Good corporate governance and a results-oriented organizational culture, but equally people-oriented, is necessary for any economic entity that wants to attract investors and minimize capital costs. A constructive style is a humanistic approach, which gives employees the opportunity to improve their performance, to have initiative, to be creative, to learn to develop their potential. The impact of the organizational culture on business performance is direct and very strong. Companies with a constructive organizational culture perform better than companies with a non-adaptive or defensive culture (aggressive or passive).

Modeling the organizational culture in the direction of the quality of corporate governance determines changes in the general management of the company. The entire set of managerial processes is reshaped in the direction of that level of performance required by all stakeholders in the company's results.

Good corporate governance, as a set of values that helps company members understand what the entity is, how to act and what is considered important, aims to increase the

company's performance and harmonize different interest groups, especially after the great failures and scandals that shook companies in Europe and in the USA. These scandals were caused by poor or inappropriate corporate governance standards, a weak organizational culture, more oriented towards high profits made in short periods of time, a senior management that neglected to create value for shareholders. They started with the liquidity problems faced by companies, which raised a question mark about their future existence. Those interested tried as much as possible to keep the situation under control in order to keep the entity afloat, but not all of them used legal methods, generally accepted. Also, the corporate governance did not function at the required level, most of the times, the shareholders being handed the annual financial statements already handled. Even if the accounting manipulations did not always lead to the bankruptcy of the company, they certainly had an impact on the future, in the sense that the low credibility of the information entailed additional costs in the following periods.

The economic crises have highlighted the major deficiencies of corporate governance related to the control of managers' salaries, the transparency of the entities' activity, the role and responsibilities of all shareholders, risk management. The key to success in implementing good corporate governance at the microeconomic level, respectively the success or failure of change at the company level is given by the organizational culture. Good corporate governance and an effective organizational culture mean taking care of your employees and collaborators. That is, to make their lives as good as possible, to invest the money that investors give in projects that bring maximum added value and positive effects for as many citizens as possible, to encourage competition and innovation. A well-run company focuses on medium and long-term investments, discovers opportunities and allocates capital in such a way as to satisfy its shareholders. The main goal of corporate governance is to ensure the survival and prosperity of the enterprise in a sustainable way. For this purpose, the managers of the company must meet the multiple expectations of shareholders, while ensuring an optimal level of satisfaction in the community of stakeholders-consumers, partners, contractors, suppliers and employees.

Corporate governance in convergence with organizational culture, which represents a "Set of values, beliefs, aspirations, expectations and behaviors outlined over time in each organization, prevailing therein, and conditions its functionality and performance directly and indirectly", represents a means of improving the performance of economic entities, through two dimensions, the disciplinary one and the cognitive one. The disciplinary dimension of the governance of the economic entity proposes mechanisms for supervision and control of managers, aligning the behavior of managers to the interests of shareholders, increasing the motivation and efficiency of internal and external activities by improving communication. The cognitive dimension is interested in creating an advantage based on the competencies of the enterprise. In this framework, corporate governance and organizational culture serve by helping senior management build or detect opportunities and acquire new skills.

The practice confirms the need to intensify efforts to accept this concept, because it has been found that economic entities that are dedicated to its principles have even managed to maximize profits. Good effective governance ensures improved economic efficiency and an interactive investment climate. Compliance with good corporate governance principles is certainly to the benefit of the economic entities, enabling them to manage their business processes and risks more effectively and achieve their goals.

The development of an organizational culture oriented towards good corporate governance determines, for all groups in companies, regardless of their hierarchical level, the level of training or the degree of complexity of the activity carried out, a unitary approach to the activity within the entity, as well as in relation to the economic, social or political environment in which the entity operates.

3. Qualitative characteristics of accounting and financial information in terms of the requirements of good corporate governance

At the level of corporate governance, accounting is the most important element of the informational system, because: most decisions at the microeconomic level are made based on the information provided by accounting; allows managers, shareholders and other stakeholders to have an overall image of the activity; connects with the other components of the company's information system, by integrating the information on these activities into a common basis. The question constantly arises: what do managers, shareholders and other stakeholders expect from the financial-accounting information? to allow an ascertainment - Are things going well or badly? to draw attention: what problems should they be interested in in order for the activity to be carried out optimally? to help solve problems: which of the alternative solutions are the most viable?

Corporate governance as a complex system of management and control of the economic-financial activity of the economic entity, is seen as an information system that collects raw information, processes it through accounting, presenting it to decision-making-managers and shareholders and also to other groups involved. But the main feature of the financial-accounting information is to obtain the knowledge and skills necessary to participate in making important economic decisions at the company level.

3.1. The typology of financial accounting information

The financial accounting information is intended for external users, such as employees, investors, creditors, the government, the general public and it is designated by the summary financial statements or, in short, the financial statements. This is the basis of the work of analysts, where it is of major importance to have numerical information that reflects the economic reality of a company. Annually, the administrators of the enterprises must prepare a set of financial statements in a standardized form, composed of: balance sheet, profit and loss account, statement of changes in equity, statement of cash flows and accounting policies and explanatory notes. Existing and potential investors, lenders and other creditors need information to help them assess the prospects for net cash inflows for a company. Information on the nature and value of economic resources and claims on a reporting entity can help users identify the financial institution's strengths and vulnerabilities. In order for the financial information to be useful, they must be relevant and represent exactly what they aim to represent. The usefulness of financial information is enhanced if it is comparable, verifiable, appropriate and intelligible.

Accounting information is *an abstraction, a product of intelligent knowledge, but at the same time a ubiquitous reality, which every unit with or without permission meets daily*. It can be a neo-production factor for analysts and, on the other hand, the same information represents on the market, a competitive product for analysis reports. With regard to financial information, the principle of corporate governance requires practices of transparency, the correct, honest and timely elaboration and presentation of other financial information and reporting. Also, information and reporting policies must ensure and serve transparency: the objectives and managerial strategy of enterprises; reporting influences on risks and performance; events that took place during the financial year and that significantly influenced the outcome; annual contributions to be examined by the Audit Committee and approved by the Board of Directors.

Accounting information in an enterprise can be classified into two broad categories: financial accounting information and management accounting information. Accounting information specific to economic activities can be defined as a *communication, news, or message that contains new elements of knowledge of certain states, situations, conditions of*

manifestation of certain economic phenomena or processes. The use of economic information follows several aspects: *the prospects of economic growth of the entity, based on future expectations taking into account the evolution of the most important factors that will influence future economic performance; investment parameters (dividends and market price) in correlation with business risk.*

The management accounting information is also intended for internal users, respectively for the management of the enterprise. This information is non-standard, often non-monetary, and includes information on the unit cost of products, cost behavior relative to the volume of activity or profitability per product. Reports are submitted to management at short intervals - monthly, weekly or daily - and are limited to subdivisions of the company, called responsibility or profit centers. In order to judge a business, people need economic information that will underpin their decisions. Decisions refer to the optimal level of production, the granting of a loan or related payments, etc. In all cases, the accounting information will help in the decision-making process. As a result, it can be said that accounting follows the collection, analysis and transmission of economic information necessary for decision, planning and control.

Information, especially economic information, is present today in all fields of activity, being an indispensable element of progress. *Its evolution was and is imposed by the evolution of natural and social systems - objective reality that presupposes the permanent knowledge of the state and functionality of the component elements of the system - determines the development of the economic informational system, of the component elements.* The economic information provided by accounting is focused on: *industrial or commercial performance, with the important role played by indicators such as added value or operating result; solvency with the comparison of the liquidity of receivables and debts and the evaluation of the patrimony.*

Accounting information serves everyone who needs to make a decision or plan a business as well as control that business. Consequently, managers are the main beneficiaries of accounting information. In reality, it can be said that the role of accounting is to help beneficiaries issue decisions based on relevant information, to influence their decisions. Accounting information is needed primarily at the microeconomic level. However, accounting also has a macroeconomic vocation. There are currently discussions of national accounting or macro-accounting. To achieve its objectives, accounting cooperates at the national level with macroeconomic statistics.

The current evolutions of the modern society require the continuous improvement of the economic-financial information. It must be constructed in such a way as to meet both the management's requirements for substantiating decisions and the information needs of the company's partners. The information produced by an entity can be classified into four categories: *operational information; financial accounting information; management accounting information; accounting information on meeting tax needs.*

Operational information is required by the day-to-day management of economic and financial activities carried out within the entities. This information is necessary for the management of the various compartments of the enterprises and may form the basis for the supply of the necessary data for financial accounting, management accounting and tax accounting. Financial accounting provides useful information to both internal users (enterprise managers) and external ones (current and potential investors, bank financiers and other creditors, government agencies, investment advisers, financial analysts, business partners, employees, the general public). Because accounting information contributes to the redistribution of wealth, accounting today is a standardized social practice, with regulators acting nationally and internationally.

In most cases, external users must accept the information that the organization chooses to provide. There are cases when they also request information in accordance with their specifications. The transmission of information to their external beneficiaries is based on the principle of uniqueness of the information provided by a set of accounting rules, in order to achieve a comparability between the information provided by two or more potentially competing organizations. This set of rules is also the subject of the study of financial accounting, it is also called *the alleged rules of financial reporting*.

Management accounting locates satisfaction with accounting information only at the level of managers. It achieves its objectives by: determining the costs on products, services, activities, responsibility centers; determining the margins and analytical results on products and activities; providing the necessary information for drawing up the dashboards; providing information for measuring performance at the level of different structures of the enterprise. Management accounting information is used to perform three managerial functions: planning, implementation and control. Accounting seeks to serve the informational need of a wide range of users, interested in the financial situation of a business. The main users are: investors, bankers, employees, suppliers and other commercial creditors, customers, the government and its institutions, the public, management, etc.

At the level of an enterprise it can be felt a pressure from third parties on the regularity of the financial communication process: periodically it is necessary to provide information at macroeconomic level for the construction of indicators that characterize the state of the national economy at a given time; the tax administration is interested in knowing the taxable matter in order to determine the amount of taxes and fees owed by the company; the various creditors want to have regular access to information on the liquidity and solvency of the company; shareholders want to collect dividends regularly. Users express various information needs, on which they base, following economic and financial analysis, various decisions they make. They often face sometimes divergent perspectives and express divergent views.

In the activity of the entity there will always be a common set of information, structured in the synthesis documents. This information is part of the general financial information. However, there is also information for private use, intended for a certain category of users. Also, in the activity of the entity there is some confidential or privileged information.

3.2. Qualitative characteristics of financial - accounting information

In the analysis of the global efficiency of an enterprise, it is particularly important *the quantity and the quality of financial-accounting information that we use at a given moment in the system of economic entities, preferably increasingly analytical*. Qualitative characteristics are the attributes that determine the usefulness of the information provided by the financial statements. These characteristics are part of the objectives of the international conceptual framework, also called the Framework for the Preparation and Presentation of Financial Statements, addressing a wide range of users (current and potential investors, employees, banks, suppliers and other creditors, customers, the state and its public bodies, the public), analyzing only five elements that make up the financial statements: assets, liabilities, equity, expenses, income.

The quality of accounting information is *the propellant of development, so that all new knowledge is built on the skeleton of existing ones, thus certifying their quality every time*. This is not only a support for managers' decisions but it can also highlight the relationships between departments / offices / production sections / workshops, etc. of a company, namely the level of collaboration and cooperation in order to achieve the fundamental objective - creating value for shareholders and other stakeholders. We must not lose sight of the following elements: *information is not constructed objects, they are symbols deliberately created by socio-economic actors; information forges representations and induces behaviors*

according to complex mechanisms; along with the formalized sciences, economic knowledge plays a very important role.

Information about an entity's performance is necessary to assess potential changes in economic resources that the entity may control in the future, to anticipate the ability to generate cash flows from existing resources, to formulate judgments about the effectiveness with which it can engage and utilize new resources. As required by the *IASB General Framework for the Preparation and Presentation of Financial Statements*, the four main qualitative characteristics are: intelligibility, relevance, credibility and comparability.

Intelligibility is the main feature of accounting information. An essential quality of the information provided by the financial statements is that they must be easy to understand by all users. For this purpose, it is assumed that users have sufficient knowledge on the conduct of business and all economic and financial activities, notions of accounting; and have the desire to study the information presented, with due care. For this purpose we must ensure a balance between knowledge of accounting, those relating to business and economic activities which must be sufficient, on one hand, and their interest in studying the information reflected in the financial statements, on the other hand. However, the information on complex issues, which should be included in the financial statements due to their relevance in the economic decision-making, should not be excluded just because it may be too difficult for some users to understand.

In order to be useful, information must be relevant for decision-making by users. *Information is relevant when it influences the economic decisions of the users, helping them to confirm or correct their previous assessments.* Relevant financial information are those that have the ability to make a difference between the decisions made by the users. Information can have the ability to make a difference in making a decision even if some users choose not to take advantage of this information or if they already know it from other sources.

The relevance of the information is influenced by its nature and the threshold of significance. In some cases, the nature of the information is sufficient, in itself, to determine its relevance. In other cases, both the nature and its significance are important. For the purposes of these regulations, information is considered to be significant if its omission or misrepresentation could influence the economic decisions of users, taken on the basis of the annual financial statements. In analyzing the significance of an element, the size and / or nature of the omission or erroneous statement judged in the given context are taken into account. The relevance of the accounting information is defined in relation to three other qualities: opportunity, retrospective character; predictive value. The opportunity is to provide accounting information in a timely manner. The retrospective nature of the accounting information is proven by allowing the evaluation of past decisions. The predictive value of accounting information refers to its ability to improve forecasts based on the results of past decisions.

The credibility of the information – in order to be useful, the information must be credible and reliable when: it does not contain significant errors; it is not biased, and the users can be confident that they represent correctly what they are set out to represent or what they reasonably expect; to faithfully represent the transactions and other events that they have either intended to represent or are reasonably expected to represent; they are accounted for and presented in accordance with their substance and economic reality, and not only with their legal form; it is included in the financial statements, and is complete and neutral, i.e. free of influences. *Credibility is given by: fidelity in presentation; the prevalence of the economic over the legal; completeness (no part of the entity's activity should escape accounting); neutrality and prudence.*

Comparability - users need to compare an entity's financial statements in both time and space to identify its trend, financial position, and performance. By comparing a company's

financial information over time, decision makers can identify the evolution of the company's financial position, changes in financial position, and the performance of the company. The comparability of the information in space gives users the opportunity to make decisions by comparing the financial statements of different companies. They must be able to compare the financial statements of the various entities in order to assess their financial position and performance. Thus, the measurement and presentation of the financial effect of the same transactions and events must be performed in a consistent manner within an entity and over time for that entity and in a consistent manner for different entities.

The need for comparability should not be confused with mere uniformity and should not become an impediment to the introduction of improved accounting policies. In order to harmonize accounting practices to ensure the comparability of accounting information, in time and space, at microeconomic and macroeconomic level, respectively at national and / or international level, rules on general accounting principles are issued, by the existing national and international accounting standardization bodies whose role is to ensure the implementation of accounting principles. Accounting rules represent precise rules for valuing, recording, classifying and presenting financial information.

The quality of the external information also depends on the variables of the external environment of the entity, and mainly on: the legal norms regarding the annual financial statements and the institutional information system; corporate governance regulations; the prescriptions provided for the national and international norms and standards; the characteristics and requirements of the recipients of economic-financial information.

In the face of such external variables, the challenge of the entities is not so much the identification of the categories of information users, especially the point-by-point understanding of their specific, diversified information requirements, as well as the weight of the effect of decisions on economic management. On these elements will depend in fact not only the nature of the information, but also the configuration of the communication processes. Meeting information needs is in fact a prerequisite for maintaining investor confidence. The wide range of actual and potential users involves an extension of the importance of information provided through formal and regulated channels towards those transferred informally. Outside the regulated markets, the economic-financial information circulates through informal channels or even through personal contacts with customers and suppliers and through direct relations between the company's management and the reference investors.

4. The impact of corporate governance on the effectiveness and viability of economic entities

Financial performance is of informational importance for investors in making decisions regarding the maintenance of invested capital, increase or decrease by a new capital investment. A successful entity is one that reconciles the expectations of all its partners: it creates value for its shareholders, provides pleasure to employees in the workplace and a clean environment for the community. In this context of transparency, of information, an essential element for the competitiveness of the entity, it requires the functioning of corporate governance systems and, above all, control systems. Therefore, the issue of corporate governance should be seen as a fundamental antidote to the pressures leading to fraud, in order to make the flow of information transparent.

The increase in the efficiency and viability of the economic entity is given by the following characteristics of corporate governance: the corporate governance represents an extended concept, which includes different aspects of the financial system (infrastructure, institutions and markets); corporate governance involves not only the allocation of resources, risk management, the mobilization of savings and the facilitation of accumulation, well-being,

development and growth, but also the proper functioning of the payment system; corporate governance must be seen in terms of the potential consequences for the real economy.

Corporate governance aims primarily to maximize wealth creation for shareholders but also for other stakeholders, through economic growth, both at the microeconomic and macroeconomic level. This concept presupposes the set of norms, regulations and procedures meant to lead to a good administration and management of the institution, with a national and global impact. The purpose of corporate governance is to reduce the problem principal - agent, and the identity between the well-being of individual entities and the well-being of the whole society, which leads to an optimal allocation of resources at the level of the entire national economy.

In the context of an increasingly integrated global economy, economic growth will result from: higher productivity, by improving labor efficiency, management and the use of capital production; improving market knowledge, successful strategies for market penetration with higher value-added products and services, through a dynamic entrepreneurial base; effective capitalization of research results in the innovation process; investment in infrastructure to improve accessibility and living conditions; effective administration / governance, both in the public and private spheres, to ensure a favorable environment for investment and for a better use of public resources, including the Structural and Cohesion Funds; assuming the principles of sustainable development to ensure an efficient management of resources, environmental management, inclusion of all entities in the development of the company. The performance of an enterprise is not simply limited to superior financial-accounting results, respectively maximum profitability, stable financial balance, ability to generate liquidity necessary for the operation and expansion in the future, but covers all non-financial and financial aspects of its activity.

Investors are not only interested in the historical past of the company, relevantly reflected by the financial indicators but especially by the future development perspectives generated by its material, financial, human, informational and organizational resources. Managers cannot maximize the value of the company if they ignore the interests of its social partners: shareholders, employees, creditors, suppliers, customers, etc. The performance of the companies listed on the Bucharest Stock Exchange is significantly influenced by the form of corporate governance, respectively by the capacity of the decision-makers to identify and harmonize the interests of their most significant social partners. The harmonization of these interests is ensured through the corporate governance system.

The ability of managers and other decision makers, such as shareholders, the Board of Directors, auditors, to harmonize and prioritize these interests, directly influences the risk and return generated by the investment in the shares of the company. So the quality and operational efficiency of the form of corporate governance determines the control of variables that have a strong impact on the economic and financial results of enterprises.

Among the generally accepted principles in the market economy are those related to the fact that the entities must operate in the interest of the owners (shareholders), on one hand, and, on the other hand, that they are interested in their performance, along with them, other stakeholder groups are also interested: managers, employees, customers; suppliers, banks, state, local community. From the point of view of strategic management, this implies, taking into account their interests in the process of setting strategic objectives. The performance of listed entities is significantly influenced by the form of corporate governance, respectively by the ability of decision makers to identify and harmonize the interests of their most significant social partners. The harmonization of these interests can be ensured through the corporate governance system. We believe that there is an inseparable link between the performance of companies and the efficiency of the corporate governance model. Investors attach great

importance to corporate governance systems implemented in a company and are willing to pay extra for good results in this area.

Companies are well aware of this reality therefore they are given considerably more importance than in previous years, the good and bad examples of the international market speak for themselves. Thus, on the one hand, there are companies that have put a lot of effort and time into achieving high standards of corporate governance and social responsibility. As a result, they are perceived as exponents of governance based on added value, being able to maximize the value of the company through systems and processes that allow managers, regardless of the hierarchical level, to evaluate and monitor its performance. On the other hand, there are companies that have failed to build the corporate governance strategy and have a transparent approach to the various stakeholders. Therefore, the shortcomings of the systems of the organizations in question come to the surface and prove to be more than unsuitable, sometimes with disastrous results. Finally, the test of the efficiency of a company's governance model is the extent to which it manages to achieve its main objective, namely, to maximize the value of the company from the perspective of shareholders. It's all about how it manages to organize an ideal closed system: meeting the requirements of customers, employees, suppliers, distributors, etc., the reward being, in the case of good results, increased and sustainable value. Therefore, the importance of an effective corporate governance model that monitors and evaluates the company's performance, while meeting the needs of all stakeholders and thus creating added value, will increase even more. Corporate governance is a tool that helps maximize the value of companies. This concept aims to foster creativity in the enterprise, to respond to the challenges of globalization and to make the entity focus more on creation, innovation, research, marketing and production, in order to maximize profit. An information system shall comprise all the elements necessary to define, produce, maintain and make available the information necessary for the staff of a company to ensure the proper functioning of that company.

In order to ensure the functioning of the corporate governance model, the dimensions of strategic performance, compliance and responsibility must also be included. The directors establish the objectives of the organization that they intend to achieve, and based on these they elaborate policies and strategies on the specific fields of activity. For all objectives, they establish key performance indicators that represent targets to be achieved that will materialize in performance reports.

5. Conclusions

The importance of corporate governance for the success and social well-being of economic entities cannot be underestimated. Transparency, fairness and credibility in relations with shareholders but also with other stakeholders; effective communication, compliance with the law, assuming responsibilities, are essential to ensure good corporate governance. Although effective corporate governance insists on ethical principles and social responsibility, the rules, policies and procedures it promotes have a well-defined purpose, namely to sustainably increase the value of the company and create value for shareholders. Increasing transparency in investor relations, but also a high quality of financial reporting is defining elements that can influence potential investors in assuming the risk of investing in an economic entity.

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FINTECH, A DISRUPTOR OF THE TRADITIONAL BANK

Marius Gust¹

Abstract:

In recent years, financial innovation has accelerated greatly, new financial services have radically changed the banking environment. The main factors contributing to the dynamism of fintech are the development of IT and mobile communications infrastructure, pioneering financial services offered by new technology companies and the design of new financial services based on consumer needs. The fintech areas are: credit, deposits and capital raising services; payment, clearing and settlement services, including alternative currencies; financial investment and insurance services. However, in the near future many of the new financial services will not pose too much of a problem for banks. For example, P2P loans will reduce the market share of banks, but in no case will they eliminate bank loans because, on the one hand, the clientele that will go to the market for P2P loans will be the risky one, unapproved by banks. and on the other hand, because credit institutions still have the majority of resources and the majority of customers. Another example is payments, which continue to be carried out mainly by banks because alternative systems do not yet have a global infrastructure, and the completion of payments presupposes the existence of the legal tender issued only by central banks.

Rezumat:

În ultimii ani inovarea în materie financiară s-a accelerat foarte mult, noile servicii financiare au schimbat radical mediul bancar. Principalii factori care contribuie la dinamismul fintech sunt dezvoltarea infrastructurii IT și de comunicații mobile, servicii financiare de pionierat oferite de noile firme de tehnologie și proiectarea noilor servicii financiare pornind de la nevoile consumatorilor. Domeniile fintech sunt: creditul, depozitele și serviciile de atragere de capital; serviciile de plăți, compensare și decontare, inclusiv emisiunea monedelor alternative; gestionarea serviciilor de investiții financiare; serviciile de asigurare. Totuși, într-un viitor apropiat multe din noile servicii financiare nu vor pune prea multe probleme băncilor. De exemplu, împrumuturile P2P vor reduce cota de piață a băncilor, dar în nici un caz nu vor elimina piața împrumuturilor bancare pentru că, pe de o parte, clientela care se va îndrepta către piața împrumuturilor P2P va fi cea riscantă, neagreată de către bănci, iar pe de altă parte, pentru că ele încă dețin majoritatea resurselor și majoritatea clientelei. Un alt exemplu, plățile continuă să fie derulate majoritar prin bănci pentru că sistemele alternative nu au încă o infrastructură globală, iar finalizarea plăților presupune existența monedei legale emisă doar de către băncile centrale.

Keywords: fintech, banking, P2P loans, crowdfunding, alternative currencies,

Cuvinte-cheie: banking, P2P loans, crowdfunding, alternative currencies,

JEL classification: G21 **Cuvinte-cheie:** Se vor include 4-6 cuvinte - cheie.

Clasificare JEL: G21

1. Introduction

Comitetul de la Basel pentru supravegherea bancară - BCBS (BCBS, 2018) definește fintech folosind definiția dată Consiliul de Stabilitate Financiară (FSB), ca „inovația tehnologiei financiare care are ca rezultat noi modele de afaceri, aplicații, procese sau produse cu un efect material asociat asupra piețelor și instituțiilor financiare și pentru furnizarea serviciilor financiare”. Această definiție este considerată utilă de către BCBS ca urmare a fluidității actuale a dezvoltărilor fintech, concentrându-se asupra efectelor fintech, care sunt deosebit de relevante pentru bănci și supraveghetori bancari. De asemenea, este de remarcat faptul că termenul fintech este folosit pentru a descrie o gamă largă de inovații în domeniul tehnologiei financiare realizate atât de către băncile existente, cât și de către alți participanți, precum start-up-uri sau mari firme de tehnologie.

Aceiași sursă (BCBS, 2018) menționează rezultatele unui sondaj care indică faptul că majoritatea subiecților chestionați nu au definit unitar termeni precum fintech, inovație sau alte categorii similare, aspect care indică faptul că publicul sau participanții la proces nu au o

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opinie clară despre dimensiunile fintech un domeniu care evoluează rapid. Ariile pe care participanții descriu termeni fintech, inovație sau alții similari sunt cele desemnează (a) un serviciu financiar inovator; (b) un nou model de afaceri furnizat de o bancă sau de o companie nefinanciară sau (c) un start-up de tehnologie nouă pentru industria financiară. O altă observație este că unii participanți au făcut o distincție clară între inovație și perturbare, inovarea încadrându-se în cadrul de reglementărilor existente, pe când perturbarea necesită dezvoltarea de noi reguli.

Ariile de semnificație arondate categoriilor de fintech, inovație și alți altora similare sunt importanți pentru modul în care supraveghetorii abordează sau vor aborda domeniul fintech, posibilele reglementări trebuind să definească noi produse și servicii specifice pentru o abordare precisă.

Categoriile circumscrise sau legate de fintech sunt: application programming interface (API), inteligență artificială (AI), big data, bigtech, cloud computing, copy trading (se referă la strategiile de tranzacționare pe platforme care permit utilizatorilor să copieze automat pozițiile luate de un investitor selectat. Copierea tranzacționării leagă o parte din fondurile comerciantului, care copiază, la contul investitorului copiat. Aceste strategii au evoluat de la „tranzacționarea în oglindă” la un fenomen mai larg cunoscut sub numele de „tranzacționare socială” sau utilizarea platformelor de rețele sociale pentru strategiile de tranzacționare), crowdfunding, cyber-crime, cyber-risk, monedă digitală, distributed ledger technologies (DLT-tehnologiile de registre distribuite, cunoscute și ca blockchain), accelerator de inovație (innovation accelerator), centrul de inovare (innovation hub), Internetul obiectelor (IoT-the internet of things), învățarea automată (ML-machine learning), platformele de creditare online (online lending platforms), portofelele mobile (mobile wallets), neo-bănci (neo-banks), regtech (tehnologia de reglementare), robo-consilierii (robo-advisors), serviciile biometrice de securitate (security biometric services), contractele inteligente (smart contracts), suptech (tehnologia de supraveghere) și cu siguranță lista r putea continua.

2. Evoluții

Scopul acestei lucrări este de a sintetiza principalele aspecte ale conceptului de „fintech”. Fintech face parte din procesul de evoluție a inovației financiare. În general prin fintech înțelegem procesul de inovație financiară care conduce la noi modele de afaceri, aplicații, procese sau produse pe piețele financiare, pentru instituțiile financiare și pentru modalitățile de furnizare a serviciilor financiare (Thakor, 2019). La acest punct de vedere a aderat și Comitetul de la Basel pentru Supravegherea Bancară.

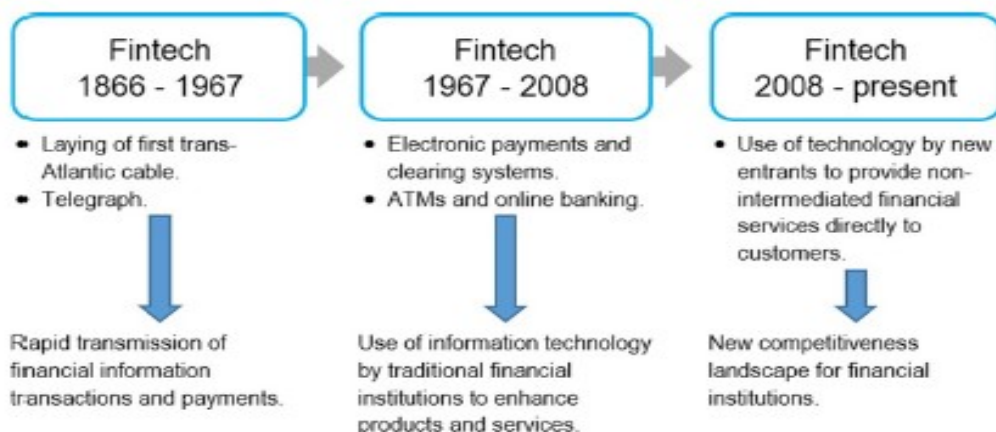
Moneda și serviciile financiare au o vechime de câteva milenii (evident dacă le includem și pe cele arhaice, puțin evolute), dar o bună perioadă de timp inovarea a fost foarte lentă. Dar în ultimii ani inovarea în materie financiară s-a accelerat foarte mult, noile servicii financiare (cardul, plățile electronice, băncile virtuale etc) schimbându-le radical fizionomia. Cel mai mulți (Arner et al, 2015) consideră că acum suntem în faza a treia a inovării financiare (schema nr 1).

Prima etapă a fost Fintech 1.0, care a durat cca 120 de ani, între perioada 1866 - 1987. În acea perioadă au fost puse bazele fizice ale telecomunicațiilor moderne, cum ar fi instalarea cabluri de transmisie transatlantice, infrastructura conectând întreg globul. A fost etapa în care apare corespondența bancară modernă, iar instituțiile financiare se interconectează la nivel. Deși industria financiară a trecut de câteva decenii de această fază, totuși o bună parte din infrastructura acestei etape este încă în uz în multe dintre băncile contemporane.

A doua etapă, Fintech 2.0, a început în 1987 și a durat până în 2008, momentul generalizării la nivel global a ultimei mari crize financiare. Să observăm că această etapă este mult mai scurtă, de doar 20 de ani, dar inovarea în materie financiară este mult mai amplă. Astfel, băncile au devenit din ce în ce mai digitalizate, și-au construit o infrastructură IT

semnificativă, au apărut bancomatele, ghișeele automate de bancă, self-bankingul. De asemenea, case de compensare centrale, bursele de valori, corespondența bancară internațională migrează în zona digitală și încep să se generalizeze în această formă, iar standarde de reglementare încep să aibă valențe globale.

Schema nr. 1. Etape în evoluția Fintech



Sursă: Thakor, 2019

Etașa actuală, Fintech 3.0, este în desfășurare și implică atât serviciul financiar, modificat radical, ca urmare a tehnologiei, dar și companiile financiare și instituțiile bancare tradiționale. Caracteristica principală a celei de-a treia faze este aceea că noile produse financiare nu sunt create de către intermediarii financiarți tradiționali, noile startup-uri fintech sunt leagănul noilor tehnologii financiare, băncile tradiționale par a nu avea un minim nivel de alfabetizare IT.

În cei aproximativ 150 de ani de inovație financiară, constatarea este că forță motrice din spatele inovației financiare s-a schimbat de-a lungul anilor, trecând de la marii furnizori de de infrastructura către bănci și, iată acum către companiile IT, noile startup-uri, ce formează lumea fintech.

3. Factorii care amplifică inovația fintech

Un studiu din 2017 (Varga, 2017) consideră că principalii factori care contribuie la dinamismul fintech în prezent ar fi dezvoltarea fără precedent a infrastructurii IT și de comunicații mobile, servicii financiare de pionierat oferite de noile firme de tehnologie și, nu în ultimul rând, proiectarea noilor servicii financiare pornind de la nevoile consumatorilor.

Inovația în domeniul financiar este generată în primul rând de progresul tehnologic și de ieftinirea serviciilor de bază de telecomunicații și a echipamentelor IT, dar și de disponibilitatea acestora. Sunt incluse aici evoluțiile în hardware, în IT, în tehnologiile software, cum ar fi calculatoare accesibile, telefoane mobile, penetrare rapidă a internetului, de cunoștințele de bază și de abilitățile în programare a unor mase țin ce în ce mai mare de oameni. Echipamentele/hardware devin din ce în ce mai ieftine și mai diversificate: computere desktop, laptopuri, tablete, ceea ce face posibilă obținerea fintech pe o mulțime de device-uri, iar barierele de intrare sunt din ce în ce mai scăzute. Infrastructura de telecomunicații a fost instalată în toate marile orașe ale lumii, iar Internetul gratuit, accesibil în din ce în ce mai multe locuri, poate fi folosit și de persoanele din partea de jos a piramidei sociale. La fel, telefoanele mobile, inclusiv smartphone-urile, au devenit produse ieftine. În plus, ele cresc oportunitățile pe care le au persoanele de a interacționa mai profund și mai conectat cu ceilalți, dar și cu infrastructura de plăți. Dar, hardware-ul ieftin a făcut posibil ca

și persoanele fizice cu venituri mai mici să își dezvolte abilitățile de folosire a computerului, a programării, unii chiar folosind materiale educaționale gratuite disponibile pe internet.

Al doilea factor care a dinamizat sectorul fintech a fost abordare axată pe inovare a serviciilor financiare realizată de companiile fintech. Companiile de tehnologie fintech adoptă modele de afaceri simplificate și se concentrează pe segmente de nișă din sectorul financiar. Este frecvent citat [idem] cazul celor două miliarde de adulți din lume fără acces la serviciile bancare de bază, care sunt abordate de aceste companii fintech, mizând tocmai pe dezinteresul băncilor clasice față de aceste categorii de clientelă. Furnizarea de servicii financiare personale, cum ar fi conturi curente sau de economii, transferuri, remitențe, împrumuturi pot ajuta oamenii din partea de jos a piramidei să iasă din sărăcie. Așa că o mulțime de companii de carduri, de companii fintech, de operatori de telefonie mobilă își propun să facă acest lucru, dar în același timp generând venituri neexploate de băncile tradiționale. Sunt opinii, că serviciile oferite de companiile fintech, în acest caz, ar fi servicii sociale. Sunt citate succesele înregistrate de Grameen Bank, inițiată de prof. Muhammad Yunus, care a contribuit la îmbunătățirea finanțelor personale ale unor persoane anterior subbancarizate. La fel, succesul M-PESA, operat de Safaricom - o filială a companiei Vodafone – care a devenit cel mai mare serviciu de transfer în Kenya. Succesul M-PESA (care a oferit în Kenya un cont de monedă electronică legat de numărul de telefon mobil al utilizatorului ce folosește infrastructura tehnologică a telecomunicațiilor mobile a companiei și necesită doar ca utilizatorii să aibă un telefon cu funcții ieftine pentru a efectua plăți peer-to-peer) și care dovedește că operatorii de telefonie mobilă pot juca un rol major în furnizarea unor servicii financiare de bază pentru oameni din partea de jos a societății. Prin segmentele de clienți, cărora li se adresează companiile fintech mizează pe marje de profit mai mici și volume mai mari ale tranzacțiilor financiare (Haldane, 2016, în Varga, 2017). Să mai amintim că se vorbește de democratizarea sectorului financiar, prin îmbunătățirea accesului la acestea.

Multe servicii de pionierat, au fost oferite în țări în dezvoltare, sărace, în care marea parte din populație, invariabil săracă, ocolea băncilor tradiționale. În plus, în multe din aceste țări se făceau salturi importante în adoptarea noile tehnologii, care așa cum am spus se ieftineau.

Construirea unor sucursale bancare în țările sărace, preponderent rurale a fost evitată de către băncile tradiționale pentru că ele nu ar putut genera suficiente venituri din micro-remitențe pe care indivizii care trăiau acolo și le doreau să le facă. Nici împrumuturile pentru cei oamenii subbancarizati nu păreau a fi o afacere profitabilă pentru băncile tradiționale pentru că indivizii care trăiau acolo nu puteau îndeplini strictele și tradiționalele criterii bancare de evaluare a riscului de credit. Astfel, în timp ce băncile tradiționale abandonau regiunile subbancarizate, fintech-urile erau dornice să le exploateze oportunitățile, folosind pentru acestea tehnologia, infrastructura preexistentă construită de companiile de telecomunicații (și care însemna costuri de operare reduse), clienții disponibili și oferindu-le servicii la preturi accesibile.

În context, trebuie precizat că firmele fintech se bucură de mai multe avantaje față de sectorul bancar tradițional. Astfel, firmele fintech nu depind de sistemele informatice vechi de bază, din care multe au peste 30 de ani și au fost repetat up-gradate cu noi servicii suplimentare, care sunt o grea povară pentru inovație, pentru că funcționalitățile și infrastructura de bază sunt învechite, iar modificarea sistemelor și a infrastructurii vechi este costisitoare și impun riscuri operaționale suplimentare. Departamentele IT ale băncilor tradiționale nu sunt pregătite să răspundă rapid la nevoile clienților, iar orice modificare a sistemelor IT implică o serie de lucrări pregătitoare ce presupun o perioadă de timp (chiar de ordinul lunilor) înainte de orice modificare. Pe când, firmele Fintech își construiesc modelele de afaceri în jurul tehnologiei și a software-ului, IT-ul fiind un factor important al succesului, în care ele investesc foarte mult, în special în programarea de ultimă generație.

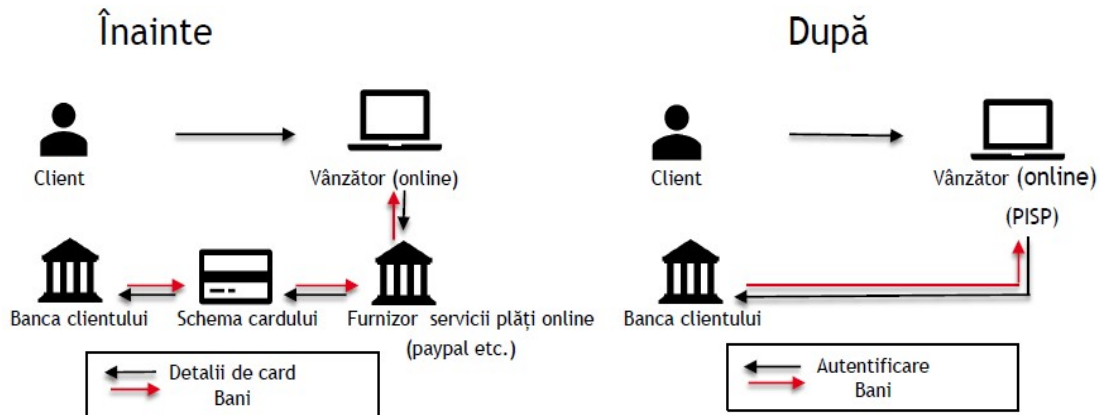
O a treia cauză a dinamismului Fintech se explică prin aceea că ele își construiesc produsele, prin centrarea lor pe client, pe utilizator, oferind instrumente utile și posibilitatea experimentării. Dezvoltarea a noilor produse și servicii financiare de către Fintech a fost sporit de o pierdere a încrederii clienților în băncile tradiționale, în special datorită rolului de inițiator avut în criza financiară care a început în 2007-2008. Recesiunea ca urmare a crizei, lipsa de transparență a managementului băncilor dinainte și în timpul crizei, operațiunile bancare necorespunzătoare au afectat profund încrederea publicului în banca tradițională. Asta a ușurat ascensiunea noilor companii Fintech, care au câștigat rapid cote de piață în detrimentul băncilor. În plus, conjunctura financiară din timpul crizei și după aceasta a redus într-o oarecare măsură importanța băncilor (regresul relativ al creditului corporativ în contextul aversiunii la risc în sectorul bancar tradițional, dobânzile, care a descurajat acumularea de economii). Fintechs au înțeles că dezamăgirea publică față de bănci creează o oportunitate pentru servicii financiare mai bune și mai multă inovație centrată pe utilizator. Fintechs își proiectează serviciile pentru a fi disponibile pe toate tipurile de dispozitive digitale: telefoane mobile, tablete, chiar și ceasuri inteligente. Clienții nu mai trebuie să aștepte în sucursalele bancare pentru aprobarea unui credit, realizarea unui transfer financiar sau deschiderea de conturi bancare. Millennials (adică cei născuți în anii 1980 și 1990) caută servicii diferite, mai personalizate și mai convenabile. Sunt citate studii (Viacom Media citat de idem) care au constatat că 53% din Millennials nu cred că banca lor este în vreun fel specială sau oferă ceva diferit altor bănci. Fintechs câștigă, de asemenea, cote de piață oferind soluții personalizate bazate pe analize, soluții de management financiar personal, care ajută clienții să își gestioneze banii mai înțelept, platforme de împrumut peer-to-peer cu modele de estimare a riscului de neplată mult mai precise și oportunități competitive de împrumut cu dobânzi cu mult mai mici față de cel bancare.

În al patrulea rând, consider că autoritățile naționale sau cele supranaționale, fie guvernamentale, fie bancare, intervin pe piață și stimulează dezvoltarea acestui segment printr-o serie de reglementări care impun/obligă băncile să își deschidă serverele pentru firmele din Fintech. Cel mai clar exemplu este cel din Uniunea Europeană. Astfel, în octombrie 2015, Parlamentul European a adoptat o directivă revizuită privind serviciile de plată, cunoscută sub numele de (PSD2 - Payment Service Directive 2). Astfel, noile norme incluse, vizează promovarea dezvoltării și utilizării plăților mobile prin intermediul serviciilor bancare deschise, de tip "open banking". Totodată, impune băncilor să le permită companiilor care creează soluții informatice bancare accesul la infrastructura lor de plăți - application programming interfaces (APIs) - și la datele clienților, până la nivelul tranzacțiilor de cont (plăți și încasări).

Astfel a apărut sintagma "open banking" care este un termen de servicii financiare, parte a tehnologiei financiare care se referă la utilizarea API-urilor (application programming interface) care permit dezvoltatorilor terți să construiască servicii adiționale sau aplicații care vin în sprijinul băncilor sau care devin concurenții acestora. Open Banking oferă astfel o mai mare transparență financiară pentru deținătorii de cont, variind de la date deschise (disponibile deja ca și informație publică) la date private.

Acești dezvoltatori terți (Anton, 2018), denumiți generic "TPP" – terțe părți prestatori, pot fi instituții nebankare, companii FinTech sau comercianți care se pot autoriza ca instituții de servicii de plată. TPP se împart în două grupe: prestatori de servicii de informare cu privire la cont - AISP (Account Information Service Providers) și prestatori de servicii de inițiere a plății – PISP (Payment Initiation Service Providers).

Schema nr. 2: Comparație între tehnica tradițională de efectuare a plăților și modelul de plată în condițiile existenței PSIP (prestatorilor de servicii de inițiere a plăților)



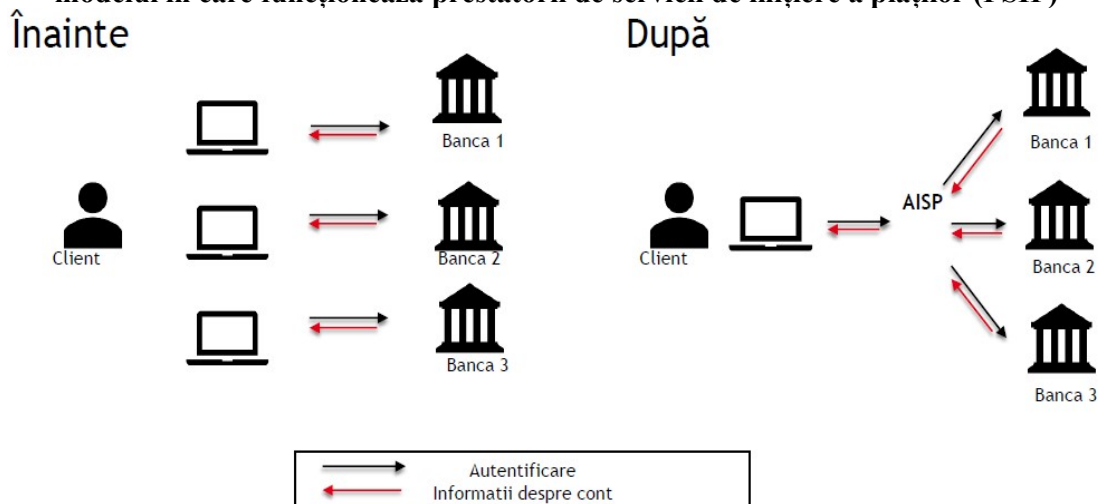
Sursă: Anton, 2018

Introducerea PISP în schemele de realizare a plăților sunt o modificare esențială în industria bancară, pentru că până la această directivă transferurile bancare se realizau doar de bănci și emitenți de monedă electronică/carduri. Astfel, prin autorizarea ca PISP, comercianții pot cu acordul clientului, să acceseze datele contului acestuia, iar decontarea cumpărăturilor online vor putea fi realizată direct de comerciant, în calitate de PISP, pe baza acceptului dat de client, fără intermedierea unui card și fără apelul la un alt procesator de plăți.

AISP sunt prestatorii care accesează conturile bancare și extrag informații despre disponibilitățile din aceste conturi, pe baza consimțământului explicit dat de titularii de cont. Dacă clientul deține mai multe conturi bancare, serviciilor AISP, le vor permite să își acceseze datele despre conturile deținute dintr-un singur loc. De asemenea, AISP pot analiza comportamentele financiare ale clientului, pe baza datelor despre conturile acestuia și să îi facă recomandări pentru raționalizarea tranzacțiilor.

Terții prestatori (TTP) trebuie să se licențieze ca prestatori de servicii de plată (PSP) și au dreptul de stabilire și libertatea de a presta servicii pentru a furniza servicii în toată Uniunea Europeană pe baza autorizației primită în țara de origine.

Schema nr. 3: Comparație între modul tradițional de consultare a soldului contului și modelul în care funcționează prestatorii de servicii de inițiere a plăților (PSIP)



Sursă: Anton, 2018

PSD2 îmbunătățește politica de securitate și se vrea ca mijloc de reducere a riscurilor, pentru a proteja clienții împotriva fraudei și a utilizării ilegale a datelor sensibile și cu caracter personal.

Putem constata că PSD2 reprezintă o recunoaștere a revoluției „FinTech” pe piața serviciilor de plată și elimină monopolul băncilor asupra datelor bancare ale clienților. De fapt, obiectivul PSD2 este eliminarea barierelor de pe piața serviciilor de plată, obligând băncile să dea acces la informații privind conturile bancare unor terțe părți.

Și băncile vor profita de noile reglementări extinzându-ți oferta de servicii. Se consideră că noile metode de plată vor deveni populare prin conexiunea cu rețelele sociale, trecându-se la plățile instant: vedem o reclamă pe, să zicem Facebook, ne dorim produsul, îl punem în coș, permitem Facebook să ne acceseze contul bancar, iar prin intermediul unor date biometrice (amprenta digitală, recunoaștere facială etc.) acceptăm plata către comerciant. Fără complicații, fără IBAN și alte coduri, fără card bancar. Și o concluzie intermediară, ZILELE CARDULUI SUNT NUMĂRATE.

Pentru client PSD2 va însemna acces la servicii inovative de plată la comercianți, alternative cardurilor, acces la toate conturile bancare dintr-o singură aplicație, o valorificare eficientă a informațiilor despre rulajul conturilor, plasamente, analize comparative ale costurilor serviciilor de plată, a comisioanelor bancare, plăți instant către comercianți sau prestatorii de servicii.

Când se evaluează impactul recent al noilor tehnologii asupra industriei bancare, doi factori sunt deosebit de relevanți, și anume (i) rata de adoptare a tehnologiei de bază în societate și (ii) cunoștințele tehnologice ale populației generale pentru a putea folosi noile tehnologii. Comitetul Basel pentru supravegherea bancară (BCBS, 2018) este de părere că ritmul actual al inovației este, fără îndoială, mai rapid decât în deceniile precedente și sunt semne clare din care rezultă că ritmul adopției a crescut. De exemplu, atunci când se compară perioada de timp pentru adoptarea diferitelor inovații bancare, adoptarea ATM a avut loc în decurs de două decenii, în timp ce serviciile bancare prin internet și serviciile bancare mobile au prins rădăcini pe intervale progresiv mai scurte. În plus, o generație de nativi digitali a ajuns la maturitate, iar competențele lor tehnologice se pliază perfect peste inovațiile erei fintech. De fapt, asistăm la o schimbare a comportamentului clienților și a cererii pentru servicii financiare digitale, iar ritmul mai rapid al schimbării înseamnă că efectele inovației și perturbărilor se pot produce mai repede decât înainte, ceea ce poate implica faptul că operatorii titulari ar putea avea nevoie să se adapteze mai repede la mediul care cere schimbare.

4. Domeniile fintech

În general, domeniile acoperite de fintech sunt:

- creditul, depozitele și serviciile de atragere de capital;
- serviciile de plăți, compensare și decontare, inclusiv emisiunea monedelor alternative (digitale, de tip cripto etc.);
- gestionarea serviciilor de investiții financiare (inclusiv, tranzacționarea titlurilor);
- serviciile de asigurare.

Totuși, sunt și alte păreri. Astfel, BCBS (BCBS, 2018) folosește o altă clasificare a inovațiilor fintech. Schema nr. 4 descrie categoriile de servicii și produse fintech, precum și serviciile de sprijinire a pieței. Cele trei sectoare se referă direct la serviciile bancare de bază, în timp ce serviciile de sprijinire a pieței se referă la inovații și tehnologii noi care nu sunt specifice sectorului financiar, dar joacă, de asemenea, un rol semnificativ în dezvoltarea fintech.

Schema nr. 4: Domeniile serviciilor inovatoare

		Sectoral innovations			
		Credit, deposit, and capital-raising services	Payments, clearing and settlement services		Investment management services
Market support services		Crowdfunding	Retail	Wholesale	High-frequency trading
		Lending marketplaces	Mobile wallets	Value transfer networks	Copy trading
		Mobile banks	Peer-to-peer transfers	FX wholesale	E-trading
		Credit scoring	Digital currencies	Digital exchange platforms	Robo-advice
			Portal and data aggregators		
			Ecosystems (infrastructure, open source, APIs)		
			Data applications (big data analysis, machine learning, predictive modelling)		
			Distributed ledger technology (blockchain, smart contracts)		
			Security (customer identification and authentication)		
			Cloud computing		
		Internet of things / mobile technology			
		Artificial intelligence (bots, automation in finance, algorithms)			

Sursă: BCBS, 2018

3.1. Serviciile de creditare, atragere de depozite și capitaluri

O primă categorie de servicii bancare oferite de firmele Fintech sunt cele de creditare, atragere de depozite și capitaluri și îmbracă forma **crowdfunding-ului, platformelor de creditare online** (ambele categorii fiind generic numite împrumuturi P2P), aplicațiile de banking de pe telefonul mobil/băncile de pe telefonul mobil (sunt bănci destinate numai dispozitivelor mobile, cunoscute și sub numele de bănci digitale sau challenger banks și nu trebuie confundate cu un cont online de la o bancă tradițională. Băncile de pe telefonul mobil sunt bazate 100% bazate pe aplicații, oferind mai multă transparență și comoditate, cu mai puține restricții și timpi de așteptare decât banca obișnuită. Aplicațiile bancare numai pentru mobil sunt viitorul bancar fără probleme și fără frontiere.) și a serviciilor de scoring pentru cererile de credite (dar și alte servicii de furnizare de date și referințe în domeniul creditării).

Împrumutul P2P - uneori denumit „împrumut pe piață” – sunt creditele acordate sau primite de către persoane fizice și companii prin intermediul serviciilor online, care pun în legătură directă creditorii cu împrumutații fără a utiliza o bancă intermediară. După cum raportează Milne și Parboteeah (2016), împrumuturile P2P au crescut atât în SUA, cât și în Europa, după criza din 2007-2008.

Procesul de împrumut P2P funcționează după cum urmează. Împrumutatul depune o cerere de împrumut pe o platformă P2P. Platforma P2P face o analiză preliminară a creditului și atribuie un scor/„grad de împrumut”, care cuantifică o estimare a riscurilor aferente împrumutatului și creditului solicitat. Apoi investitori, în sensul de potențialii creditori licitează sumele pe care vor să le acorde împrumutatului și ratele dobânzii. Platforma combină apoi ofertele făcute de potențialii creditorii într-un singur împrumut. Platforma P2P în sine nu investește în împrumut, deci nu există, ca în cazul unui împrumut bancar, depozite, datorii subordonate și capitaluri proprii al băncii care să finanțeze împrumutul. În cazul împrumuturilor P2P, toți banii sunt furnizați direct de către investitori, care finanțează împrumutul, de aceea se spune că ele sunt neintermediate, ceea ce înseamnă că nu există o bancă între investitori și debitori, care să își angajeze propriul capital. Compensarea costurilor platformei P2P se face prin comisioane de inițiere a împrumutului (1-6%), eventualele comisioane de întârziere plătite de debitor și o taxă de serviciu pentru platformă sub forma unui procent din toate rambursările făcute de debitorilor (de obicei 1%). Pentru că proprietarul

platformei P2P colectează un procent din rambursările împrumuturilor, acesta are o funcție similară cu cea a unui acționar (minoritar) care realizează un controlul de funcționare.

Deși împrumuturile P2P au cunoscut o importantă creștere după criza financiară din 2007–2009, volumul total al creditelor P2P este încă mic în comparație cu creditele bancare. Împrumuturile totale P2P au fost de 26,16 miliarde de dolari în 2015 și se estimează că vor fi între 150 miliarde dolari - 490 miliarde dolari până în 2020, potrivit Morgan Stanley citat în (Thakor, 2019), dar prin comparație, volumul de credite al băncii comerciale americane s-a ridicat la 13,1 mii de miliarde de dolari în decembrie 2018. Aceiași sursă indică următoarea structură a împrumuturilor P2P: credite de consum – 36%, credite pentru afaceri - 26.1%, finanțarea hârtiilor de comerț/factoring - 19.4%, împrumuturi ipotecare - 18.5%.

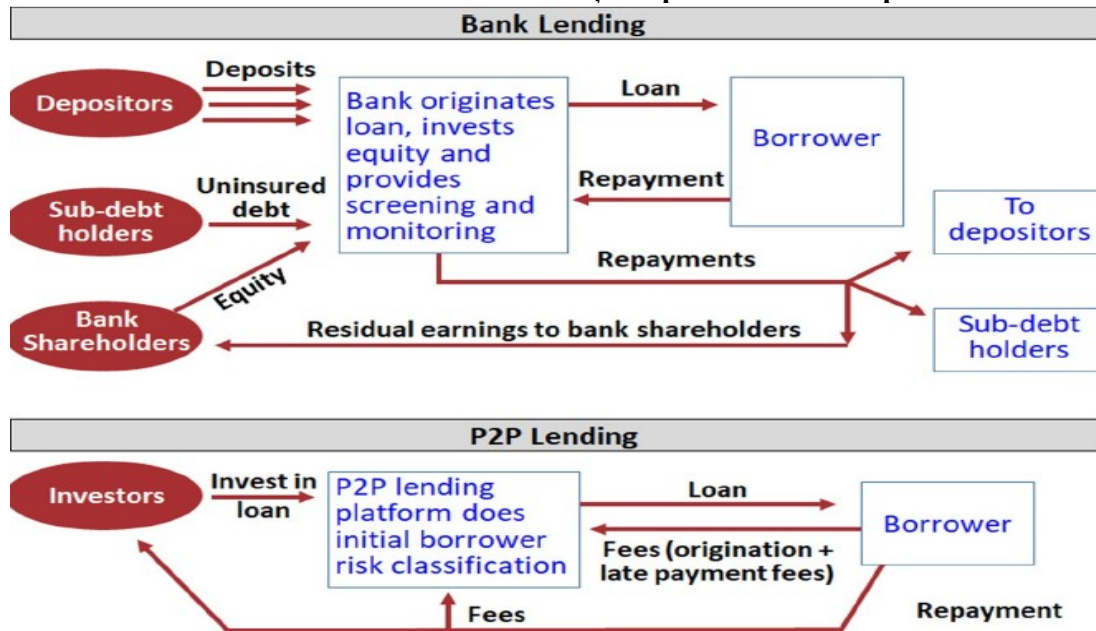
Cele mai cunoscute platforme de creditare P2P sunt:

- în SUA: LendingClub Corporation (LC), Prosper Marketplace, Upstart, CircleBack Lending, Funding Circle (cofondat în SUA și Marea Britanie), și Peerform;
- în Europa: Minto, Grupeer, Grupul IUVO, Housers, Bitbond, Zopa și Auxmoney.

Dar cea mai mare piață de creditare P2P din lume este China, cu mai mult de 4.000 de platforme, realizând împrumuturi de aproximativ 20 de miliarde de dolari pe an (Thakor, 2019).

Ca și caracteristici, este citat faptul că împrumuturile P2P de consum ale creditorilor americani sunt mai ieftine decât cardurile de credit, nu sunt garantate, în SUA sunt supuse reglementării U.S. Securities and Exchange Commission, trebuie să fie conforme cu legile statului, dar reglementarea acestor platforme este mult mai ușoară în raport cu activitatea băncilor.

Schema nr. 5. Creditul bancar vs. creditul obținut prin intermediul platformelor P2P



Sursă: Thakor, 2019

Utilizarea fintech în operațiunile de creditare nu se limitează la platformele P2P. Aici trebuie menționate shadow banks (băncile umbră/sistemul bancar alternativ), intermediari financiari care asigură servicii de transformare de scadențe, precum băncile, dar nu se finanțează din depozite. Ele folosesc pe scară largă tehnologia informației în împrumuturile acordate, dar nu caută să se potrivească nevoile debitorilor cu ale creditorilor (de la egal la egal, ca pe o platformă P2P). Ele își investesc propriile capitaluri proprii și au bilanțuri

oarecum similare cu ale băncilor, cu excepția faptului că finanțarea din depozite este înlocuită cu finanțarea din datoria neasigurate și cu finanțarea colectată prin securitizare. Sistemul bancar alternativ nu este supus supravegherii și reglementărilor. Astfel, există intermediari care nu fac obiectul supravegherii bancare, precum fonduri speculative, sau operațiuni/titluri nereglementate, precum instrumente financiare derivate nelistate și alte instrumente nelistate, sau activități nereglementate precum swap-uri pe creditele pierdere/nerambursate la scadență (credit default).

3.2. Serviciile de plăți, compensare și decontare și criptomonede.

Relația între afaceri și consumatori devine rapid digitală. Companiile transformă modul în care operează pentru a satisface nevoile în continuă schimbare ale clienților lor și prin utilizarea - în creștere - a telefoanelor și dispozitivelor mobile. Un domeniu al industriei financiare care este plin de inovații este sectorul plăților. Folosind tehnologia mobilă, cum ar fi smartphone-urile, tabletele sau ceasurile inteligente, companiile și utilizatorii se adaptează la tranzacțiile online și offline utilizând diverse dispozitive mobile.

O primă categorie inclusă în subdomeniul servicii de plăți, compensare și decontare și criptomonede al Fintech este **moneda digitală**. Moneda digitală (inclusiv terminologia monedă virtuală, monedă electronică sau e-monedă) este un sold contabil sau o înregistrare stocată într-o bază de date distribuită pe Internet, într-o bază de date electronică a computerului, în fișiere digitale sau într-un card cu valoare stocată și care poate fi folosită pentru tranzacții, plăți sau deținută ca activ pentru tranzacții ulterioare. Exemplele de monede digitale includ criptomonede, monede virtuale, monede digitale ale băncii centrale și numerar electronic. Monedele digitale nu au o formă fizică ca bancnotele și monedele. De obicei, nu sunt emise de un organism guvernamental și nu sunt considerate ca plăți legale, dar permit – uneori, fără nici un control - transferul de proprietate peste granițele guvernamentale. Aceste tipuri de valute pot fi limitate și utilizate doar la anumite comunități, cum ar fi folosirea unor servicii sau un joc online. De asemenea, multe monede digitale sunt folosite pentru a cumpăra altă monedă digitală. Bani digitali pot fi fie centralizați, acolo unde există un punct central de control asupra ofertei de bani (și există în acest sens proiecte ale multor bănci centrale), fie descentralizați, unde controlul asupra ofertei de bani este exclusiv privat.

Cel mai mare perturbator al fintech în serviciile de plăți a fost apariția criptomonedelor. Cea mai cunoscută criptomonedă (uneori numită, parțial adevărat, și monedă digitală sau monedă virtuală) este Bitcoin, care a fost lansată în 2009 și permite tranzacții P2P independent de sistemul bancar. Bitcoin este un cod digital de computer, emisă criptografică și care poate fi stocată într-un portofel electronic în spațiul cibernetic. În timp ce unii consideră că Bitcoin este o monedă, alții îl consideră o investiție financiară. Bitcoin și alte criptomonede nu sunt doar bani care există în spațiul cibernetic. Unii consideră că Bitcoinul și celelalte monede similare se bazează pe descentralizare, din punctul de vedere al controlului, al proprietății, securității și verificării tranzacțiilor, și care are la bază un registru digital public bazat pe criptografie care înlocuiește băncile și care poartă numele de blockchain. Blockchain-ul elimină necesitatea unui intermediar financiar de încredere, cum ar fi banca, care verifică tranzacțiile și face inutil controlul exercitat de stat/autoritățile de reglementare/guverne. Apariția Bitcoin a fost urmată de apariția altor monede alternative („altcoins”), de asemenea, criptomonede și alternative la bitcoin. Toate folosesc un sistem similar peer-to-peer pentru validarea tranzacțiilor (proces care se numește minerit) și adăugarea lor la un blockchain. Diferențele dintre ele constau în algoritmi de validare a tranzacțiilor („dovada muncii, mineritului”). Iată câteva altcon-uri: Ethereum, Litecoin, Bitcoin Cash, Dogecoin, Monero etc

Dar, criptomonedele sunt și o soluție pentru cei care caută finanțare pentru diverse proiecte printr-un mecanism numit an oferta inițială de monede (ICO). Un ICO este practic o

versiune de criptomonedă emisă prin mecanismul de crowdfunding. Astfel, dezvoltatorii de criptomonede pentru obținerea de finanțare vând jetoane/tokenuri către investitori, care devin parte a proiectului. În unele cazuri investitorii se pot retrage din proiect, tranzacționându-și jetoanele cumpărate pe o piață secundară.

Începând din 2016, peste 24 de țări investesc în tehnologii de registre distribuite (DLT), cu investiții de 1,4 miliarde de dolari. În plus, peste 90 de bănci centrale sunt implicate în discuții DLT, inclusiv implicațiile unei bănci centrale emise monedă digitală (EconoTimes, 2017). Iată trei exemple:

- Banca Canadei a explorat posibilitatea de a crea o versiune a monedei sale pe blockchain. (TEAGUE, 2016) și a făcut o simulare în 2016, emițând CAD pe un blockchain-ul similar cu Ethereum, iar băncile comerciale au folosit noile monede CAD pentru a-și închide pozițiile la sfârșitul zile și deconta soldurile.
- Banca centrală olandeză experimentează o monedă virtuală bazată pe bitcoin numită „DNBCoin” (Popper, 2011).
- Aceiași sursă menționează că Banca Angliei s-a angajat într-un program de cercetare multianual pentru a explora implicațiile unei monede digitale emise de o bancă centrală și dorește ca următoarea versiune a infrastructurii software a băncii să fie compatibilă cu registrele distribuite (blockchain).

Portofelul mobil. Un portofel mobil este un portofel virtual care stochează informații despre cardul de plată pe un dispozitiv mobil. Portofelele mobile sunt o modalitate convenabilă pentru un utilizator de a efectua plăți în magazin și pot fi utilizate la comercianți sau furnizorii de servicii de tipul portofel mobil. Portofelul mobil este o aplicație care poate fi instalată pe un smartphone. Un portofel mobil stochează informații despre cardul de credit, cardul de debit sau alte carduri. Odată ce aplicația este instalată și utilizatorul introduce informații de plată, portofelul stochează aceste informații prin conectarea lor la un format de identificare personală, cum ar fi un număr sau o cheie, un cod QR sau o imagine a proprietarului la fiecare card stocat.

Când un utilizator efectuează o plată către un comerciant, aplicația mobilă utilizează o tehnologie numită Near-Field Communication (NFC), care utilizează frecvențe radio pentru a comunica între dispozitive. NFC folosește formatul de identificare personal creat pentru utilizator pentru a comunica informațiile de plată către terminalul POS al comerciantului. Transferul de informații este de obicei declanșat atunci când utilizatorul flutură sau ține dispozitivul mobil compatibil NFC peste cititorul NFC al magazinului (terminalul POS).

Nu toate smartphone-urile sau dispozitivele mobile sunt echipate cu tehnologie NFC.

De exemplu, pentru utilizatorii de iPhone, există modalități alternative de a-și folosi portofelele mobile pentru a efectua plăți în magazin, aplicația specială fiind Apple Pay. Astfel, atunci când cumperi ceva, Apple Pay folosește un număr specific dispozitivului și un cod unic de tranzacție. Așa că numărul cardului nu este niciodată stocat pe dispozitivul mobil sau pe serverele Apple, iar când plătești, informațiile pentru cardul tău nu sunt niciodată transmise de Apple către comercianți. Apple Pay funcționează cu Face ID sau cu Touch ID pentru a realiza autentificarea cu doi factori. Asta înseamnă că nu trebuie să confirmi plățile prin coduri, întrebări secrete sau parole.

Dar, cel mai utilizat portofel mobil în SUA este PayPal, care permite utilizatorilor să efectueze plăți folosind numerele lor de telefon mobil. Numărul de telefon trebuie să fie conectat la contul PayPal al utilizatorului pentru ca tranzacția să fie aprobată.

Alte portofele mobile utilizează alte caracteristici personale identificabile ale utilizatorului. Portofelul mobil LevelUp folosește coduri QR care pot fi scanate la casele de mascat. Defunctul Square Wallet folosea imaginea utilizatorului care putea fi ușor verificată de către casier.

Activitățile frauduloase, cum ar fi furtul de identitate, sunt mai greu de inițiat cu portofelele mobile. Deși cardul de credit al unui utilizator poate fi furat sau duplicat cu ușurință, smartphone-urile nu sunt atât de ușor de furat. Un smartphone furat poate fi cu greu accesat dacă există o parolă de acces sau este instalată o verificare prin amprente digitale. Portofelele mobile pot avea, ca mijloc de accesare și chei criptate.

Portofelele mobile sunt, de asemenea, utile pentru companiile cu amănuntul care realizează volume mari de tranzacții în fiecare zi, deoarece portofelele mobile ajută la reducerea timpilor de așteptare și de plată.

Deoarece portofelele mobile sunt o versiune digitalizată a portofelelor fizice, aproape toate cardurile stocate într-un portofel fizic pot fi, de asemenea, stocate în portofelul mobil, cum ar fi permisul de conducere, numărul de securitate socială, cardurile de sănătate, cardurile de loialitate, cardurile de autobuz sau tren.

Portofelele digitale sunt adesea interschimbabile cu portofelele mobile. Cu toate acestea, deși ambele stochează informații de plată, acestea sunt implementate diferit. Portofelele digitale sunt utilizate în principal pentru tranzacții online și nu pot fi utilizate neapărat pe dispozitive mobile. Portofelele mobile sunt folosite de oameni care ar prefera să nu poarte un portofel fizic atunci când fac cumpărături în magazin. Apple Pay, Samsung Pay și Android Pay sunt exemple de portofele mobile care pot fi instalate pe un dispozitiv portabil sau portabil. Un cont PayPal obișnuit este o formă de portofel digital, dar atunci când este utilizat împreună cu servicii de plată mobile și dispozitive mobile, funcționează ca un portofel mobil.

Tranzacțiile peer-to-peer (denumite și tranzacții persoană la persoană, tranzacții P2P sau plăți P2P) sunt transferuri electronice de bani efectuate de la o persoană la alta printr-un intermediar, de obicei o aplicație de plată P2P. Plățile P2P pot fi trimise și primite prin dispozitiv mobil sau orice computer de acasă cu acces la Internet, oferind o alternativă convenabilă metodelor de plată tradiționale. Prin intermediul aplicației de plată P2P, contul fiecărei persoane este conectat la unul sau mai multe conturi bancare ale utilizatorului. Când are loc o tranzacție, soldul contului din aplicație înregistrează tranzacția și fie trimite, fie trage bani direct în contul bancar al utilizatorului sau îi stochează în contul utilizatorului în cadrul aplicației. De la înființarea acestui concept, multe entități de afaceri au dezvoltat capacități de tranzacție P2P, crescând concurența în spațiu și confortul adus consumatorului. Invazia dispozitivelor mobile în viața cotidiană a dinamizat numărul aplicațiilor de plată P2P, devenind mult mai convenabilă pentru utilizatori. Compania care a scris istorie în domeniul plăților P2P a fost PayPal, specializată în transferuri de bani electronici. Sistemul de plăți a servit inițial atât pentru companiile de comerț electronic, cât și pentru persoanele fizice, devenind global după achiziția PayPal de către comerciantul online eBay în 2002.

Modelul de afaceri eBay a cerut un intermediar de tranzacții pentru a facilita plățile între clienți și vânzători. Cumpărătorii aveau nevoie de acest serviciu, deoarece nu doreau să divulge informații despre cardul de credit vânzătorilor aleatori. Vânzătorii aveau nevoie de acest serviciu, deoarece mulți nu aveau mijloacele necesare pentru a deschide un conturi bancare de comerciant cu card de credit pentru a accepta plăți online.

Multe dintre serviciile anterioare au și variante pentru întreprinderi (de genul wholesale), fiind localizate: în domeniul rețelelor de plăți, a tranzacțiilor valutare (FOREX) sau a platformelor digitale de schimb. Totuși, numărul aplicațiilor din această categorie deschise companiilor par a fi mai puține ca număr și le lipsește notorietatea în raport cu cele deschise pentru publicul larg. De asemenea, multe dintre aceste aplicații chiar dacă activează în mediul virtual, par a nu rezista la acțiunile guvernamentale, statele aplicând interdicții sau limitându-le activitatea. Probabil, în joc este conformitatea fiscală și politicile de prevenție a spălării banilor. Așa că de multe ori serviciile de plăți și adiacente sunt mult mai accesate de publicul larg.

3.3. Servicii de gestionare a investițiilor

Fintech va modifica semnificativ modul în care se tranzacționează titlurile de valoare, sunt gestionați banii sau sunt furnizate serviciile de consiliere financiară. În acest sens fintech-ul a îmbogățit serviciile financiare cu aplicații precum: tranzacționarea de înaltă frecvență (high frequency trading), copy-tradingul, e-tradingul, roboconsilierii.

Hgh frequency trading (HFT). Tranzacționarea de înaltă frecvență (HFT), este o metodă de tranzacționare care utilizează programe de calculator puternice pentru a tranzacționa un număr mare de comenzi într-o fracțiune de secundă (Chen, 2020). Aplicațiile folosesc algoritmi complecși pentru a analiza mai multe piețe și pentru a executa ordinele în funcție de condițiile pieței. HFT poate fi privit ca o formă principală de tranzacționare algoritmică în finanțe, prin utilizarea unor instrumente tehnologice sofisticate și a unor algoritmilor informatici pentru tranzacționarea rapidă a valorilor mobiliare. De obicei, traderii cu viteze de execuție mai rapide sunt mai profitabili decât comercianții cu viteze de execuție mai mici. În plus, tranzacționarea cu frecvență ridicată se caracterizează și valori foarte mari ale tranzacțiilor și un raport bun între ordinele de cumpărare și cele de vânzare, e între comenzi și tranzacții. Unele dintre cele mai cunoscute firme de tranzacționare de înaltă frecvență sunt: Tower Research, Citadel LLC și Virtu Financial. Tranzacționarea de înaltă frecvență a devenit populară atunci când bursele au început să ofere stimulente companiilor pentru a adăuga lichidități pe piață. De exemplu, New York Stock Exchange (NYSE) are un grup de furnizori de lichidități numiți Supplemental Liquidity Providers (SLPs) care încearcă să crească concurență și să adauge lichiditate pentru cotele existente la bursă și care sunt stimulați, sub forma plății unei taxe (0,0012 USD pe titlu în noiembrie 2020) sau sub forma unei discount pentru furnizarea de lichidității pieței, care ponderat cu milioane de tranzacții pe zi, înseamnă un profit consistent. Succesul strategiilor de tranzacționare de înaltă frecvență este determinat de capacitatea lor de a procesa simultan volume mari de informații, ceea ce traderii umani obișnuiți nu pot face. Există critici asupra HFT: permite jucătorilor instituționali să câștige un avantaj în tranzacționare, deoarece sunt capabili să tranzacționeze în blocuri mari prin utilizarea algoritmilor, lichiditatea produsă de acest tip de tranzacționare este de moment, dispărând în câteva secunde, ceea ce face imposibil ca comercianții să profite de el, că a înlocuit brokeri-dealeri tradiționali, că folosește modele matematice și algoritmi pentru a lua decizii (care se iau în câteva milisecunde, iar acest lucru poate conduce la mișcări mari ale pieței fără motiv), că a eliminat decizia umană, nu în ultimul rând, că permite companiilor mari să profite în detrimentul investitorilor mici și de retail.

Copy-tradingul/„tranzacționare prin copiere” (formă a sistemului social de tranzacționare) îți permite să vezi ce tranzacționează alte persoane în timp real, să alegi alegi și găsești traderi care îți plac și să le urmărești activitatea (fie contra cost, fie gratuit), să le copiezi tranzacțiile cu un singur clic și să-ți construiești un portofoliu de titluri bazat pe utilizatori. Orice tranzacționare făcută de investitorul care copiază este executată, n contul traderului care este copiat. Investitorul care copiază își păstrează de obicei capacitatea de a deconecta tranzacțiile copiate și de a le gestiona singure. De asemenea, poate închide relația de copiere cu totul. Traderii copiați sunt compensați de comisioane lunare de subscriere din partea investitorilor care doresc să copieze tranzacțiile. Tranzacționarea prin copiere a condus la dezvoltarea unui nou tip de portofoliu de investiții, „portofolii bazate pe oameni” (fondurile de investiții sunt investite în alți investitori, mai degrabă decât în instrumente tradiționale ale pieței de capital) sau „portofolii semnal”. Tranzacționarea prin copiere s-au dezvoltat din tranzacționarea în oglindă, o altă formă de tranzacționare automată (tranzacționarea algoritmică). Tranzacționarea în oglindă a fost un sistem de tranzacționare automatizat în care traderii împărtășeau propriul istoric de tranzacționare pe care alți utilizatori puteau să îl copieze, realizând în oglindă pe contul lor toate tranzacțiile traderului copiat (Fillipo, 2017). Una dintre primele platforme de tranzacționare socială a fost eToro în 2010, urmată de

Wikifolio în 2012, iar NAGA Trader, cu sediul în Europa și cotate la bursa de la Frankfurt din 2017, susține că a tranzacționat peste 27 miliarde EUR pe platforma sa în a doua jumătate din 2019 (Wikipedia, 2020).

Robo-consilierea. Robo-consilierii (robo-consiliere sau roboadvisor/roboadvice „consultant automatizat în investiții”, „management automatizat al investițiilor” și „platforme de consiliere digitală”) sunt platforme digitale care oferă servicii de planificare financiară automatizate, bazate pe algoritmi, cu puțină supraveghere umană sau fără (Frankenfield, 2020). Un consilier tipic robo colectează informații de la clienți despre situația lor financiară și obiectivele viitoare de investiții (obținute printr-un chestionar online) și apoi folosește datele pentru a oferi sfaturi și pentru a investi automat activele clienților. Cei mai buni consilieri robo oferă configurare ușoară a contului de investiții, planificarea robustă a obiectivelor, servicii de cont, gestionarea portofoliului, însoțită de securitate ridicată, educație financiară și comisioane mici. Primul robo-consilier, Betterment, a fost lansat în 2008 și a început să gestioneze banii investitorilor în 2010. Scopul lor inițial a fost să reechilibreze plasamentele în titluri cu resursele financiare, ca o modalitate pentru investitori de a gestiona investiții pasive (datorii). După un deceniu de dezvoltare, robo-consilierii sunt acum capabili să facă față unor sarcini mult mai sofisticate, cum ar fi eliminarea pierderilor fiscale, selecția investițiilor și planificarea investițiilor în fondurile de pensii. Ca rezultat, industria a cunoscut o creștere explozivă; activele clienților administrate de robo-consilieri au atins 60 de miliarde de dolari la sfârșitul anului 2015 și se estimează că vor ajunge la 2 trilioane de dolari SUA până în 2020 și 7 trilioane de dolari la nivel mondial până în 2025.

Majoritatea consilierilor robo gestionează portofoliile de titluri structurate după proporțiile dorite de proprietarii conturilor de investiții (folosesc teoria portofoliului modern pentru a construi portofolii pasive, indexate pentru utilizatorii lor). Aceste proporții sunt monitorizate de consilierii robo pentru a se asigura că acestea sunt menținute și după schimbarea cursurilor pe piețe, dar și că normativele de randament sunt îndeplinite. Robo-consilierii realizează acest lucru folosind un interval de fluctuație (benzi de reechilibrare). De exemplu, fiecărei clase de active sau obligațiuni individuale li se atribuie o pondere țintă și un interval de toleranță corespunzător (strategia de alocare ar putea include cerința de a deține 30% în acțiuni de piață emergente, 30% în blue chips-uri interne și 40% în obligațiuni de stat, toate aceste ponderi având un coridor de fluctuație de +/- 5% pentru fiecare clasă de active). Practic, deținerile de acțiuni pe piața emergentă pot fluctua între 25% și 35%, în timp ce 35% până la 45% din portofoliu trebuie alocate obligațiunilor de stat. Când ponderea deținerilor iese din banda admisă, întregul portofoliu este reechilibrat / realocat pentru a reflecta compoziția inițială. În trecut, acest tip de reechilibrare la nivelul fiecărui investitor nu era practicat de firmele de trading, deoarece era greoi, consuma mult timp și genera numeroase comisioane de tranzacție. În cazul robo-consilierilor acest lucru este practic automat și gratuit. Un alt tip de reechilibrare întâlnit frecvent la robo-consilieri - și care este rentabil prin utilizarea algoritmilor - este eliminarea pierderilor fiscale, prin vânzarea valorilor mobiliare cu pierderi care sunt compensate cu câștigurile de capital într-un titlu similar. Principalul avantaj al robo-consilierilor este că sunt alternative cu preț redus față de consilierii tradiționali. Prin eliminarea forței de muncă umane, platformele online pot oferi aceleași servicii la o fracțiune din cost. Majoritatea robo-consilierilor percep o taxă anuală fixă de 0,2% până la 0,5% din soldul contului unui client, față de 1-2% perceput de un consilier financiar uman. Robo-consilierii sunt, de asemenea, mai accesibile, fiind disponibili 24/7, dacă investitorii au conexiune la Internet. Este nevoie de un capital mai mic pentru a devenii investitor iar unii robo-consilieri (Betterment), nu are stabilită o limită minimă, pe când mulți consilierii umani solicită un cont de minim 100.000 USD. Robo-consilierii presupun mai puțină birocrație. Clientul nu trebuie să sune sau să se întâlnească fizic cu un consilier financiar, să le explice nevoile, să completeze documentele și să aștepte, pe când robo-

onsilierii le fac toate acestea cu clic pe câteva butoane ale calculatorului sau de pe ecranul telefonului mobil. Multe platforme digitale tind să vizeze cohorta tânără de investitori millenniali și din generația X, care depind de tehnologie și care se simte mai confortabil împărtășind informațiile personale online și încredințând tehnologiei sarcini importante, precum gestionarea averii. Așa că eforturile de marketing ale firmelor de consultanță robotică utilizează canale de socializare pentru a ajunge la millenniali. Dar, industria robotică se dovedește interesantă și pentru generațiile baby boomers, care sunt investitori cu valoare netă ridicată și care nu resping tehnologia continuă să se îmbunătățească. Robo-consilierii dețin același statut juridic ca și consilierii umani, ei trebuie să se înregistreze la autoritățile de supraveghere (Securities and Exchange Commission în SUA, iar denumirea oficială este „consilier de investiții înregistrat” sau pe scurt RIA).

3.4. Asigurările

„InsurTech” este ramura fintech dedicată asigurării (Thakor, 2019). Elementul de bază care este adus de fintech în asigurări este conectarea dispozitivelor (telefoane, ceasuri, computere etc.) purtate ca echipament personal, dar și a mașinilor și celorlalte echipamente din case la internet și calculatoare, care permite să se adune cantități uriașe de informații personale despre indivizi. Acest lucru conduce la „date mari”, care permit companiilor de asigurări să le folosească pentru a calcula riscul mai precis și într-un mod mult mai dinamic mult decât fac în prezent. Consumatorii pot alege să utilizeze senzori și trackere furnizate de companiile de asigurări care apoi generează date pe care firmele de asigurare le folosesc nu numai în stabilirea prețurilor produselor de asigurare, dar și în proiectarea acestor servicii, ajustând primele de asigurare prin recompensarea anumite tipuri de comportamente cu risc scăzut. Rezultatele obținute în urma acestor monitorizări sunt utilizate în evaluarea riscurilor și stabilirea primelor, care vor evita punerea în comun a clienților cu comportamente eterogene și prin folosirea profilurilor individuale de risc. Se preconizează că multe din contractele de asigurare tradiționale vor fi modificate, reducându-se subvențiile încrucișate de la asigurații cu risc scăzut către agenții cu risc ridicat. De asemenea, vor apărea noi tipuri de riscuri asigurate, permițând încheierea de contracte de asigurare și pentru riscuri din ce în ce mai mici, precizie aprecierii lor fiind din ce în ce mai mare.

5. Strategii pentru banca viitorului. Noii operatori Fintech.

5.1. Modernizarea și digitalizarea băncilor actuale

În acest scenariu, băncile existente se digitalizează și se modernizează pentru a păstra relația cu clienții și serviciile bancare de bază, folosind tehnologiile care permit schimbarea modelelor lor de afaceri actuale.

Băncile existente sunt, în general, sub presiune pentru a îmbunătăți atât eficiența operațiunilor, cât și relația cu clienții. Datorită cunoștințelor lor și a capacităților de investiții mai mari, băncile actuale au o mare capacitate de a obține servicii și produse noi prin adoptarea de noi tehnologii sau îmbunătățirea celor existente. Tehnologii precum cloud computing, big data, AI și DLT pot fi adoptate sau considerate în mod activ ca un mijloc de îmbunătățire a produselor, serviciilor și operațiunilor actuale ale băncilor.

Băncile trebuie să adopte noi tehnologii pentru a dezvolta propuneri de servicii care nu pot fi furnizate în mod eficient cu infrastructura lor actuală. Aceleași tehnologii și procese utilizate de inovatorii nebankari pot fi, de asemenea, implementate de băncile existente, iar exemplele pot include:

- Noile tehnologii, cum ar fi biometria, video, chatbots sau AI pot ajuta băncile să creeze capacități sofisticate pentru menținerea unei relații cu clienții la distanță, asigurând

tranzacții sigure și atenuând fraudă și riscurile. Multe inovații au în vedere soluții sigure de identificare a clienților.

- Serviciile de plată inovatoare. Majoritatea băncilor au dezvoltat servicii de plăți mobile de marcă sau servicii de plată furnizate de terțe părți care se integrează cu platformele vechi operate de bancă și astfel, clienții să considere că banca lor poate oferi un serviciu de plăți mobil mai sigur decât alternativele nebancare.

- Băncile pot să ofere servicii de consiliere robotizată, instrumente digitale de gestionare a averii etc, cu intenția de a-și menține o poziție competitivă pe piața bancară de retail, de a păstra clienții și de a atrage alții noi.

- Digitalizarea proceselor de împrumut devine din ce în ce mai importantă pentru a satisface cerințele consumatorului în privința vitezei, comodității și costului creditului. Digitalizarea necesită interfețe mai eficiente, instrumente de procesare integrate cu sistemele vechi, sisteme de gestionare a documentelor, precum și instrumente sofisticate de identificare a clienților și de prevenire a fraudei. Acestea pot fi realizate de către banca actuală prin dezvoltarea propriei platforme de împrumut, achiziționarea uneia existente sau externalizarea acestor servicii către terți furnizori de servicii. Acest scenariu presupune că platformele actuale de creditare vor rămâne jucători de nișă.

Deși există semne timpurii că băncile tradiționale au făcut noi investiții în digitalizare și modernizare, rămâne de văzut în ce măsură acest scenariu va fi dominant.

5.2. Banca distribuită

În scenariul băncii distribuite furnizarea serviciilor financiare este fragmentată între firmele fintech și băncile existente, serviciile financiare pot fi furnizate de operatorii titulari, tradiționali (bănci etc.) sau de alți furnizori de servicii financiare, fie că sunt fintech sau bigtech, care se pot "conecta" cu clienții atât pe interfața digitală proprie sau pe orice platformă deținută de oricare dintre jucătorii de pe piață. Un număr mare de companii noi apar pentru a oferi servicii specializate fără a încerca să fie bănci, concentrându-se mai degrabă pe furnizarea de servicii specifice (de nișă). Aceste companii aleg să nu dețină proprietatea asupra relației cu clienții, pe când băncile și alți jucători concurează pentru a deține integral relația cu clienții, precum și pentru a furniza servicii bancare de bază. În scenariul băncii distribuite, băncile și companiile fintech funcționează ca asocieri, parteneriate sau alte structuri în care livrarea de servicii este partajată între părți. Pentru a reține în continuare clientul, ale cărui așteptări în materie de transparență și calitate au crescut, băncile pot opta să ofere produse și servicii de la furnizori terți. De cealaltă parte consumatorii pot utiliza mai mulți furnizori de servicii financiare în loc să rămână la dispoziția unui singur partener financiar.

O dovadă că această strategie este cea care va fi utilizată în viitorul apropiat este penetrarea tot mai amplă pe piața serviciilor bancare a API-urilor. Dar mai sunt și alte dovezi:

- Platformele de împrumut devin parteneri ale băncilor și cedează acestora din urmă comercializarea produselor de credit, precum și procesul de aprobare, finanțarea și gestionarea conformității.

- Servicii de plată inovatoare apar cu asocieri între bănci și firme fintech care oferă astfel de soluții. Consorțiile sprijinite de bănci încearcă în prezent să stabilească soluții de plăți mobile, precum și cazuri de afaceri bazate pe .

- Serviciile de consiliere automată (robo-consilierul) sunt furnizate de firmele fintech prin intermediul unei bănci sau ca parte a unei societăți mixte realizată cu o bancă.

5.3. Banca retrogradată (the relegated bank)

Un alt scenariu este acela că banca tradițională este retrogradată într-o categorie inferioară, acela de simplu furnizor de servicii, relațiile cu clienții urmând să fie deținute de noi intermediari: companiile fintech și bigtech

Companiile fintech și bigtech folosesc pentru clienți platforme front-end (partea unui sistem informatic sau a unei aplicații cu care utilizatorul interacționează direct) pentru a le oferi o varietate de servicii financiare de la un grup diversificat de furnizori. Aceștia folosesc băncile existente pentru că acestea dețin licențele de furnizare a serviciilor bancare de bază, credite, depozite etc. Banca retrogradată la simplu furnizor de servicii realizate de către alții poate păstra riscul acestor activități în bilanțul propriu sau îl cedează companiei fintech, în funcție de relația contractuală cu aceasta din urmă.

În scenariul băncii retrogradate, big data, cloud computing și AI sunt exploatate pe deplin pe diverse configurații de platforme front-end, care utilizează inovativ și extensiv conectivitatea și datele pentru a îmbunătăți experiența clientului. Operatorii unor astfel de platforme au mai multe posibilități de a concura direct cu băncile pentru proprietatea relației cu clienții. De exemplu, multe agregatoare de date permit clienților să gestioneze conturi deschise la mai multe instituții financiare pe o singură platformă și astfel, poziția consumatorilor devine mult mai confortabilă față de cazul în care ar trebui să-ți gestioneze toate acele conturile de pe platformele proprietare.

Deși scenariul bancar retrogradat poate părea puțin probabil, o serie de exemple din actuala industrie a serviciilor financiare ne arată cum băncile sunt retrogradate să ofere doar servicii specifice unui alt jucător care deține relația cu clienții:

- Creșterea platformelor de plăți nebancale pe care băncile oferă doar asistență și operațiuni de back office, firmele fintech sunt cele care angajează direct relația cu clientul și gestionează produsul. De fapt, banca, care deține licența pentru operațiunile cu clientul, nu face altceva decât să autentifice clientul pentru ca el să poată accesa fondurile de pe carduri sau din conturi bancare.

- Platformele de creditare online își extind gama de servicii oferite devenind de fapt un intermediar între clienți (creditați), pe de o parte și bănci, pe de altă parte, care devin doar furnizori de fonduri pentru aceste platforme și păstrează contul clientului creditat în care acesta își primește împrumutul, plus eventuale alte servicii adiacente.

- Băncile devine doar instituția care păstrează fondurile clientului care apelează la robo-consilierul care îi direcționează investițiile.

- Rețelele sociale se concentrează pe relația cu clienții și exploatează datele despre aceștia, în timp ce terțe părți, cum ar fi băncile, sunt retrogradate în gestionarea produselor și a riscurilor (de exemplu, aplicația de mesagerie instant WeChat din China, utilizează datele clienților pentru a oferi clienților săi produse și servicii financiare personalizate de la terțe părți, inclusiv bănci, iar Grupul Tencent a lansat WeBank, o platformă bancară licențiată legată de aplicația de mesagerie WeChat, pentru a oferi produsele și serviciile terților).

5.4. Banca dezintermediată (The disintermediated bank)

În acest scenariu, probabil cel mai sumbru, banca tradițională își pierde principala funcție acela de intermediar, devine o banca dezintermediată. Altfel spus, băncile deven irelevante, deoarece clienții interacționează direct cu furnizorii individuali de servicii financiare.

Băncile existente nu mai sunt un jucător semnificativ în scenariul bancar dezintermediat, deoarece este eliminată necesitatea intermedierei sau a unei terțe părți de încredere. Băncile sunt eliminate ca parte a tranzacțiilor financiare ale clienților de către platforme și tehnologii mai agile, care asigură o asociere mult mai directă a consumatorilor

finali în funcție de nevoile lor financiare (împrumuturi, efectuarea unei plăți, strângerea de capital etc.).

În acest scenariu, clienții aleg direct atât serviciul sau serviciilor de care au nevoie, cât și furnizorul sau furnizorii acestora. Clienții nu mai aleg un singur furnizor de la acer să contracteze un pachet de servicii, așa cum se întâmplă în exemplul băncii tradiționale. Dar această împrăștiere a serviciilor financiare către un număr mare de prestatori este posibil să fie însoțită de o creștere a responsabilității clientului și, concomitent, a riscurilor pe care acesta le suportă (de exemplu, riscul de faliment nu vine dintr-o singură parte, banca unde își ține contul și îi pune la dispoziție o serie de produse financiare, ci din N părți, cei N furnizori de servicii financiare; la fel, și probabilitatea furtului sau pierderii disponibilităților din cont).

5.5. Noua bancă: challenger banks (băncile provocatoare)

În viitor, conform unui alt scenariu, Băncile tradiționale nu vor putea supraviețui valului de perturbări tehnologice și vor fi înlocuite cu bănci noi bazate pe tehnologie, cum ar fi neo-băncile sau de băncile constituite de marile companii de tehnologie, care furnizează servicii complete construite pe platforme digitale. Noile bănci folosesc tehnologie avansată pentru a furniza servicii bancare într-un mod mai rentabil și mai inovator. Noii jucători pot obține licențe bancare în cadrul regimurilor de reglementare existente și dețin relația cu clienții sau pot avea parteneri bancari tradiționali.

Noile bănci caută un punct de sprijin în sectorul bancar tradițional, dar folosesc un model de afaceri modernizat și digitalizat, îndepărtându-se de modelul relațiilor cu clienții centrat pe sucursală. Noile bănci nu mai folosesc infrastructurile vechi, ci valorifică tehnologia nouă la un cost mai mic.

Multe dintre aceste noi bănci poartă numele de challenger banks (bănci provocatoare). Ele sunt bănci mici, deschise publicului cu amănuntul și care concurează direct cu băncile cu vechime. Originea lor este în Marea Britanie, unde noile bănci challenger au intrat pe piață, specializându-se în domeniul deservite de „cele patru marile bănci tradiționale sau în unele cazuri noile bănci au fost create de grupuri bancare mari: TSB Bank de la Lloyds Banking Group sau au apărut prin lichidarea unei mari bănci falite, cum a fost cazul lui Virgin Money din Northern Rock.

Băncile challenger se diferă de băncile tradiționale prin practici moderne de bazate pe noua tehnologie financiară, ele au în exclusivitate operațiuni online, aspect care evită costurile mari, dar și complexitățile operațiunilor bancare tradiționale. Dar pentru a putea fi „bancă”, noua companie trebuie să fie autorizată să accepte depozite cu amănuntul de către autoritatea de reglementare financiară.

5.6. Neo-băncile

Neo-băncile (BCBS, 2018) utilizează pe scară largă tehnologia pentru a oferi servicii bancare populației, în principal, prin intermediul unei aplicații pentru smartphone și a unei platforme bazate pe internet. Acest lucru poate permite neo-băncilor să furnizeze servicii bancare la un cost mai mic decât ar putea băncile tradiționale, care pot deveni relativ mai puțin profitabile datorită costurilor mai mari. Neobăncile vizează persoane fizice, antreprenori și întreprinderi mici și mijlocii. Acestea oferă o gamă largă de servicii de la conturi curente și descoperiri de cont la conturi de depozit, carduri de credit, consiliere financiară și împrumuturi. Acestea utilizează infrastructura scalabilă prin furnizorii de i-cloud sau sisteme bazate pe API pentru a interacționa mai bine prin intermediul platformelor online, mobile și sociale.

Profitabilitatea lor se bazează în principal pe: (a) comisioane și, într-o măsură mai mică, pe veniturile din dobânzi, (b) costuri de exploatare mai mici și (c) o abordare diferită a

comercializării produselor lor, deoarece neo-băncile pot folosi tehnologii bazate de date mari și analize avansate de date.

Deși se apreciază că neobăncile înregistrează costurile mari pentru atragerea clienților, ele pot fi aplatizate prin strategiile agresive de stabilire a prețurilor.

5.7. Bigtech

Bigtech (BCBS, 2018) se referă la marile companii de tehnologie digitale active la nivel global. Firmele bigtech furnizează de obicei servicii web (motoare de căutare, rețele sociale, comerț electronic etc.) utilizatorilor finali pe Internet și / sau platforme IT sau întrețin infrastructura (capacități de stocare și procesare a datelor) pe care alte companii pot furniza produse sau servicii.

La fel ca și companiile fintech, firmele bigtech au operațiunile extrem de automatizate și un proces dinamic de dezvoltare de software, adaptat la nevoile utilizatorilor. Firmele Bigtech au operațiuni globale și o bază mare de clienți. Aceștia pot folosi o cantitate mare de informații despre clienții lor pentru a le oferi servicii financiare adaptate nevoilor individuale. Astfel, firmele bigtech au un avantaj competitiv considerabil față de concurenții lor, de exemplu, băncile existente, în furnizarea de servicii financiare.

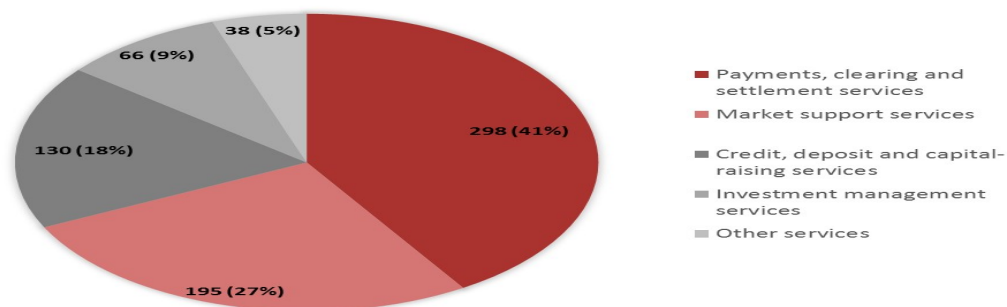
Aceste companii pot câștiga rapid o cotă de piață globală semnificativă atunci când lansează un nou produs sau serviciu financiar. Având în vedere dimensiunea operațiunilor și capacitățile lor de investiții, bigtech pot influența rapid piețele. Multe bănci, instituții financiare și companii fintech colaborează cu firme bigtech, care devin apoi furnizori terți relevanți în sistemul financiar.

Exemple de firme bigtech din lumea occidentală sunt Google, Amazon, Facebook și Apple, cunoscute în mod colectiv ca GAFA. În mod similar, BAT se referă la trei dintre cele mai mari companii chineze de tehnologie, și anume Baidu, Alibaba și Tencent. În plus, companiile tradiționale precum Microsoft și IBM sunt, de asemenea, companii de tehnologie relevante pentru sistemul financiar și pot fi incluse în orice analiză referitoare la bigtech.

6. Dinamici pe piața serviciilor fintech

Comitetul Basel pentru supravegherea bancară (BCBS, 2018) a efectuat un sondaj informal al membrilor săi, cerându-le să identifice produsele și serviciile fintech semnificative din țările pe care le reprezintă.

Graficul 1. Numărul participanților la serviciile inovative Fintech



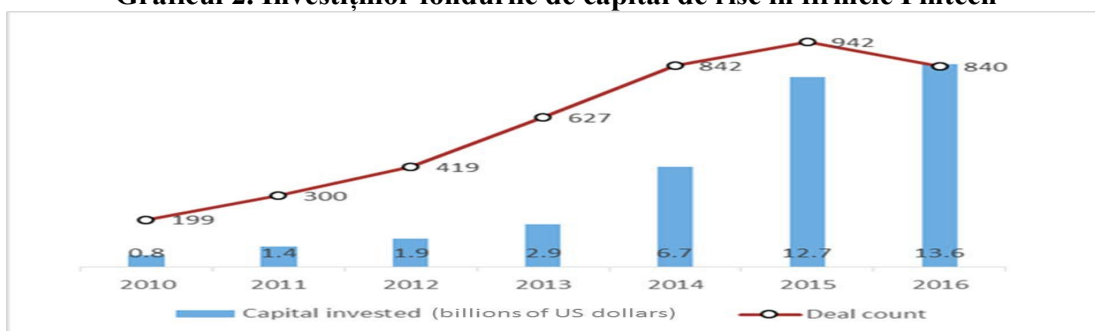
Sursă: KPMG International, 2016

Respondenții au raportat că cel mai mare număr de furnizori de servicii fintech se află în categoria de plăți, compensare și decontare, reprezentând mai bine de două cincimi, urmate de servicii de credit, depozite și strângere de capital, cu mai puțin o cincime, celelalte categorii (servicii de investiții, asigurări etc) dețin mai puțin de o șesime. În cadrul categoriei de plăți,

compensare și decontare, cele cu amănuntul, care propun servicii consumatorului final) au reprezentat majoritatea firmelor fintech identificate, în comparație cu furnizorii de servicii de plată pentru întreprinderi, care au pondere mult mai mică. Pe locul doi, ca dimensiune se situează serviciile de suport, adică companiile care oferă pe când asistență pentru serviciile financiare fintech, care reprezintă în opinia participanților la sondaj aproape 30% din totalul firmelor inovative.

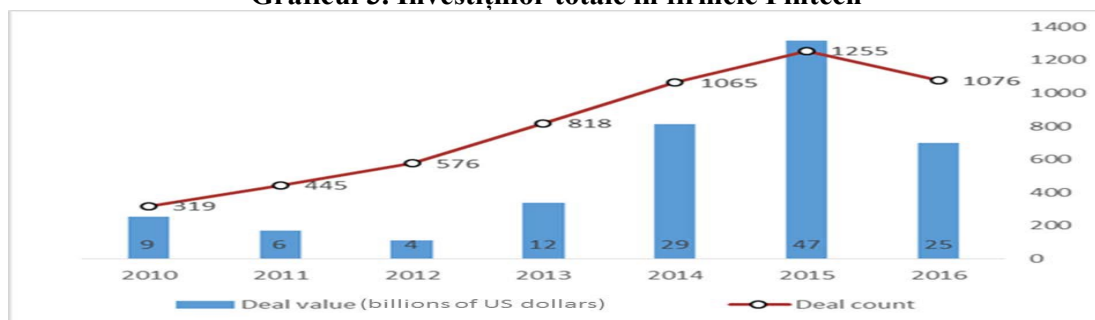
Cuantificarea dimensiunii și creșterii fintech-ului și a impactului său potențial asupra industriei bancare este dificilă, pentru că lipsesc datele statistice. Opinii despre evoluția domeniului au la bază date statistice indirecte. De exemplu, o informație despre dinamica sectorului poate rezulta din investițiile făcute de fondurile de capital de risc în companii fintech. Astfel, un raport KPMG (2016) arată că, în 2016, investițiile globale în companiile fintech au atins 13,6 miliarde de dolari, fiind realizate 840 de tranzacții (graficul 2), cu mențiunea că cifra reală este mult mai mare, pentru că multe în companii fintech sunt făcute și investiții directe de către fondurile de capital de risc, dar și de către instituții financiare, bănci și alți investitori instituționali (graficul 3).

Graficul 2. Investițiilor fondurile de capital de risc în firmele Fintech



Sursă: KPMG International, 2016

Graficul 3. Investițiilor totale în firmele Fintech



Sursă: KPMG International, 2016

Deși capitalul investit în companiile Fintech a continuat să crească, scăderea din 2016 a volumului, dar și a numărului de tranzacții i-au determinat pe unii să speculeze că entuziasmul în ceea ce privește tehnologia fintech a atins vârful maxim. În plus, trebuie observat că volumele sunt încă mici în raport cu dimensiunea sectorului global de servicii financiare.

7. Concurența dintre bănci și fintech

Pentru a vedea dacă noile tehnologii reprezintă competitori pentru serviciile bancare tradiționale trebuie început cu analiza asemănărilor și diferențelor dintre finanțele tradiționale intermediare de bănci sau alte firme și fintech.

Să începem cu diferența dintre împrumuturile bancare și împrumuturile P2P. Există opinia că un creditor P2P nu este altceva decât un program de calculator care oferă un algoritm de asociere investitor-împrumutat, deci nu este o firmă care să își maximizează profitul și din acest motiv acesta nu poate fi comparat cu o bancă. Dar și împrumutătorii P2P sunt entități care își maximizează profitul și i-au decizii opace și care zdruncină încrederea utilizatorilor.

Dacă la începuturile sale, împrumuturile P2P erau într-adevăr „de la egal la egal”, acum majoritatea investitorilor sunt fonduri speculative și instituții financiare mari.

Băncile au acces la depozite care generează dobânzi și își investesc propriul capital în împrumuturi. Deci sunt „împrumutători cu pârghie”. Platformele P2P nu au depozite și sunt creditori cu capital integral. Datorită acestui lucru ei au nevoie de suficient capital propriu, astfel în cazul lor există un risc moral. Dar, asta înseamnă și că băncile se confruntă cu un cost de operare mai mare decât platformele P2P, datorită modului de atragere a resurselor, dar și reglementării.

Împrumuturilor P2P. Cu siguranță împrumuturile P2P vor reduce cota de piață a băncilor, dar în nici un caz nu vor elimina piața împrumuturilor bancare: Pe de o parte clientela care se va îndrepta către piața împrumuturilor P2P va fi cea riscantă, care nici în prezent nu este agreată de către bănci și care și în prezent se adresează unor intermediari non-bancari. Pe de altă parte, principalul motiv pentru care băncile vor rămâne principalul împrumutător, cel puțin în viitorul apropiat, este acela că ele încă dețin majoritatea resursele pentru și majoritatea clientelei, iar cifrele actuale nu se pot topi peste noapte. Noua piață a împrumuturilor P2P este puțin cunoscută, doar o minoritate a folosește și, ceea ce este mai important, nu este asociată cu încrederea, garanția, calități atașate tradițional băncilor. Suplimentar, este foarte posibil ca băncile să își creeze propriile lor rețele de împrumuturi P2P (sau să cumpere platforme de creditare P2P sau să se asocieze cu acestea), ca o continuare a procesului de dezintermediere și de retragere din asumarea de riscuri, pe care băncile l-au început în urma cu câteva decenii (a se vedea vehiculele prin care băncile își externalizau portofoliile de credite), dar și ca urmare a legislației care aproape că obligă băncile să își deschidă sistemele către operatorii Fintech (a se vedea directiva europeană PSD2).

Sistemele de plăți, compensare și decontare. Plățile derulate prin intermediul noilor procesatori de plăți câștigă teren, dar majoritatea acestora continuă să fie derulate prin bănci, pentru că sistemele alternative nu au încă o infrastructură globală, iar finalizarea plăților presupune existența monedei legale emisă doar de către băncile centrale. La fel, emitenți de criptomonede sau tokenuri sunt în creștere, iar deținerile de astfel de active cresc, dar rămân și ele marginale, funcțiile lor fiind mai degrabă de active financiare și încă nu au utilitățile atașate tradițional monedei: le lipsește rolul de etalon, datorită volatilității foarte mari, funcția de mijloc de plată este limitată, volumul tranzacțiilor este limitat, fiind puțin acceptate pentru plăți, iar ponderea lor ca instrument de economisire este marginală. În plus, multe bănci centrale au inițiat proiecte de emisie a unor monede digitale, care în viitor se vor înlocui pentru numerarul legal.

8. FinTech și eficiența operațională

Utilizarea noilor tehnologii are implicații importante pentru participanții la piața serviciilor financiare, concretizate, pe de o parte, în costuri mai mici la împrumuturi, pentru plăți, consiliere financiară și asigurări, iar pe de altă parte în produse mai bune pentru consumatori (VIVES, 2020). FinTech creează eficiența în mai multe moduri:

1. Poate selecta mai eficient solicitanții de credite prin intermediul modelelor statistice bazate pe date mari, depășind astfel asimetriile informaționale care stau la baza activității bancare. Important este că informațiile numeroase pot înlocui garanțiile din spatele creditelor și, prin urmare, entitățile bazate pe FinTech pot fi capabile să acorde împrumuturi firmelor și

gospodăriilor fără să le mai solicite garanții. Mai mult, entitățile FinTech pot fi în măsură să aprobe împrumuturile imediat, pentru că ele procesează cererile de credit ipotecar mai rapid decât alți creditori.

2. Reduc nevoia de personal (de exemplu, ofițeri de împrumut și casieri) și rețeau extinsă de sucursale (deoarece clienții își folosesc calculatoarele personale și din ce în ce mai des în ultima vreme, telefoanele mobile pentru activități bancare).

3. Permit o stabilire mai corectă a ratelor de dobândă la credite mult mai direcționată a prețurilor, pentru că manipulând și valorificând superior informațiile de care dispun pot estima cu precizie foarte ridicată. De exemplu, creditorii FinTech utilizează modele de stabilire a ratei dobânzii pentru ipoteci cu performanțe superioare în comparație cu cele utilizate de instituțiile care nu sunt plății anticipate realizate de împrumutați, estimând mai ușor riscul pot stabili mai corect ratelor dobânzii în cazul împrumutaților (pot percepe rate de dobândă mai mari pentru debitorii cu risc scăzut, care sunt mai susceptibili de a fi mai puțin sensibili la preț și mai sensibili la timp).

4. Pot crește incluziunea financiară deschizând serviciile financiare, în țările mai puțin dezvoltate, pentru segmente de populație nebancarizate și întreprinderile mici și mijlocii (IMM-uri) neservite sau insuficient deservite de bănci.

5. Folosesc tehnologii noi care le permite să inoveze, să creeze noi produse și servicii bancare, mult mai mult în raport cu băncile tradiționale.

9. FinTech în România

La mijlocul anului 2019, se aprecia că în ultimii 10 ani, au fost lansate în România 49 de companii fintech, care au atras finanțări locale totale de 8 milioane euro (Voinea, 2019). Cea mai mare parte a acestor finanțări, aproape 50%, a mers către fintech-urile din zona asigurărilor, în timp ce 23% din finanțările acordate în perioada 2008-2018 au fost direcționate către fintech-urile destinate susținerii IMM-urilor, iar 20% către corporate banking, segmentul de retail banking obținând doar 10%.

Din cele 49 de fintech-uri active în România, 18 acoperă zona de retail banking, 9 sunt pe tehnologie, 8 pe banking pentru IMM-uri, 6 pe servicii de suport, 3 în asigurări și 3 în corporate banking.

Printre fintech-urile considerate promițătoare, sunt enumerate: Argentum, Confidas, Fintech OS, Instant Factoring, Minutizer, SymphoPay, ThinkOut, Smart Bill, Orange Money, dar în România sunt folosite și serviciile altor companii fintech cu profil internațional, precum: Revolut, Monese, TransferWise, N26, Monzo și PayPal. Dintre investitori în fintech în România sunt menționate fondurile de venture capital: Gapminder, Early Game Ventures, Gecad Ventures etc. sau acceleratoarele: Techcelerator, Spherik Accelerator, Innovation Labs, Risky Business etc., dar și business angels, precum techangels.ro.

În ceea ce privește provocările, barierele din calea fintech în România sunt reprezentate de: lipsa de încredere, românii fiind reticenți când vine vorba de servicii financiare 100% digitale, nivelul de educație financiară scăzut și lipsa cadrului legislativ reglementat pentru activitățile de tip fintech. Aceiași sursă menționează că profilul clientului fintech din România este reprezentat de "persoanele care efectuează tranzacții online, de la cumpărături până la plata transportului (Uber, Bolt) sau a serviciilor de consum, de persoane active, mereu actualizate și conectate la nou, la informație, la tehnologie. Acestea sunt persoane mai tinere și crescute cu astfel de tehnologii".

10. Concluzii

Fintech-ul este definit vag, drept „inovația tehnologiei financiare care are ca rezultat noi modele de afaceri, aplicații, procese sau produse cu un efect material asociat asupra piețelor și instituțiilor financiare și pentru furnizarea serviciilor financiare”. Aceasta pentru că el nu este

încă cristalizat, iar publicul, așa cum menționează sondajele de opinie nu definește unitar termeni precum fintech, inovație sau alte categorii similare.

Lumea finanțelor se găsește în prezent în etapa numită, Fintech 3.0, care implică atât serviciul financiar, modificat radical, ca urmare a tehnologiei, dar și companiile financiare și instituțiile bancare tradiționale. Caracteristica principală a celei de-a treia faze este aceea că noile produse financiare nu sunt create de către intermediarii financiari tradiționali, noile startup-uri fintech sunt leagănul noilor tehnologii financiare, băncile tradiționale par a nu avea un minim nivel de alfabetizare IT.

Inovația în domeniul financiar este generată în primul rând de progresul tehnologic și de ieftinirea serviciilor de bază de telecomunicații și a echipamentelor IT, dar și de disponibilitatea acestora. Sunt incluse aici evoluțiile în hardware, în IT, în tehnologiile software, cum ar fi calculatoare accesibile, telefoane mobile, penetrare rapidă a internetului, de cunoștințele de bază și de abilitățile în programare a unor mase țin ce în ce mai mare de oameni. Echipamentele/hardware devin din ce în ce mai ieftine și mai diversificate: computere desktop, laptopuri, tablete, ceea ce face posibilă obținerea fintech pe o mulțime de device-uri, iar barierele de intrare sunt din ce în ce mai scăzute. Al doilea factor care a dinamizat sectorul fintech a fost abordarea axată pe inovare a serviciilor financiare realizată de companiile fintech. Companiile de tehnologie fintech adoptă modele de afaceri simplificate și se concentrează pe segmente de nișă din sectorul financiar. O a treia cauză a dinamismului Fintech se explică prin aceea că ele își construiesc produsele, prin centrarea lor pe client, pe utilizator, oferind instrumente utile și posibilitatea experimentării. În al patrulea rând, consider că autoritățile naționale sau cele supranaționale, fie guvernamentale, fie bancare, intervin pe piață și stimulează dezvoltarea acestui segmentul printr-o serie de reglementări care impun/obligă băncile să își deschidă serverele pentru firmele din Fintech. Cel mai clar exemplu este cel din Uniunea Europeană. Astfel, în octombrie 2015, Parlamentul European a adoptat o directivă revizuită privind serviciile de plată, cunoscută sub numele de (PSD2 - Payment Service Directive 2).

În general, domeniile acoperite de fintech sunt: creditul, depozitele și serviciile de atragere de capital; serviciile de plăți, compensare și decontare, inclusiv emisiunea monedelor alternative (digitale, de tip cripto etc.); gestionarea serviciilor de investiții financiare (inclusiv, tranzacționarea titlurilor); serviciile de asigurare.

Cum va arată lumea financiară în viitor? Unii mizează pe modernizarea și digitalizarea băncilor actuale. Alții consideră că un scenariu plauzibil este cel al băncii distribuite, în care furnizarea serviciilor financiare este fragmentată între firmele fintech și băncile existente, serviciile financiare pot fi furnizate de operatorii titulari, tradiționali (bănci etc.) sau de alți furnizori de servicii financiare, fie că sunt fintech sau bigtech, care se pot "conecta" cu clienții atât pe interfața digitală proprie sau pe orice platformă deținută de oricare dintre jucătorii de pe piață. Un alt scenariu este acela că banca tradițională este retrogradată într-o categorie inferioară, acela de simplu furnizor de servicii, relațiile cu clienții urmând să fie deținute de noi intermediari: companiile fintech și bigtech. **Banca dezintermediată (the disintermediated bank) este scenariul cel mai sumbru, în care banca tradițională își pierde principala funcție acela de intermediar, devine o banca dezintermediată. Altfel spus, băncile devin irelevante, deoarece clienții interacționează direct cu furnizorii individuali de servicii financiare. În viitor, conform unui alt scenariu, băncile tradiționale nu vor putea supraviețui valului de perturbări tehnologice și vor fi înlocuite cu bănci noi bazate pe tehnologie, cum ar fi neo-băncile sau de băncile constituite de marile companii de tehnologie, care furnizează servicii complete construite pe platforme digitale sau de **challenger banks (băncile provocatoare). Noile bănci folosesc tehnologie avansată pentru a furniza servicii bancare într-un mod mai rentabil și mai inovator. Noii jucători pot obține licențe bancare în cadrul regimurilor de reglementare existente și dețin relația cu clienții sau****

pot avea parteneri bancari tradiționali. Dar, nu trebuie uitați Bigtech care se referă la marile companii de tehnologie digitale active la nivel global. Firmele bigtech furnizează de obicei servicii web (motoare de căutare, rețele sociale, comerț electronic etc.) utilizatorilor finali pe Internet și / sau platforme IT sau întrețin infrastructura (capacități de stocare și procesare a datelor) pe care alte companii pot furniza produse sau servicii.

Pentru a vedea dacă noile tehnologii reprezintă competitori pentru serviciile bancare tradiționale trebuie început cu analiza asemănărilor și diferențelor dintre finanțele tradiționale intermediare de bănci sau alte firme și fintech. Cu siguranță împrumuturile P2P vor reduce cota de piață a băncilor, dar în nici un caz nu vor elimina piața împrumuturilor bancare: Pe de o parte clientela care se va îndrepta către piața împrumuturilor P2P va fi cea riscantă, care nici în prezent nu este agreată de către bănci și care și în prezent se adresează unor intermediari non-bancari. Pe de altă parte, principalul motiv pentru care băncile vor rămâne principalul împrumutător, cel puțin în viitorul apropiat, este acela că ele încă dețin majoritatea resursele pentru și majoritatea clientelei, iar cifrele actuale nu se pot topi peste noapte. Plățile derulate prin intermediul noilor procesatori de plăți câștigă teren, dar majoritatea acestora continuă să fie derulate prin bănci, pentru că sistemele alternative nu au încă o infrastructură globală, iar finalizarea plăților presupune existența monedei legale emisă doar de către băncile centrale.

Fintech vin pe piață cu un plus de randament și eficiență. Astfel, solicitanții de credite pot fi selectați mai eficient prin intermediul modelelor statistice bazate pe date mari, depășind astfel asimetriile informaționale care stau la baza activității bancare. Important este că informațiile numeroase pot înlocui garanțiile din spatele creditelor și, prin urmare, entitățile bazate pe FinTech pot fi capabile să acorde împrumuturi firmelor și gospodăriilor fără să le mai solicite garanții. Mai mult, entitățile FinTech pot fi în măsură să aprobe împrumuturile imediat, pentru că ele procesează cererile de credit ipotecar mai rapid decât alți creditori. Un alt avantaj este că fintech reduc nevoia de personal (de exemplu, ofițeri de împrumut și casieri) și rețeaua extinsă de sucursale (deoarece clienții își folosesc calculatoarele personale și din ce în ce mai des în ultima vreme, telefoanele mobile pentru activități bancare. Tehnologiile fintech permit o stabilire mai corectă a ratelor de dobândă la credite mult mai direcționată a prețurilor, pentru că manipulând și valorificând superior informațiile de care dispun pot estima cu precizie foarte ridicată. De exemplu, creditorii FinTech utilizează modele de stabilire a ratei dobânzii pentru ipoteci cu performanțe superioare în comparație cu cele utilizate de instituțiile care nu sunt plății anticipate realizate de împrumutați, estimând mai ușor riscul pot stabili mai corect ratele dobânzii în cazul împrumutaților (pot percepe rate de dobândă mai mari pentru debitorii cu risc scăzut, care sunt mai susceptibili de a fi mai puțin sensibili la preț și mai sensibili la timp). Fintech poate crește incluziunea financiară deschizând serviciile financiare, în țările mai puțin dezvoltate, pentru segmente de populație nebancaizate și întreprinderile mici și mijlocii (IMM-uri) neservite sau insuficient deservite de bănci. Companiile fintech folosesc tehnologii noi care le permite să inoveze, să creeze noi produse și servicii bancare, mult mai mult în raport cu băncile tradiționale.

La mijlocul anului 2019, România număra 49 de companii fintech, care au atras finanțări locale totale de 8 milioane euro. Din cele 49 de fintech-uri active în România, 18 acoperă zona de retail banking, 9 sunt pe tehnologie, 8 pe banking pentru IMM-uri, 6 pe servicii de suport, 3 în asigurări și 3 în corporate banking. În ceea ce privește barierele din calea fintech în România sunt reprezentate de: lipsa de încredere, românii fiind reticenți când vine vorba de servicii financiare 100% digitale, nivelul de educație financiară scăzut și lipsa cadrului legislativ reglementat pentru activitățile de tip fintech.

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INVESTOR SENTIMENT - THEORETICAL ASPECTS AND PRACTICAL CONCLUSIONS, IN THE CONTEXT OF THE PANDEMIC CRISIS

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Abstract

In the current context of the health crisis of 2020, in which financial analysts and researchers foresee an economic and financial crisis that will follow, this work analyses the subject of the psychology of participants in financial market mechanisms, as a determining factor of their evolution. Financial market reviews should not overlook the emotional component of the stock market functioning. Market sentiment plays an important role in the evolution of stock market volatility and can significantly influence registered indices in a positive or negative sense. This theoretical study of investor sentiment is a conceptual foundation of the economic reality we live in. Based on a concatenation of the aspects that researchers have expressed in their scientific researches, this study concludes by determining causal factors of the parallel evolution of market sentiment and economic growth. At the same time, the aim of the study is to draw the attention regarding the implications that an enhancement of investors' sentiment may have on the deepening of the decline of financial markets. In the context of the Covid-19 crisis, the study's conclusion is a recommendation to investors for rational balance and caution in the basis of decisions.

Keywords: investor sentiment, cyclicity of the economy, market sentiment

JEL Classification Codes: G02, F44

1. Introduction

Market sentiment, also called investor sentiment, is the general attitude of the latter towards a particular financial market. It is the manifestation of a market or psychology of the individuals who compose it, materializing through activity and the movement of the prices of the transactions made. Thus, financial market forecasts should not omit the emotional component of the stock market mechanism. Market sentiment plays an important role in the evolution of financial market volatility and can significantly influence the recorded indices in a positive or negative sense.

Even if the fundamental value of a market is the performance indicator, the behaviour of financial markets is much more complex than that, there are deviations from the estimated trend based on fundamental factors. The emotional manifestations of investors also influence the evolution of financial assets. These emotional accumulations can manifest themselves generally in the financial market, by distinct sectors, or even on individual assets, but decompensation is identical in all situations. In general, and naturally, investor sentiment is positive at times of price growth, and negative when traded prices are experiencing a downward trend.

Analysts base their estimates mainly on the short term and on the sentiment of investors, the impact that this phenomenon has being spontaneous, with immediate reaction, but with a return to the initial trend quite rapid. It should be noted that manipulating investor sentiment is an opportunity for stock market speculators to make an immediate profit. Some investors find it as a source of profit finding stocks that are overvalued or undervalued based on market sentiment. In these circumstances, quantifying and estimating investor sentiment is essential for understanding stock markets, which is why a number of indicators have been developed to help determine the level of impact.

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2. Theoretical-conceptual aspects and causal factors regarding market sentiment

The concept was first mentioned in the literature in the 1990s, when research in the field of stock market risk extended the study area to new factors of inflection, which improved the quality of the forecast analyses of financial evolution. Pioneering was initiated by DeLong, Shleifer, Summers, and Waldmann (1990), asserting that investors are subject to sentiment, defining this term as a belief about future cash flows and investment risks that are not justified by objective factors or justifiable events.

With the deepening of this concept by academia, the term became a certainty, and in the following decades, investor psychology was analysed qualitatively and quantitatively. In 2007, Baker and Wurchler already consider hypothetical the fact that investor sentiment affects stock prices and aim to explain investor sentiment and quantify its effects. One approach is from the bottom up, using prejudices in the psychology of individual investors, such as excessive trust, representativeness and conservatism, thus explaining how investors under-react or exaggerate the yields or events to which they are exposed. Shefrin issues the theory that differences of opinion between investors or constraints that cause spontaneous sales generate a wrong valuation, so that the erroneous view of investors indirectly causes changes in stock market behaviour. Thus, if the psychology of participants is aggregated into the econometric model of prediction, then a more accurate assessment of the market, share prices and volume of trading can be carried out.

M. Baker and J. Wurchler study investor sentiment in detail, concluding that major economic crises tend to occur at times when investors express a high sense, but the timing of these events is very difficult to predict. This study determines a number of challenges that investors face: the ability to measure uninformed demand, understanding changes in investor sentiment over time, and identifying stocks that tend to attract speculative transactions. These statements complement the hypothesis made by Barberis, Shleifer and Vishny that betting against sentimental investors is costly and risky.

Investor psychology is decisive on the risk factor, with rates of return directly influenced by the participants' sense of behaviour. Yoshinaga appreciates that after a period of negative feeling the rates of return are higher than those after a period of positive sentiment. In other words, investor pessimism is more pronounced than optimism, the negative footprint on which the prospect of a financial crisis is stronger than optimism-induced aspirations.

Pece believes that the impact this phenomenon has on the rational course of financial markets is determined by the so-called "herd phenomenon". The circumstances on which its occurrence depends vary from one capital market to another and from one sector of activity to another, depending on the environment in which it propagates. Thus, it is noted that the psychology of participation changes suddenly and radically in times of crisis, but the negative effects are felt differently, both at market level and at sector level.

I.C. Sechel brings to the attention the sentiment of investors, whom she considers "directly related to the overall evolution of the stock exchange". The term, used 1990 by DeLong, Shleifer, Summers, and Waldmann, assumes that investors are subject to sentiment, broadly defined as a prediction of the evolution of investment flows and risks that cannot be justified by obvious arguments. Thus, if investor sentiment is high, stock quotes react with an upward trend. Otherwise, when investors express a low sense, the evolution of the stock market is on a downward trend. What is called the "investor sentiment phenomenon" can be determined by taking into account their expectations for the evolution of the various publicly listed assets, reporting us at several time intervals. Thus, hopes, concerns and opinions, after all, even subjective, determine optimistic or pessimistic behaviour, as well as investor decisions, and therefore shape to some extent the future evolution of the stock market. It should be noted, however, that this factor influences in the short term and may cause short-term behaviours. On the other hand, it is considered to be a difficult feature to predict, the

analysis of investor sentiment being carried out by periodic surveys, which are subject to subject to subjectivity.

And other scientific papers, as Claessens and Yortoglu (2015) and Joeveer (2013), highlights the importance of investor confidence as one of the main causal factors in the performance of a listed company on the stock exchange. , being in some cases more important than the statistics of performance indicators. As a result, investor behaviour directly influences both the primary and secondary financial markets through the decision-making events they undertake on the stock market. At the same time, researchers draw attention to the indirect connections between investor psychology and economic development. Moreover, given that we are in an increasing process of globalization, the business environment extrapolates the phenomenon beyond the demographic borders. Dăianu explains this concept, arguing that major investments depend on the mood (market sentiment) and perspective at the level of the European economy, so that firms that depend heavily on demand at national level have a significant investment disadvantage, with credit institutions showing suspicion at high risk.

In his paper, Titan considers the feeling of investors as either rational or irrational. Here we refer to a mass emotion, not individual, to a behaviour that the participants in the stock market manifested deliberately and in the majority. Titan considers rational behaviour to be the basis of traditional theories related to the mechanism of financial markets, with classical literature approaching the investor as a rational entity, the decisions of which are based on arguments anchored in reality. On the other hand, the experience of the last years pays more attention to irrational manifestations, the theory of behavioural finances proposing two concepts. The concept of limited rationality, in which decisions are considered to be taken rationally, but the level of rationality is limited by the knowledge to which it has access and the strong feelings it feels. A second concept is the theory of perspective, which aims to explain the deviations of investor behaviour from the reactions assumed by the theory of traditional finances.

3. The cyclicity of investor psychology

Based on the analysis of the behaviours that investors react, the terms 'bulls' market' and 'bears' market' are known in the specific vocabulary. A bull market is a market that is growing and where the conditions of the economy are generally favourable. A bear market exists in a retreating economy, where most stocks are declining in value. Because financial markets are strongly influenced by investors' attitudes, these terms also denote how investors feel about the market and the economic trends that follow. A bull market is characterized by a sustained increase of the prices. In the case of stock markets, a bull market signifies an increase of the prices of company shares. In this situation, investors often have faith that the upward trend will continue in the long run. In this scenario, the country's economy is usually strong and employment levels are high. Instead, a [bear market](#) is one in decline. A market is considered a "bear" where the decline is represented by a decrease of more than 20% compared to recent highs. In a bear market, share prices are constantly falling. This leads to a downward trend that investors believe will continue; this investor behaviour perpetuates the downward spiral and accentuates the decline. The key determinant of whether the market is bull or bear is not just the spontaneous reaction of the market to a particular event, but how it performs in the long term. Small changes are only a short-term trend or market [correction](#), with the estimate of a stock market dominated by bulls or bears being determined only a time frame of a few years. However, not all long-term movements are considered to be characterized as "bull" or "bear". Sometimes a market can go through a period of stagnation, which explore the next evolution and tries to find direction.

With a constant need to understand this phenomenon in the real economy, researches interested in the premises and effects of investor conduct identifies how investor psychology evolves according to the stages of the financial cycle. Of course, investor sentiment refers to those patterns of behaviour identified in a large number of participants, whose skills are found at a common denominator, determined by similar causalities. The main challenge in the study of financial markets is to predict their developments, since a fundamental feature of this mechanism is uncertainty itself. Through statistical research reported to different economic-financial environments and time intervals, it was concluded that the projection of evolution is sinusoidal, as a result we can say that financial markets are cyclical.

This cyclicity is based on macroeconomic, monetary, but also aspects related to the sentiment and psychology of crowds. Repetitiveness is not identical and the time intervals are not accurate, but depend on internal and external factors, but the basic evolution and effects are essentially the same. Cycles differ in duration and amplitude and their manifestation in the financial market is usually pursued proportionately by the real economy. Based on the statistical studies carried out and the scientific research that analysed the behaviour of the markets, the evolution of the markets can be graphically represented (Fig.1), highlighting the manifestations in which the psychology of investors materializes. It should be noted that market sentiment follows the trend of reality in the market, but has a shifted behaviour towards economic events that cause the mood to change.

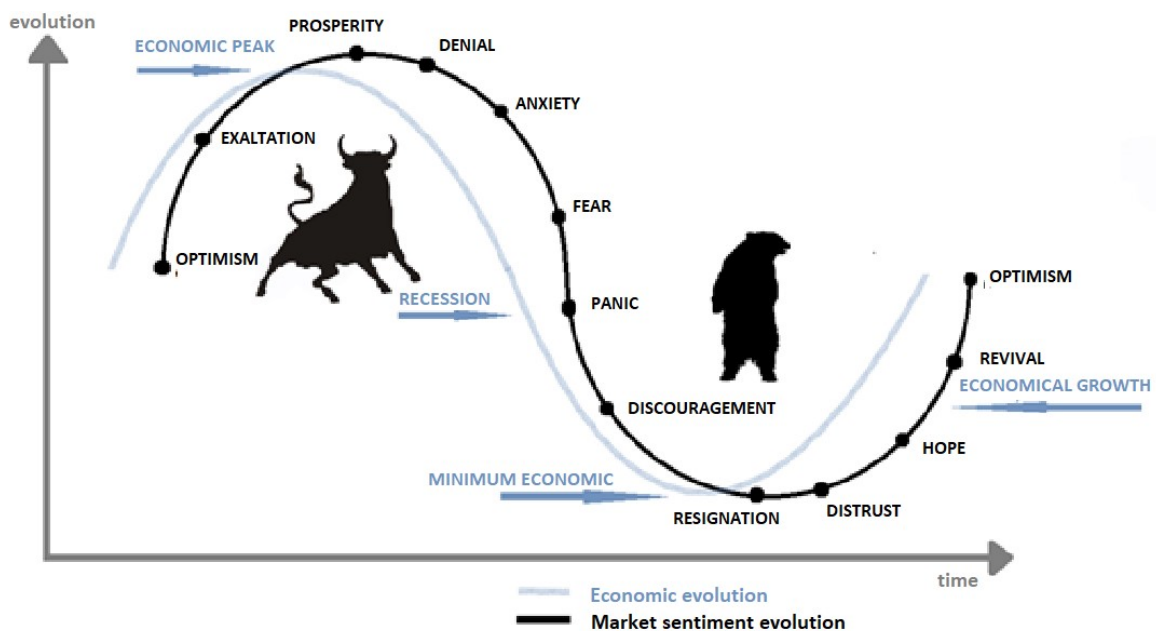


Fig. 1 The cycle of market sentiment
Source: adaptation of the author

4. Quantification of market sentiment

The subjective nature of investor sentiment is axiomatic, as a result it is risky to say that this determinant can be accurately estimated and more than that, to argue that precise identification of the causalities is feasible. However, scientific research provides analysts with acceptable methods in order to determine evolutionary models and econometric methodologies for estimating the amplitude and impact that market mood has on economic and financial mechanisms.

Pece mentions in the study on this topic that investor psychology can be analysed by direct methods, as questionnaire-based analyses, by directly involving investors and studying their perception of the economic environment perspective and the future evolution of capital

markets, here we can mention indicators such as: Michigan Consumer Sentiment Index (MCSI), Investor Intelligence (II), Economic Sentiment Indicator (ESI). The phenomenon can also be studied by indirect methods, which use financial indicators that reflect the behavioural deviations of investors, including: number of initial public offerings, liquidity, discount granted at the close of the fund, average return on the day after the completion of the initial public offer, ARMS index.

In order to quantify and predict the subjective behaviour of investors, theoretical-conceptual agreements have been translated into empirical studies in the literature. Scientific research has shown that both causal factors and the impact that investor sentiment has on the market are difficult to argue by a simple analogy with factual indicators, so that the scientific environment has turned to the creation of composite indices, in order to integrate into the analysis a greater number of determining variables. In this direction, a representative study is that of researchers Beer and Zoouaoui, who divided the gross sentiment indicator into rational components, related to the economic fundamentals and a psychological component related to investor sentiment, simultaneously investigating the impact of economic fundamentals and investor sentiment on stock yields. The results of the study show that the behavioural approach is complementary to the rational approach. The research proposes a composite sentiment index, corroborating indicators used in the previous literature, i.e. indicators of direct measures (including consumer confidence index, investor information index) and indirect measures (among which we list the number and return of the environment of the initial offers of listed shares, new net cash flows of US mutual funds, the value of CFD). The Beer-Zooui composite index was compared with both the indices in its construction and with other indices used in the literature (the Brown-Cliff composite index) and the Baker-Wurgler composite index), concluding a dominant position of the new indicator in estimating stock yields, which provides a better estimate of sentiment by condensing the mood of a very large sample of investors. As a result, it has been empirically proven that investor sentiment is determined by multiple factors, and impact estimation is a complex process.

5. Conclusions

As a conclusion of the theoretical-conceptual analysis of the literature addressing the phenomenon of investor sentiment, as a determining factor in the evolution of financial markets, it should be noted that in recent years special importance is given to the psychology of participants, noting that it has an increasing degree of the impact on the evolution of stock markets. Analysing the literature, a refinement of the definition and causations involved in this concept was observed; so that if in the 1990s researchers had noticed and defined the term market sentiment, in the last two decades it was deepened and its effects were econometrically evaluated.

From the comparative analysis of scientific research, we conclude that changes in economic developments and financial markets are accompanied by emotional manifestations of investors, which in turn influence, through reciprocity, the evolution of financial assets. In other words, the influence is exercised in two-way and thus disproportionate imbalances may occur. These emotional accumulations can influence the financial market in general within a certain time frame or manifest themselves on distinct sectors or even individual assets.

The increasing impact that investor psychology has on the evolution of financial markets can be argued by several determinants: technological progress and rapid and extensive access to information that determines the mood of investors, the phenomenon of fake-news or biased information misunderstood by them and the so-called "herd phenomenon", globalization and the phenomenon of contagion on which financial markets feel, especially in crisis situations.

From the analysis of the sinusoidal evolution of market psychology, it is important to point out that investor sentiment follows the trend of economic evolution, but the time gap it has can be used in econometric studies to predict future developments in stock indexes.

It should also be noted that investor sentiment tends to exaggerate reality. Thus, the manifestation of "bulls" in the period of economic growth is not always a beneficial one, it can generate irrational behaviours of investors, overestimation of the market and speculative bubbles. In contrast, in times of crisis, investor pessimism accentuated the decline of stock indexes, such as withdrawal from the market, hasty decisions on the transfer of funds or involving the phenomenon of the herd in the dislocation of resources in certain sectors.

In the current context of the 2020 health crisis, market sentiment plays a key role in assessing and predicting financial market movements. We are currently experimenting with the theory already mentioned by the literature that the sinusoidal trend of evolution is not identical. Unlike the 2008 financial crisis, when the financial decline triggered, investors showed a constant sense of decision-making contraction, investor psychology in 2020 is proving to be more volatile, caused by the uncertain health situation contrasting with government efforts to support the economy and at the same time by the considerable information flow. In such situations, academia recommends maturity in decision-making, risk-taking caution and balance in assessing market sentiment.

In conclusion, we estimate that the experience of the economic crisis started in 2020 will confirm the theoretical-conceptual aspects expressed in the scientific research carried out on the topic of investor sentiment and will in future give new points of view that explain this concept as a fundamental component in the evaluation of financial market mechanisms.

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THE RELATIONSHIP BETWEEN THE ACCOUNTING MODEL AND THE REQUIREMENTS OF SUSTAINABLE DEVELOPMENT, IN THE CURRENT PANDEMIC CONTEXT

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Abstract:

In the last four decades, there has been an awareness that human activity can generate irreversible changes on the environment, depletion of non-renewable resources and the destruction of biosystems essential for the existence of life on Earth. At the same time, it was realized that sustained efforts are needed to generate fundamental changes in the way economic activities are designed and implemented, so that the well-being of contemporary society is not achieved at the cost of destroying the chances of ensuring a better life for future generations. In this article we started with the following questions: What is the relationship between the accounting model and sustainable development? To what extent is the cost of sustainable development understood? Who are the people who support it? In order to find out the answers, we carried out a qualitative empirical research, through which to receive answers not only about the existence of this relationship but also about the significance and the persons (natural and legal) who bear the cost of sustainable development. Finally, we made a correlation between this cost and the current pandemic period.

Keywords: accounting modeling, the cost of sustainable development, pandemic

Clasificare JEL: M41

1. Introduction

In this article we started with the following questions:

- ✓ What is the relationship between the accounting model and sustainable development?
- ✓ To what extent is the cost of sustainable development understood?
- ✓ Who are the people who support it?

In order to find out the answers, we carried out a qualitative empirical research, through which to receive answers not only about the existence of this relationship but also about the significance and the persons (natural and legal) who bear the cost of sustainable development. Finally, we made a correlation between this cost and the current pandemic period.

To analyze the relationship between the accounting model and the sustainable development, we conducted a qualitative research, through which we received answers about the type of relationship and the significance of the cost of sustainable development, but also information on persons (individuals and legal entities) who currently bear this cost.

The sampling method was random, the target group of the interview was represented by the heads of the financial-accounting department (economists, chief accountants) from the enterprises from Dâmbovița county who would have possibilities to implement a strategy based on sustainable development.

The interview is structured in two parts - part I. Sustainable development (five questions) and part II. The relationship accounting - sustainable development (three questions). Were interviewed 15 people with positions in the economic field from different economic entities of Dâmbovița County (13 people domiciled in Târgoviște; and the other two people who reside in Târgoviște but work in the capital and in Dâmbovița County).

2. The objectives and hypotheses of the qualitative research

Starting from our doctoral studies, the qualitative research pursued the objectives:

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- **O1.** What are the economic indicators that best reflect the elements of sustainable development;
- **O2.** What is the perception of specialists regarding the cost of sustainable development;
- **O3.** What is the accounting information that refers to sustainable development;
- **O4.** What is the opinion on the integration of sustainable development requirements in current accounting practices.

Through this qualitative research we want to verify the interviewees' perception of the relationship between accounting and sustainable development, and at the same time to know their opinion about the cost of sustainable development.

3. The profile of the interviewees

The interviewees are employees of companies that have various fields of activity such as - wood processing industry (two people), hotel industry (five people), metallurgical industry (two people), accounting offices (four people), food and non-food trade (one person), cosmetics industry (one person). The sample was chosen at random and is represented graphically in figure no.1.

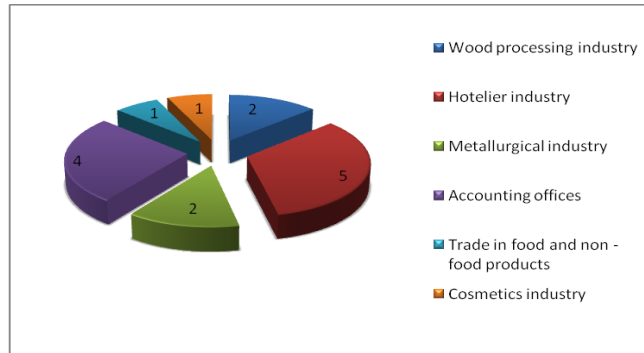


Figure no.1. The field of activity of the companies of the interviewed persons

4. The results of the qualitative research

4.1. In the first part of the interview we wanted to know the level of understanding of the phrase “sustainable development” and we found the almost total association of the term with the ecological development (the interviewees being familiar only with a component of sustainable development – the ecological one, very little with the social and economic ones). Therefore, to the question, “*What does sustainable development mean to you?*” most respondents define sustainable development as the totality of those long-term strategies pursued by companies, such as investments in technology and human resource qualification. These actions of the companies “*will be carried out in compliance with the rules on environmental protection*” (company in the metallurgical industry).

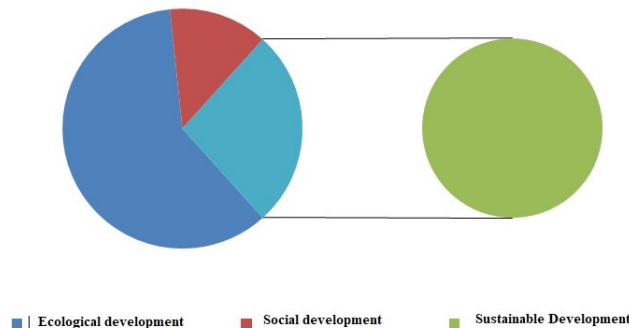


Figure no.2. Perception of sustainable development

The “environment” component is associated with sustainable development, the interviewees wanting to exemplify how it needs to be protected by commercial entities, they propose investing in less polluting technologies. Sustainable development in the perception of the interviewees is reduced to ecological development (80% of the answers) and social development (20%).

4.2. In the second question: “*What should an entity do to be considered an enterprise that takes into account sustainable development?*”, the interviewees proposed certain actions that the entity within they develop their activity performs or intends to undertake:

- in-depth market research;
- to access certain European projects (POSCCE- which facilitates the purchase of equipment that preserves the environment);
- to stop pollution and abuse on the excessive use of natural resources;
- to invest in clean technologies and in reward systems for their own employees;
- to combine the three forms of efficiency - economic, social efficiency and the eco-efficiency corresponding to the three pillars of sustainable development.

Wood processing industry	European funds; Non-polluting technologies; Employee reward systems;
Hotelier industry	In-depth market studies about the company's current and future activity;
Metallurgical industry	Stopping pollution and abuse - related to overuse of natural resources;
Accounting offices	Combining the three forms of efficiency-economic-social-eco-efficiency;
Trade in food and non - food products	Stopping pollution; Non-polluting technologies;
Cosmetics industry	Non-polluting technologies; Reward systems for own employees.

Figure no.3. Perception of measures taken to achieve sustainable development

The shares of the interviewees' entities are represented graphically by the categories of companies interviewed within figure no.3.

In other words, the interviewed people proposed certain measures aimed at achieving sustainable development. From our point of view, these measures can be applied to most of the fields of activity chosen by the Romanian companies.

During the interview we could observe how the people interviewed did not offer in response activities currently carried out by their entities but only the ones that "should" be carried out by a company (excepting the two responses of the companies in the wood processing industry who supported the program accessed to increase economic competitiveness: POS-CCE which states that they purchased machinery and technological equipment that respects the environment and the people at the same time). Even if the question did not specify anything about what their entity is doing for sustainable development, this did not prevent them from answering about the actions currently being taken by their company. From these answers we can conclude (even from the beginning of the interview) that the companies of the interviewees are not so much concerned with the integration in the accounting model used of the requirements of sustainable development.

4.3. The cost of sustainable development is significant for most respondents at the macroeconomic level, with only five respondents mentioning the microeconomic level (hotel industry). Most interviewees acknowledged that their company does not calculate such a cost, *"perhaps at the macroeconomic level"* (metallurgical industry). We did not request any answer (from the interviewees) about the composition of this cost of sustainable development, considering that each company that wants to meet the requirements of sustainable development will calculate such a cost specific to the field of activity.

4.4. Regarding this cost of the sustainable development, they mention the nature or civil society. *"Investment in the environment is generally considered a public investment"* (accounting firm), and implicitly the State is the one that supports it. Only seven interviewees (from the hotel entities, the metallurgical industry and those from the accounting firms) believe that the company is responsible for this cost and can include it in expenses.

We consider that the economic entities bear a small percentage of this cost of sustainable development, those who feel the non-quantification of this cost are the citizens. The state is responsible for not regulating drastic laws for polluters (not only fines but also other measures to make them behave responsibly towards the environment and their own employees). Citizens bear the cost of a "sustainable" development (for which economic entities are mainly responsible) both financially and psychologically (increased levels of stress, increasingly sensitive health).

4.5. Most employees are not aware of the problems created by the companies on the environment or on their own lifestyle. For them, the concept of sustainable development is insignificant. Only certain employees with a higher and average level of education, less *"ignorant"* (accounting firm) realize the impact on the environment and the need to implement the requirements of sustainable development at the microeconomic level. This may be due to the non-promotion of an organizational culture (based on the values of a sustainable business development) to all employees of the company. In the vast majority of cases, TESA (Technical Economic and Social Administrative) employees enjoy the privilege of being informed about the company's actions taken for sustainable development.

In part II regarding the field of accounting, we asked the interviewees to answer YES or NO, and depending on the answer offered, to detail it.

4.6. In the opinion of all respondents there is a link between accounting and sustainable development. One response impressed us *"there is a two-way relationship between accounting and sustainable development: accounting can contribute to a rigorous quantification of environmental benefits through satellite and other accounting, and sustainable development can raise new challenges for accounting in introducing concerns and issues. environment in any economic-social decision at entity level and a better reflection of the costs and benefits of the entity"*(accounting office).

4.7. They all confirmed the relationship between accounting and sustainable development. Instead, the others mentioned as information: *"the value of tangible assets"* (wood industry), *"all accounts in the Balance Sheet that are directly or indirectly related to expenses and results"* (accounting firm), *"information about employees and the environment"* (company hotel), *"environmental taxes"* (accounting office), *"profit"* (cosmetics industry)".

4.8. Regarding the existence of accounting information related to sustainable development, half of the interviewees did not identify such information. Regarding the

integration in the current accounting practices of the elements of sustainable development, most of the interviewees stated their non-integration. Only four people mentioned that the entities did not integrate this information but can prepare separately a Special Report dedicated to environmental information. In other words, this responsible behavior, which includes in the accounting model the requirements of sustainable development, is voluntary.

Table no.1. Affirmative / negative answers related to the accounting field

Entity type	Existence of the link between accounting and sustainable development	Existence of information in accounting that refers to sustainable development	Integration in current accounting practices of the elements of sustainable development
Wood processing industry	Yes	Not	Yes
Hotelier industry	Yes	Yes	Yes
Metallurgical industry	Yes	Not	Not
Accounting offices	Yes	Yes	Not
Trade in food and non - food products	Yes	Not	Not
Cosmetics industry	Yes	Yes	Not

According to the data in table number no.1 we can say that 50% of the interviewees perceive the existence of information in accounting related to sustainable development, while the other 50% do not identify this information (the answers received have the following pattern: “*there is no separate account in which to enter such information*” - metallurgical industry).

5. Conclusions regarding the relationship between accounting model and the requirements of sustainable development

The result of the interviews is not surprising due to the most of the interviewees’ unawareness of the indicators proposed for quantifying the actions of the sustainable development - listed by Eurostat and the Institute of Statistics of Romania. The impossibility of concretely defining the costs of sustainable development by the competent persons (who can perform the analysis of the company in which they operate) and the presentation of some indicators other than those provided for sustainable development, make us say that accounting actions taken to reflect the cost of sustainable development are almost nil. Economic entities do not calculate this cost of sustainable development for the simple reason that they do not perceive as a gain the knowing of the value of this cost in order to start applying it. This unawareness negatively influences the calculation of sustainable development indicators.

We consider the definition of “sustainable development” as ecological development an automatism by the interviewees. The respondents are aware of the priority of profit within economic entities. In other words, the lack of mentioning the profit as a general objective of a commercial entity from Dâmbovița County (and from Romania) is interpreted as something that must be understood. All actions towards the environment will be undertaken by the economic entities only if those actions will positively influence the profit obtained, otherwise, on the contrary there is no question of integrating, in the accounting model practiced, the requirements of sustainable development. From the perspective of an employer this fact is real because currently the activities of the companies are oriented only on the short term.

Accounting information related to sustainable development, identified by the interviewees, is based on investments in new high-performance technologies (accessing European funds - for example POS-CCE - or other types of financing) and in the qualification of human resources. Although the interview did not ask for information on what the respondents' entity is doing in order to have a sustainable development, this was not an obstacle in responding with the actions which are currently being carried out. Only two interviewees took advantage of the question to present their actions for sustainable development, those in the wood processing industry. These economic entities have been concerned with implementing an accounting model that integrates the requirements of sustainable development. From our point of view, the other answers received are incomplete, abstract, and create an image of those companies (of profit-oriented entities).

Currently, in Romania the one who bears the cost of sustainable development is the State and we all feel the effects. In our country, polluters are not properly sanctioned, and the laws are not applied. In our opinion, the state is responsible for the irresponsibility of economic agents by the lack of much tougher laws for polluters. "Responsible" laws would not leave a polluter unidentified, nor would it make him pay only a fine, but would cause him to change his technological process so that the pollution incident would no longer exist in the future. On the other hand, these "responsible" laws would not allow such polluting technologies to be constantly unsupervised and monitored both by the economic entity and by the state or citizens.

For example, in the case of the organic farmer, this constraint on sustainable development is felt by a loss to the profit of financial accounting which is a priori not very encouraging. The current economic situation highlights the fact that "*non-sustainable*" farmers record in accounting a fictitious profit that "*a "green" auditor will have to denounce by refusing to certify their accounting*" (as the certification is rejected in the absence of financial amortization) and which "*a green State must tax 100%*", without excluding the calculation of penalties for crimes against the "*forest code*" and the occurrence of "*compensation for environmental damage.*"

From the answers received about the degree of knowledge and involvement in the sustainable development of all employees, we observed the discrimination performed by the entities towards the directly productive employees. These employees ignored by the companies (they form the vast majority of employees in some economic entities) are not concerned with the problems created by companies on the environment or their own lifestyle because they are concerned about "survival". In other words, they want to receive a salary to support their family, that is, to ensure a decent daily living. In our opinion, employees with a high level of training, and who hold positions that ensure their daily living easily, think about their health and the sustainable development of both their own family and the economic entity. Often these employees support the implementation of new accounting models that integrate the requirements of sustainable development at the level of their entity.

Currently, this Special Report includes the actions of the entity conducted for the implementation of social economic responsibility, namely support for various cases (sponsorships for natural disasters, donations for cases of incurable diseases, sponsorship of national or international events, etc.). In Romania, listed economic entities provide a series of data on actions taken for sustainable development (such as information on environmental management and environmental policy implemented at the level of the organizations), while the unlisted ones do not usually do so. In conclusion, the cost of sustainable development is not established in the entities of the interviewees (it can be estimated but this is not done either), this fact affecting the indicators of sustainable development. In other words, through the interview, is validated the hypothesis according to which the relativity of the estimation of the cost of sustainable development influences the level of sustainable development indicators.

Regarding the current pandemic situation, the integration of the cost of sustainable development is delayed, human safety being paramount. At the same time, nature is regaining its strength through this crisis.

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DETERMINANTS OF PERFORMANCE DURING COVID-19 PANDEMIC: AN EMPIRICAL RESEARCH ON PHARMACEUTICAL COMPANIES LISTED ON THE BUCHAREST STOCK EXCHANGE

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Abstract:

Recent studies report that the majority of industries have experienced drastic decreases in sales within the context of the coronavirus pandemic. Nevertheless, considering the high demand for medicine and medical equipment triggered by efforts of fighting the virus, companies in the pharmaceutical industry have managed to maintain a rather steady financial equilibrium, despite the fact that they have registered a mitigation in performance indicators. This empirical research has shown that all five pharmaceutical companies listed on the Bucharest Stock Exchange and included in the sample have reported slight decreases related to both performance indicators (i.e., return on assets, return on equity, profit margin) and financial equilibrium (i.e., current liquidity ratio, quick ratio, cash ratio) when comparing 2020 results with those reported in the period 2010–2019. The econometric analyses have revealed that the financial equilibrium indicators and the performance indicators are statistically linked, meaning that an improvement in the value of equilibrium indicators yields an increase in the performance of companies operating in the Romanian pharmaceutical industry.

Keywords: liquidity; return on assets; return on equity; profit margin; COVID-19

JEL Classification: G00; G32.

1. Introduction

Economic development is – beyond any doubt – based on the manner in which manufacturing companies within a country operate and create jobs, export goods and services, generate value added, all which ultimately are positively reflected in an increase in Gross Domestic Product (GDP), decrease in unemployment and inflation, increase in prosperity level of the respective country.

The current sanitary crisis has had negative effects on most economic activities at global level since governments have enacted various total or partial lockdown periods in order to stop the virus spread. Across the European Union, the European Commission has agreed to exempt its members from the Maastricht Treaty requirement concerning the 3% deficit and has granted them the possibility of exceeding this threshold. Moreover, the European Commission has created for its members a subsidy fund amounting to around 37 billion euros in the effort to support countries to eliminate the negative effects of the COVID-19 pandemic.

Considering all restrictions imposed by governments, the pharmaceutical industry is one important sector of the economy that has been less affected during this unprecedented period due to the increasing demand for medicine and medical equipment necessary to treat patients infected with the virus.

Therefore, in the present article we considered that it would be timely to analyze the degree to which economic performance of companies operating in the Romanian pharmaceutical industry have been impacted by the current pandemic.

The empirical research was conducted on a sample including all companies listed on the Bucharest Stock Exchange, namely: Antibiotice SA, Biofarm SA, Farmaceutica Remedia SA, Ropharma SA and SCD Zentiva. The period of analysis ranged from 2010–2020. To ensure data comparability and investigate the influence of the COVID-19 pandemic on this economic sector, I considered the semestrial reports for each year.

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The structure of the article is the following. Section 2 draws on relevant literature review tackling company short-term equilibrium and performance. Section 3 reports the research methodology and results. Section 4 presents concluding remarks.

2. Literature Review

The question of how liquidity drives the economic performance of the company has been intensively investigated in recent literature using data from worldwide economic agents (Akgün and Memiş Karataş, 2020; Bagchi and Chakrabarti, 2014; Bannister, Mihalek and Smith, 1997; Batrancea, 2011; Batrancea, Batrancea and Moscviciov, 2009a, 2009b; Borhan, Naina and Azmi, 2014; EL-Ansary and Al-Gazzar, 2020; Pattiruhu and Paais, 2020; Samo and Murad, 2019; Tran, Nguyen and To, 2020).

Liquidity is crucial for any business because it supports manufacturing and distribution processes, it covers staff expenditures and other current liabilities generated from interactions with suppliers (Batrancea and Batrancea, 2005). For that matter, liquidity represents “a concern of the short-term investor and a minor matter for the long-term investor”, according to the opinion of Peter Bernstein, a well-known American economist who refined the efficient market hypothesis (EMF).

The concept of financial *performance* captures the company’s ability to generate profit, which is a long-term objective for every lucrative business (Batrancea et al., 2007, 2010; Batrancea, Batrancea and Moscviciov, 2009; Csegedi, Batrancea and Moscviciov, 2012). Talking about financial performance, Peter Drucker stated that “profitability is the sovereign criterion of the enterprise”, while Zig Ziglar, an American author and motivational speaker, used to say that “profitability comes from loyalty, productivity, and having a character base from which to work”.

In the following paragraphs, the most recent empirical studies tackling the link between liquidity and performance will be briefly presented. Empirical results are rather mixed, with some studies reporting a positive or negative relationship, while others identified no significant relationship.

Using data from 120 Malaysian companies listed on the stock exchange and the period 2012–2014, Alarussi and Alhaderi (2018) found that company size, working capital and efficiency measured with asset turnover ratio had a direct connection with profitability, while debt to ratio and leverage established a negative relationship. In this study, liquidity measured via current ratio did not play any significant role.

Eljelly (2004) studied the relationship between liquidity (i.e., current ratio; cash conversion cycle) and profitability for companies listed on the stock market in Saudi Arabia. Results indicated that Saudi companies registered a negative influence of liquidity, especially for those characterized by high levels of current ratio and extended cash conversion cycles. In addition, company size was another variable driving performance at the industry level.

Lim and Rokhim (2020) analyzed several variables impacting on company performance for 10 pharmaceutical entities listed on the Indonesian stock market during the period 2014–2018. The variables of interest were: a) company size, proxied by overall sales; b) company efficiency measured with assets turnover; c) liquidity, measured via current ratio; d) market power, using the Lerner index; e) company growth (i.e., sales increase). According to their results, liquidity positively influenced performance measured with the indicators return on equity, return on assets and earnings per share. In addition, return on assets was positively influenced by company size and market power.

Nguyen and Nguyen (2020) investigated company performance using data from 1,343 Vietnamese companies listed on the national stock market for the time span 2014–2017. The independent variables of interest were company size, liquidity and solvency, financial leverage and financial adequacy. The outcome variable was company performance measured

via return on assets (ROA), return on equity (ROE) and return on sales (ROS). According to their results, liquidity had a direct relationship with ROA and ROE and an indirect relationship with ROS. Moreover, long-term equilibrium indicators positively influenced ROA and ROS, while ROE was negatively impacted by it.

Using data from a large sample of US companies, Guragai, Hutchinson and Farris (2019) analyzed via linear regression models the degree to which the cash conversion cycle length influenced profitability (measured by return on equity) and liquidity. Empirical results showed that cash conversion cycle length was negatively connected with company profitability, while positively connected with liquidity.

3. Method and Results

Compared to previous research studies reported in the literature, one could notice that the factors influencing the performance of companies in the pharmaceutical industry are current liquidity ratio, quick ratio and cash ratio. For that matter, economic results support the fact that pharmaceutical companies register excess of liquidity, reason for which their earnings after tax (EAT) represent cash profitability and not accounting profitability.

In the present research study, the following indicators have been used:

- Return on Assets (ROA), determined as a ratio between EAT and total assets (TA);
- Return on Equity (ROE), determined as a ratio between EAT and equity;
- Profit Margin (PM), determined as the ratio between operational income (OI) and turnover (T);
- Current Liquidity Ratio (CLR), determined as a ratio between current assets (CA) and current liabilities (CL);
- Quick Ratio (CR), determined as a ratio between quick assets (receivables, cash and current accounts) and current liabilities (CL);
- Cash Ratio (CASHR), determined as a ratio between cash and current accounts and current liabilities (CL).

The first aspect analyzed was how the current pandemic had influenced the liquidity and performance ratios for each of the five companies and at the overall level of the pharmaceutical companies listed on the Bucharest Stock Exchange (table 1).

Table 1. The evolution of performance indicators for pharmaceutical companies

Company	ROA prior to pandemic 2010-2019	ROA during pandemic 2020	ROE prior to pandemic 2010-2019	ROE during pandemic 2020	PM prior to pandemic 2010-2019	PM during pandemic 2020
Antibiotice	3.13%	2.43%	4.33%	3.64%	15.02%	16.20%
Biofarm	8.19%	8.40%	9.96%	10.97%	31.12%	33.66%
Remedia	0.37%	0.00%	0.61%	0.00%	0.61%	0.00%
Ropharma	0.85%	0.36%	1.42%	0.69%	1.48%	1.66%
Zentiva	7.51%	3.85%	9.94%	8.45%	20.91%	16.63%
Industry average	4.01%	3.01%	5.25%	4.75%	13.83%	13.63%

Source: Own computations based on financial reports of companies.

Based on the data included in Table 1, one can notice that in the case of four companies their performance indicators have registered a decrease compared to the industry average in the period 2010–2019. Although these companies have operated during the pandemic on the national/regional and international markets by selling their products, they have not registered

performant activities. Most probably, they either manufactured products that remained unsold or did not collect receivables on time during the cash conversion cycle.

By analyzing the industry average, the following ideas were concluded:

- The values of all indicators during the pandemic were below their values in the last 10 years;
- Regarding ROA, companies Antibiotice SA, Farmaceutica Remedia SA and Ropharma SA registered values below the industry average, while Biofarm SA and Zentiva had values above the industry average;
- For ROE, Biofarm and Zentiva exceeded the average;
- Regarding PM, Antibiotice SA, Biofarm SA and Zentiva had values above the average.

Secondly, I have analyzed the evolution of the liquidity indicators for the chosen companies (table 2).

Table 2. The evolution of liquidity indicators for pharmaceutical companies

Company	CLR prior to pandemic 2010-2019	CLR during pandemic 2020	QR prior to pandemic 2010-2019	QR during pandemic 2020	CASHR prior to pandemic 2010-2019	CASHR during pandemic 2020
Antibiotice	231.67%	203.58%	171.30%	142.86%	2.79%	2.03%
Biofarm	356.32%	382.46%	307.54%	317.52%	124.88%	172.44%
Remedia	110.55%	126.10%	66.47%	90.03%	22.86%	42.84%
Ropharma	117.28%	102.52%	81.22%	70.27%	12.23%	3.60%
Zentiva	311.47%	147.38%	252.81%	125.60%	115.64%	70.13%
Industry average	225.46%	192.41%	175.87%	149.26%	55.68%	58.21%

Source: Own computations based on financial reports.

Table 2 shows that the liquidity indicators belong to the standard safety gap: CLR [150%-250%]; QR [100%-150%], CASHR [50%-100%]. Judging by their evolution, the companies that have registered values above the industry average were Antibiotice SA, Biofarm SA and Zentiva.

Another aspect of interest was the modeling of company performance that aimed to establish the factors impacting on performance. Using the software EViews version 9, the data were analyzed by means of a panel data analysis (table 3). The following hypotheses were formulated:

H1: There is a linear dependence between liquidity and ROA.

H2: There is a linear dependence between liquidity and ROE.

H3: There is a linear dependence between liquidity and PM.

The econometric model had the following general form:

$$Z_{it} = a_0 + a_1 Y_{1it} + a_2 Y_{2it} + a_3 Y_{3it} + a_4 Y_{4it} + \delta_i + \theta_t + \varepsilon_{it}$$

where:

- a_0 is the intercept;
- a_i is the coefficient of the variable;
- Y is the independent variable;
- i refers to the company;
- t refers to the time period analyzed (2010–2020);
- δ_i represents the fixed effects;
- θ_t represents the fixed effects, controlling for the COVID-19 crisis;
- ε_{it} is the error term.

Table 3. Estimated econometric models

	Model 1	Model 2	Model 3
	<i>ROA</i> = $a_0 + a_1CLR + a_2QR$ + a_3CASHR	<i>ROE</i> = $a_0 + a_1CLR$ + $a_2QR + a_3CASHR$	<i>PM</i> = $a_0 + a_1CLR + a_2QR$ + a_3CASHR
Constant	-1.8634*** (-13.1596)	-1.8074*** (-14.1140)	-1.7176*** (-12.7557)
CLR	1.4502*** (3.1547)	1.2334*** (2.9668)	1.4896*** (3.4075)
QR	0.4214 (1.5826)	0.4915** (2.0411)	1.2555*** (4.9588)
CASHR	0.0295 (0.3723)	0.0484 (0.6752)	-0.1183 (-1.5687)
Fixed effects	Yes	Yes	Yes
Prob.> <i>F</i>	0.0000	0.0000	0.0000
R ²	0.6901	0.6688	0.8221
Adjusted R ²	0.5894	0.5611	0.7642
<i>F</i> -statistic	6.8523	6.2126	14.2145
Observations	54	54	54

Note: Robust *t*-statistics are indicated in parentheses; *, **, *** denote statistical significance at 10%, 5% and 1% levels. Multicollinearity was investigated via the variance inflation test, which was below 4 for all models. Homoskedasticity was tested via the Breusch-Pagan-Godfrey test, which rejected the null hypothesis in all cases.

According to the **Model 1**, 58.94% of the variation in ROA was generated by the current liquidity ratio. That is, a one-unit increase in CLR triggered a 1.4502 increase in ROA, which was statistically significant at the 1% level.

Model 2 indicated that current liquidity ratio and quick ratio significantly influenced the evolution of ROE. Namely, when considering CLR, a one-unit increase in current liquidity led to a 1.2334 increase in performance. Similarly, when the quick ratio increased by one unit, ROE increased by 0.4915 units. Overall, results showed that the independent variables chosen explained 56.11% of the changes in ROE (*F*-statistic = 6.2126; $p < 0.001$).

In **Model 3**, results showed that the independent variables had a significant effect on profit margin (*F*-statistic = 14.2145, $p < 0.001$). More exactly, these variables explained almost 80% of the variance in performance. When current liquidity ratio increased by one unit, profit margin increased by 1.4896 units. Moreover, a one-unit change in liquidity was followed by an increase of 1.2555 units in performance.

Overall, as expected, the estimated econometric models confirmed the three hypotheses, namely that liquidity ratios generated significant changes in performance indicators.

4. Conclusions

The present study investigated the effects of short-term equilibrium on performance for five companies operating in the pharmaceutical industry and listed on the Bucharest Stock Exchange. Since the aim of the article was to highlight the link between liquidity and performance during the current pandemic crisis, the time frame considered was 2010–2020.

By means of a panel data analysis with fixed effects, which was run with the help of the EViews version 9 statistical software, it was shown that current liquidity ratio and quick ratio

had a significantly positive effect on company performance, measured with the indicators return on assets (ROA), return on equity (ROE) and profit margin (PM).

Moreover, although the pandemic has decreased the performance of the five pharmaceutical companies as compared to the decade 2010–2019, they have still registered positive results due to their increased sales triggered by the high demand for medicine and medical equipment. Hence, the empirical results confirmed the three hypotheses, especially considering the particular nature of the pandemic crisis. While the majority of worldwide businesses had to restrict and or/close economic activities during recurrent lockdown periods, companies in the pharmaceutical industry had the possibility to continue the manufacturing process in order to support health systems. Interestingly enough, two of the companies analyzed (i.e., Biofarm SA, Farmaceutica Remedia SA) have generated even a higher current liquidity ratio and quick ratio when compared with the decade prior to the pandemic.

In terms of limitations, one could point out the sample size including five economic entities. Nevertheless, this was conditioned by the very fact the only five companies from this industry are currently listed on the Bucharest Stock Exchange. Future research focused on the pharmaceutical sector could take into consideration companies listed on other stock markets at regional and international level. Based on the same rationale previously mentioned, such companies would register similar performance results as the ones operating in Romania. Another limitation might be the fact that other factors can also impact on company performance. Hence, future studies could investigate the degree to which long-term equilibrium – represented by solvency ratios – might impact on profitability ratios.

All in all, the empirical investigation emphasized the strong connection that liquidity and performance establish, irrespective of the harsh economic conditions on the market. As Ruth Porat, the chief executive officer of the multinationals Alphabet and Google, stated “liquidity is oxygen for the financial system”.

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THE IMPACT OF THE COVID-19 PANDEMIC ON THE PUBLIC SECTOR

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Abstract

The health crisis, unprecedented in the last 100 years, has repercussions around the world, with important effects on the global economy. At the same time, both public and private sector activity suffered, with consequences ranging from deficiencies in the activity of public entities to bankruptcy for private sector companies.

This paper aims to analyze the performance of the public sector in the context of the COVID-19 pandemic, including the external public audit activity carried out by the supreme audit institutions, being analyzed issues identified at international level regarding their approach to the new reality of the health crisis due to the infection with the new coronavirus.

The paper also comes with a number of proposals regarding the role of the supreme audit institutions in managing the crisis caused by COVID-19.

Keywords: supreme audit institutions, COVID-19, management, systemic audit, INTOSAI

JEL Classification: M42, H12, M54

Introduction

The new reality imposed by the COVID 19 pandemic has brought with it a number of changes in the world economy, changes that have affected both the public and private sectors.

In fact, all the states of the world have been affected, some even more, given that, in addition to the COVID 19 pandemic, they were already facing their own internal problems.

The COVID 19 pandemic affected all sectors of the economy, both private sector companies and public sector entities. The damage to the public sector has materialized through chaotic spending on health procurement, the lack of concrete and rapid actions to combat the spread of SARS COV2 virus, rapid intervention strategies in the economy, things that have affected the economy as a whole. Unemployment has also risen, due to massive bankruptcy and layoffs in the private sector, with major consequences for the state budget, which have been reflected in the payment of technical unemployment benefits. At the same time, most states felt the need for loans, due to high spending on sanitary supplies and other urgent expenditures caused by the COVID 19 pandemic. Thus, states had to act quickly to mitigate shocks to national economies, some of them faster and with more effective measures, others depending on their own possibilities.

The fact that the public sector was affected had a major impact on the services provided to the population, but also on GDP, taking into account the fact that the private sector was severely affected and the collection of taxes and duties was drastically reduced.

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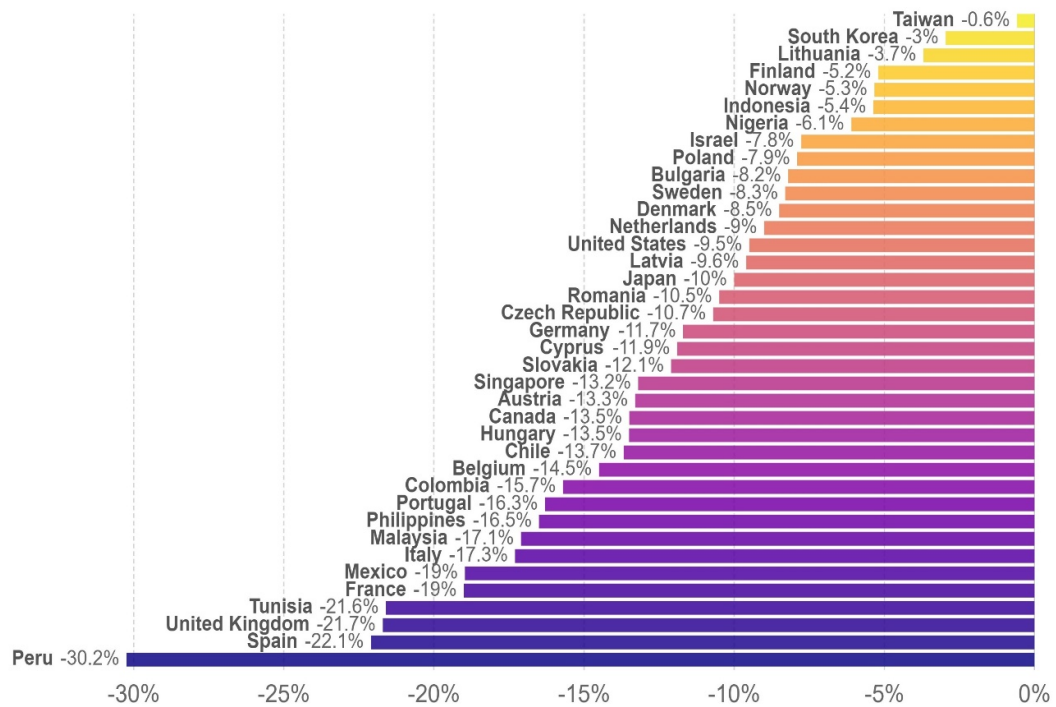


Figure 1 The economic decline in the second quarter of 2020 compared to the same period in 2019 (adjusted for inflation)

Source: Hasell, J., 2020. *Which countries have protected both health and the economy in the pandemic?* available at <https://ourworldindata.org/covid-health-economy>

Regarding the international economic decline, in the second quarter of 2020 (April-June), compared to the same period of 2019, there were decreases in gross domestic product, with values between 0.6 % and 30.2% (adjusted for inflation). Thus, according to data provided by 38 countries in terms of GDP, we note that in some countries the economic recession has been extremely severe (Spain, the United Kingdom and Tunisia and Peru), with more than 20 percent decline, while in some countries, such as Taiwan, South Korea and Lithuania, the decline was smaller (Figure 1).

In addition to declining gross domestic product, the national economies are facing other problems, such as the lack of medical equipment in hospitals, including protective equipment for doctors, which jeopardizes the proper functioning of the national health system, the most important at this moment, being the one who saves lives. At the same time, the performance of the public sector was affected, if we take into account the number of illnesses among employees in this sector, but also the lack of rapid reactions to the new crisis.

1. European Union lines of action regarding the COVID 19 pandemic

At European Union level, the European Commission has issued a Communication (European Commission, 2020, *Commission Communication: Coordinated Economic Response to the COVID-19 epidemic*) addressing the main problems facing the Union due to the COVID 19 pandemic, while a series of proposals and lines of action that limit as much as possible the losses of human lives, but also those of a financial nature. Thus, the Commission proposes to ensure solidarity in the single market, through the provision of medical equipment and measures in the field of tourism and transport (sectors severely affected by the COVID 19 pandemic). The document also talks about mobilizing the budget of the European Union and

the European Investment Bank, state aid and making full use of the flexibility of the European budgetary framework [1].

The structures of the European Union have played well-defined roles in the context of the COVID 19 pandemic. Thus, the European Commission coordinates the Union's joint effort and provides policy support at national level. The European Central Bank adopts monetary policy measures to support the euro area, while the European Investment Bank provides support to SMEs. The European Center for Disease Prevention and Control also has an important role to play in managing the COVID 19 pandemic, by monitoring the spread of the new coronavirus and assisting the European Commission and member states. The European Medicines Agency, another very important structure in the European Union in terms of the COVID 19 pandemic, has the role of verifying the efficacy and safety of treatments, but also of future vaccines against the new coronavirus.

At the same time, all EU member states have taken steps to combat the spread of the new coronavirus, based on recommendations issued by the European Commission, but the effects have been different from country to country, proving that there is no "prescription" to produce unitary effects at the level of the European Union, but rather the effects are found taking into account the economic situation of each member state.

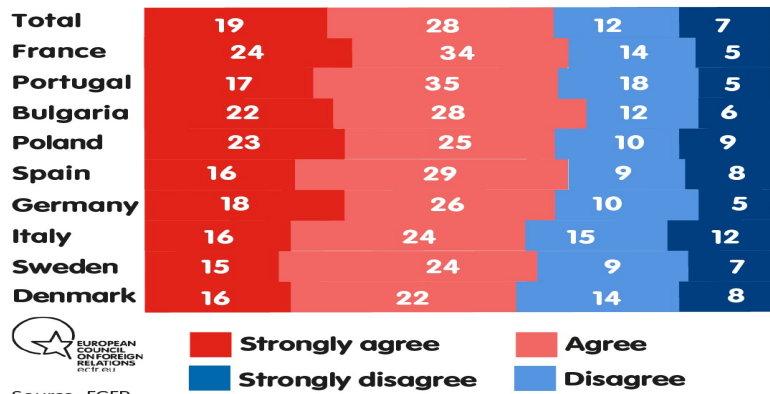
The European Union has also launched the Team Europe initiative, which aims to save lives in the context of the COVID 19 pandemic by providing rapid and targeted support to member states. This support is based on the resources of the European Union, the member states and financial institutions (in particular the European Investment Bank and the European Bank for Reconstruction and Development). At the same time, one of Team Europe's priorities is to step up support and increase response capacity in countries where health systems are weaker, with a particular focus on international cooperation [2].

Regarding the perception of European citizens about the actions taken by the European Union in the context of the COVID 19 pandemic, a study carried out at the European Council on Foreign Relations revealed a number of interesting aspects, which will be presented above. The study was conducted in 9 countries of the European Union in April 2020. The 9 countries in which the study was conducted are the following: Denmark (sample size 1,000 people), France (2,000 people), Germany (2,000 people), Italy (1,000 people), Poland (1,000 people), Portugal (1,000 people), Spain (1,000 people), Sweden (1,000 people) and Bulgaria (1,000 people) [3].

The study addressed a number of issues regarding the COVID 19 pandemic, including the attitude of European citizens towards the European Union in the context of the pandemic, their perception of their biggest ally in the fight against the new coronavirus, and the main things that should be changed at European level with the end of the health crisis.

Regarding the perception of the citizens of the 9 countries participating in the study regarding the relevance of the European Union as a supranational body, the situation is presented below (Figure 2):

The European Union has been irrelevant during the pandemic



Source: ECFR

Excludes Neither Agree nor Disagree and Don't Know

Figure 2 Perception of European citizens participating in the study on the relevance of the European Union (%)

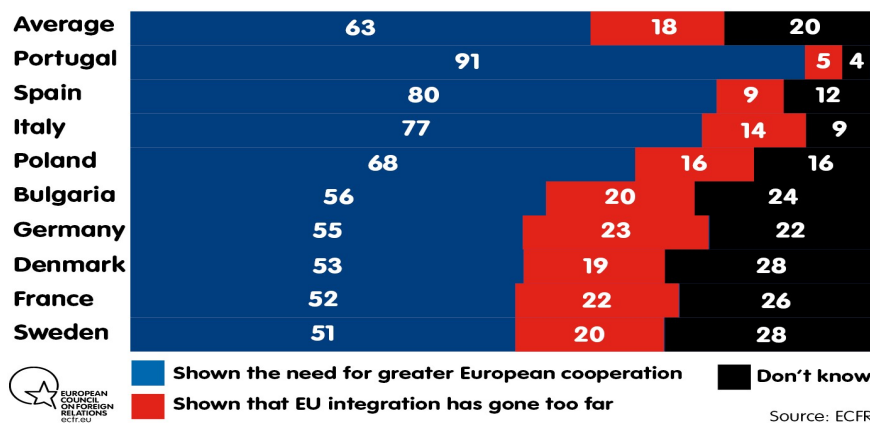
Source: Krastev, I., Leonard, M., (2020), *Europe's pandemic politics: How the virus has changed the public's worldview*, available at

https://ecfr.eu/publication/europes_pandemic_politics_how_the_virus_has_changed_the_publics_worldview/

The health crisis caused by the new coronavirus has changed the perception of the importance of the European Union as a supranational body, the most dissatisfied with the actions of the European Union being the French (58% of respondents), Portuguese (52%) and Bulgarians (50%), followed closely of Poles and Spanish.

Regarding the perception of the citizens responding to the questionnaire on cooperation within the European Union in the context of the COVID 19 pandemic, the Portuguese, Spanish and Italians considered that closer cooperation was needed within the European Union, while the number of those considers that European integration has gone too far is significantly lower. In conclusion, the majority of respondents consider the European Union to be an efficient supranational structure, in which close cooperation between member countries is a very important element (Figure 3).

How has the coronavirus changed your attitudes towards the EU? (%)



Source: ECFR

Figure 3 Perceptions of European citizens participating in the study on cooperation within the European Union in the context of the COVID 19 pandemic (%)

Source: Krastev, I., Leonard, M., (2020), *Europe's pandemic politics: How the virus has changed the public's worldview*, available at

https://ecfr.eu/publication/europes_pandemic_politics_how_the_virus_has_changed_the_publics_worldview/

Once the coronavirus crisis is over, how should things change in Europe?



Figure 4 Perceptions of European citizens participating in the study on future lines of action of the European Union (%)

Source: Krastev, I., Leonard, M., (2020), *Europe's pandemic politics: How the virus has changed the public's worldview*, available at

https://ecfr.eu/publication/europes_pandemic_politics_how_the_virus_has_changed_the_publics_worldview/

Next, the perception of the future lines of action of the European Union after overcoming the health crisis caused by the COVID 19 pandemic was analyzed. Thus, the study data show that 52% of respondents believe that the European Union should have a common answer, in more depth on global threats and challenges. Also, 48% of citizens participating in the study believe that the European Union should be more willing to share the financial burden in the event of a crisis, such as that caused by the new coronavirus, while 46% of them believe that should be an increased control over the external borders of the European Union. An important aspect refers to medical equipment, with 41% of participating citizens stating that companies should be encouraged to produce medical equipment within the European Union, even if this would involve higher costs (Figure 4).

The COVID 19 pandemic has caused an unprecedented health crisis in the last 100 years, and it is expected that this health crisis will generate a stronger financial crisis than in 2008. Basically, no country in the world has been prepared to face an unknown virus, whose effects are unpredictable on human health but predictable on the world economy as a whole. States have been put in a position to quickly adapt to an unprecedented crisis situation, which has had repercussions in all sectors of the economy.

As for the public system, it has been shaken by a number of negative effects of the health crisis, due to the fact that most states have not been prepared to quickly react, no special public procurement procedures have been developed in case of disasters, being allocated public funds for this area, but not always been used in accordance with the principles of efficiency, economy and effectiveness, affecting the performance in this sector. Thus, in order to prevent waste, the supreme audit institutions had to act quickly, performing a series of audits during the current financial year (real-time audits), given that most of them perform ex-post audit, according to international auditing standards.

Next, will be presented the particularly important role that supreme audit institutions play in managing the crisis caused by the COVID 19 pandemic, especially with regard to the use of public funds.

2. Supreme audit institutions and their role in managing the crisis caused by the COVID 19 pandemic

The role of supreme audit institutions in managing the crisis caused by the COVID 19 pandemic is crucial. They supported the national governments' response mechanisms and contributed to maintaining financial discipline, transparency and accountability in the use of public funds.

At the same time, the supreme audit institutions have sufficient tools for crisis management, tools provided by the international auditing standards developed by INTOSAI (International Organization of Supreme Audit Institutions). The ISSAI 5500 standard allows supreme audit institutions to respond decisively in times of crisis. This standard covers a wide range of considerations, from testing the government's preparedness to deal with disasters, to explicitly focusing on how supreme audit institutions respond to the increased risk of fraud and corruption during and after disasters. These risks occur especially in the area of public procurement, where there are many cases of inefficient use of public funds. Given the above, it is easy to see that the performance of public institutions is affected by these risks, and supreme audit institutions can counteract these negative effects through real-time audits. The ISSAI 5500 standard is being revised in INTOSAI's new IFPP standards framework [6].

In addition to the ISSAI 5500 standard, INTOSAI has quickly taken a position on the crisis caused by the COVID 19 pandemic, through one of its bodies, the SCEI (Surveillance Committee for Emerging Issues). This Committee (chaired by the Chamber of Accounts of the Russian Federation) provides recommendations on the main issues that INTOSAI is facing, as well as the supreme audit institutions at the individual level. Since the beginning of the COVID 19 pandemic, a number of meetings have been held at this structure to address the main issues related to pandemic audit, and a group of COVID 19 experts has been set up at the Committee level. A number of documents have also been developed addressing the priorities of supreme audit institutions in the context of the COVID 19 pandemic, including audit themes and effective audit methods [7].

Within EUROSAI (European Organization of Supreme Audit Institutions, part of INTOSAI), a Group was established for the Project '*Audit on the response to the COVID 19 pandemic*', which aims to exchange experience between the supreme audit institutions participating in the project, the main areas addressed being the audit of public procurement and the verification of compliance of internal control systems within the audited entities, in order to eliminate the risk of fraud and corruption in the use of public funds, especially in the health area. The public sector performance area has also been addressed in terms of performance audits on rapid responses to this crisis [10].

In addition to the measures taken at the level of professional public audit organizations, the supreme audit institutions have taken a number of measures regarding their work during the COVID 19 pandemic, which include real-time audits. Most supreme audit institutions perform ex-post audits, respectively after the end of the previous financial year. Considering the scale of the crisis caused by the new coronavirus pandemic and the fact that there is a risk that public procurement and internal control systems will be affected by fraud and corruption in the use of public resources, which affects the national budget and, implicitly the lives of the citizens, they had to adapt their activity to the new conditions, either by the possibility offered by their own organization and functioning law, respectively by modifying the annual activity program, or by audits requested by the Parliament, where there is no possibility provided in the law on the organization and operation of the institution concerned to carry out real-time audits.

For example, the Portuguese Court of Auditors has adapted its working conditions, through home working established for its employees. The institution also reviewed its annual work program as well as its strategic and operational plan [8].

The European Court of Auditors has also established home working for its employees. Other measures taken by this institution were aimed at revising the annual work program, so as to best respond to the new challenges in the context of the COVID 19 pandemic [9].

The Court of Audit of Slovenia has adapted its work program in the context of the pandemic, by increasing audits in the health area, focusing in particular on health system procurement [10].

The UK's National Audit Office has focused in particular on the government's response to the pandemic crisis with the new coronavirus, through a wide range of actions on health spending and general crisis response [11].

The Polish Court of Audit conducted audits on the readiness of public sector entities to face threats from epidemics. An audit on the fight against COVID 19 is also ongoing [12].

The Estonian National Audit Office carries out two analyzes related to the current situation generated by the new coronavirus pandemic. Emphasis is placed on the economic impact of crisis measures taken by the government and the effectiveness of state aid measures for companies [10].

As can be seen, each supreme audit institution at the national level has taken the measures it deems necessary to manage the crisis caused by the COVID 19 pandemic, some by reviewing the annual work programs, others by addressing issues new audits or by focusing on health audits, and others even by analyzing measures taken by national governments in the context of the crisis.

3. Proposals to address the external public audit in the context of the COVID 19 pandemic

Regarding the external public audit carried out by the supreme audit institutions, we could see that several approaches were identified, some related to the work program, others related to the government's responses to the crisis, and others based on focusing on certain areas, such as the audit of public health procurement.

Given that supreme audit institutions have an extremely important role to play in ensuring financial discipline in the public sector, by conducting audits and issuing recommendations but also measures to eliminate identified deficiencies, we consider that another approach to auditing in the area is needed to enable a rapid response to crises from public sector entities, thus contributing to their performance.

Systemic audit could allow a comprehensive approach at national level to the various existing systems within a public entity, such as the public procurement system, the internal control system, the payroll system, the human resources system, etc., by the supreme audit institutions.

In conducting this type of audit, we consider the approach of an entire system at the national level, in all public sector entities. In the context of the COVID 19 pandemic, which has generated massive health procurement, with risks of fraud and corruption in the use of public funds, a systemic audit of the national procurement system would be very effective. On the one hand, the main problems generated by procurement as a whole (for example, problems with internal procedures, legislation, delays, etc.) could be identified, as well as phenomena related to fraud and corruption in this area, generated by procurement overcharging, favoring suppliers, paying for goods and services that have not been executed or delivered, purchasing goods of questionable quality, all of which generate waste in public budgets, thus affecting the performance of the public sector and, implicitly, the lives of taxpayers and taxes.

Carrying out a systemic audit in the area of public procurement would be extremely beneficial for all entities in the public system, given that the problems affecting these systems can be identified for each entity, and there is a possibility to remedy them.

On the other hand, another advantage of systemic audit is that, by publishing its results, examples of good practice encountered by auditors within the audited entities can be presented, examples that could be taken over by other entities, in order to eliminate their own deficiencies.

Thirdly, based on the results of the systemic audit and as required, special procurement procedures for crisis situations can be developed to eliminate risks such as fraud and corruption.

As noted above, we can conclude that supreme audit institutions have an extremely important role in managing the crisis caused by the COVID 19 pandemic. The main role is to ensure financial discipline during the crisis by conducting real-time audits and by overseeing all processes involving public resources at the level of the administration.

The performance of public sector entities has been affected by the COVID 19 pandemic, by the fact that there have been no rapid and effective responses to combat the effects of the pandemic. Also, the fact that humanity has not faced such a health crisis recently, has affected the entire world economy, with consequences that will be seen soon.

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DEBTORS' PERCEPTION OF INTEREST RATES CHARGED BY BANKS DURING THE COVID-19 PANDEMIC. CASE STUDY - DEBTORS FROM CĂLĂRAȘI COUNTY

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Abstract

The COVID-19 pandemic has had a strong impact on all states globally. As a result, many people who had ongoing loan agreements lost their jobs and became unable to pay their debts to banks. Noticing these problems in different markets, the banking units changed their strategy and offered debtors the opportunity not to pay the instalments for a certain period of time, until they obtained the financial resources they needed. All this has led in time to the change in interest rates charged to banks. The objective of this paper is to determine the debtors' perception of the facilities offered by banks during this period as well as the interest rates charged by them. In order to fulfil the purpose of this paper, we conducted a quantitative study among debtors in Calarasi County. The research took place between 26.05.2020 - 15.06.2020, on a sample of 140 respondents. A questionnaire was used to collect the data and was posted on online platform Marketing4Today, using the Drag & Drop Editor. The study found that some respondents are not satisfied with the interest rates charged by banks, considering that the facilities offered during the COVID-19 pandemic have the role of supporting their interests more and less those of borrowers. In addition, due to labour market problems, they expect to intensify credit policy measures which would automatically lead to a reduction in demand for credit.

Keywords: *interest, interest rate, bank loans, COVID-19, financial policies, banking system, debtors' perception.*

Introduction

The coronavirus epidemic is currently underway in Romania. This epidemic is based on the SARS-CoV-2 virus that causes the development of COVID-19 infection. According to medical tests conducted worldwide, infection with this virus can have mild, moderate or even severe manifestations. Previous studies have shown that many people have been asymptomatic, which has led to the rapid spread of this virus globally. In Romania, the first case of COVID-19 was registered on February 26, 2020. By June 3, 2020, more than 19300 confirmed cases were registered at national level (ms.ro).

According to the latest data provided by the Ministry of Labour (mmuncii.ro), during this period, over 1,000,000 employment contracts were suspended in the country, of which over 290,000 people worked in the manufacturing industry, over 196000 worked in wholesale as well as retail and over 100,000 people worked in hotels and restaurants. The unemployment rate reached 5.2% in June 2020, 1.2% higher than in June 2019. The number of active employees in the economy was 4897000 in June 2020, the last month for which there are data, by 83000 less than in the same month last year and by 79300 less than in March of this year, the month in which the COVID-19 pandemic started in Romania.

The major impact of the COVID-19 pandemic was also felt at the level of banking units. Because their incomes have been profoundly affected by changes in the labour market, many people have been unable to pay their debts to banks. Thus, the Ministry of Public Finance agreed with the Romanian banks to offer certain financial facilities on the market to help borrowers get through this difficult period. In March 2020, the decision was made to postpone the payment of instalments for all customers who were affected by the spread of COVID -19.

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If they wanted to postpone the payment of the instalments, they needed to submit a statement saying that their income had been affected by the spread of this virus.

Suspension facilities were offered for all types of loans, including real estate loans. Thus, the request for suspension could be made only once, for a maximum period of 9 months, but not later than December 31, 2020. Among the reasons that debtors could invoke in the request for suspension are: technical unemployment, reduction of the debtor's salary or a family member, his or her quarantine, dismissal or illness (mfinante.gov.ro).

Analysing from the point of view of the way of paying the interests related to the suspension period, it was decided that this should be done in stages, starting with the first month after the end of the suspension period. The decision was for this to be done in 60 equal monthly instalments, without the collection of certain interest for this component of the loan. Another important aspect that has been foreseen at the level of these changes refers to the interest rates that are related to those loans at the level of which there are variable indices. In their case, the value of the letter of guarantee is determined based on the banks' estimates of how the variable indices will evolve.

Knowing the strong impact that the COVID-19 pandemic had on both the labour market and on the banking units in Romania, we considered it necessary to conduct a quantitative study to study the perception of debtors regarding the fiscal facilities offered during the pandemic and how which has left its mark on the interest rates charged by the banking units. The study was conducted at the level of debtors from Călărași County who have a loan agreement with a certain bank. In order to better understand the impact that the COVID - 19 pandemic had on lending activity; in the next part we analysed a series of theoretical notions present in the literature. Subsequently, we presented the practical study mentioned above, through which we illustrated the way in which borrowers perceive all the measures taken during this period at the level of credit policy. In the last part we studied the results obtained as well as their impact on the financial market.

Review of the scientific literature

The Covid - 19 pandemic greatly affected the banking system both in terms of allocated loans and deposits created by customers. Banks had to change their existing policies and revise the interest rates initially set, precisely to support customers and give them a chance to pay off the loan. Previous studies on this subject have illustrated the fact that this pandemic has left a strong mark on both financial companies (Goodell, 2020) and non-financial companies (Akhtaruzzaman, et al, 2020) in terms of view of the liquidity they hold.

In addition, it has been observed that this pandemic has not only affected certain countries, it has left its mark on all countries globally (Warwick and Roshen, 2020). The ability of companies to access certain loans was very limited, which affected to a large extent the activity they carried out (Baker, et al 2020). In order to better understand the financial impact of the COVID - 19 pandemic on economic agents, we must observe how the main financial instruments are defined in the literature.

The bank loan is seen as that operation through which the immediate takeover of certain resources takes place, all based on the promise of a certain future repayment, these being permanently accompanied by the payment of interest. On the other hand, it is also defined as a certain present value that is transmitted from a certain creditor to a debtor who has the obligation to repay it after a certain period of time under certain conditions that are specified in the credit agreement. It also mentions the interest rate on the loan, which must be paid by the debtor.

Previous studies in this area have shown that the expansion or reduction of the number of loans in a country has a strong influence on the economy as well as on existing market prices. It was thus observed that the intensification of loans granted on the market

automatically determines the increase of prices, thus influencing economic processes. If we analyse from the point of view of the activity of the companies, the granting of credits among them has a positive effect on their performance, contributing to their development and to the intensification of the degree of innovation (Klapper, et al 2006). However, studies have shown that companies in different countries act differently when it comes to accessing credit.

Loans granted to economic agents can be of two types: medium-term (a period of less than 5 years) as well as long-term loans (granted for a period of more than 5 years) (Dăneț, 2002) . The behaviour of firms in different markets differs depending on the interest rate charged in each country, the credit conditions allocated as well as the other fees charged when deciding to take out a particular loan (Koeda and Dabla-Norris, 2008). In view of all these aspects, it can be seen that the factor that has the capacity to influence the evolution of loans granted on a given market is the interest rate.

According to GEO 13 of 2011 (cdep.ro), the remunerative interest is defined as that amount of money that the debtor of the obligation must return at a set time and which is identified based on calculations for a period prior to the end of the maturity of the obligation. On the other hand, in the Explanatory Dictionary of the Romanian Language, the interest rate is defined as that amount of money that is paid as a result of a loan and which represents a certain percentage of the amount that has been borrowed. If we analyse how this concept is defined in the literature, (Barbu et al 2009) mentioned that interest can be seen as the price that is set for a particular capital that has been borrowed.

The interest rate is the quantification of interest, which is the one that has the ability to influence the demand and supply of loans in the market. Thus, if there is a low interest rate on the market, the demand for loans is high, while for a high interest rate, the demand is low.

In literature there are two types of interest that can be applied at the level of loans: fixed interest (fixed amount that was initially set will be maintained throughout the loan period) and variable interest (it will have different values, set according to of contractual aspects). Depending on the method of payment for the subject, the interest can be: active interest (it is paid by the debtor) and passive interest (it is paid by the creditor).

Research methodology

Given the importance of market interest rates and how economic activity was influenced by the COVID-19 pandemic, we considered it necessary to conduct a quantitative study to identify the perception of economic agents (individuals currently holding a loan) regarding the banking facilities offered by banks (at the interest rate level) during this period. We started this study because lately, many individuals who had a bank loan were left without a job and thus became unable to pay their debts to the bank.

The banking units took into account the problems encountered by these people and came to their aid, giving them the opportunity not to pay the instalments for a certain period of time (until they get the amount needed to pay them).

However, many people were dissatisfied with the decisions taken at the level of the banking units, because in most cases, after the end of the period in which they were exempted from paying the instalments, the value of the interest rate increased. In many cases, people who had loans during this period preferred to obtain financial resources from other sources in order to be able to pay the monthly instalments and to keep the initial interest that was negotiated when the contract was concluded. Given the strong financial impact that the COVID-19 pandemic has on banks as well as on people who have a loan agreement at this time, I considered it necessary to conduct a quantitative research (Cătoi, 2009) to give me an overview on the analysed subject.

The purpose of this study was to observe how the banking facilities offered by banks during this period were perceived by customers. In order to collect data on this topic, a

questionnaire was completed which was posted on the online platform isondaje.ro and subsequently distributed to respondents.

They had the opportunity to access the permanent questionnaire, regardless of the time. If they did not have time to complete the entire questionnaire at a certain time of day, they could complete it later.

Analysing from the point of view of the way in which the request was made, it took place between 26.05.2020 - 01.06.2020, in Călărași. The research was conducted on a sample of 140 respondents. The subjects of the analysis were people aged between 18 and 40, who made a loan in the last 3 years at a bank in Calarasi County. In order to carry out this study, data were used both from primary sources (these were collected using the questionnaire that was posted on the online platform) and from secondary sources (data obtained from statistical bulletins or previous analyses on this topic).

Through this study I wanted to identify on the one hand the perception of the interviewees regarding the initial lending conditions as well as their opinion on how the COVID - 19 pandemic affected their financial situation. Thus, I wanted to analyse how the banking units in Călărași County provided them with all the information they needed and whether they provided them with certain advantages to overcome the financial problems encountered during this period.

Results

All 140 respondents who participated in the study currently have an ongoing credit agreement. One aspect that I set out to analyse in this paper refers to the banking units at the level of which the analysed subjects currently have a loan agreement. Following the analysis, we noticed that 37.86% of those who participated in the research have a loan at Banca Comercială Română (BCR), 32.14% of them have a credit agreement with BRD, while 2.86% have a loan at ING. 27.14% of those who participated in the study stated that they currently have a loan agreement with other banks, including: CEC Bank, Raiffeisen Bank or Banca Transilvania.

Table 1 - Banks to which respondents currently have a loan agreement

	Frequency	Percentage
ING	4	2.86
BRD	45	32.14
BCR	53	37.86
Other Bank	38	27.14
Total	140	100.0

Source: Study conducted by the author

Another objective of this study was to identify respondents who suspended payment of instalments during the COVID-19 pandemic. After analysing the data, we noticed that 70% of those who participated in the study had to postpone their payments for a certain period of time, while 30% of them did not need a period of suspension, they have the necessary financial resources to pay them each month.

Table 2 - Respondents who suspended their payment of instalments during the COVID-19 pandemic

	Frequency	Percentage
No	42	30.0
Yes	98	70.0
Total	140	100.0

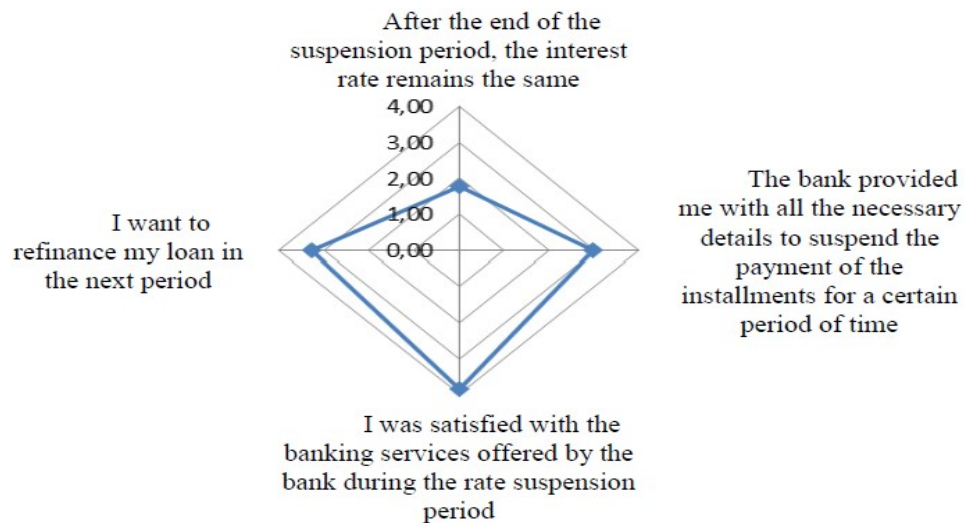
Source: Study conducted by the author

Another objective of this quantitative research was to determine the perception of the interviewees regarding the services offered during the period when they had suspended rates. From the figure below it can be seen that they did not agree with the statement that, after the end of the period of suspension of instalments, the amount of interest remains the same. This is due to the fact that, after the suspension period, many borrowers will have higher interest rates. This will happen especially in the case of those who are in the first part of the repayment, because the deferred interest will be calculated at a higher value.

On the other hand, the respondents were satisfied with the behaviour of the bank's employees, considering that they provided them with all the details they needed to postpone the rates during the period when they did not have the necessary financial resources to achieve this. From the results below, it can be seen that, in total, the interviewees were satisfied with the lending services provided during the suspension period.

An important issue to be considered at this level concerns the desire of some respondents to refinance the loan in the next period. This is because many people who have lost their jobs at this time need extra income to be able to pay off the debts they have accumulated during the pandemic. In addition, some respondents need additional income to improve the activity of the companies they manage or to support certain family members financially.

Fig.1 - Respondents' opinion on the facilities offered by banks during the COVID-19 pandemic



Source: Study conducted by the author

Another objective of this paper was to identify the respondents' opinion on the interest rates charged by banks both at the time of concluding the credit agreement and after the period of suspension of rates. After analysing the data, we noticed that, in total, the interviewees were satisfied with the interest they initially negotiated for the amount they borrowed. They consider that the interest rate has been affordable, better compared to other interest rates on the market.

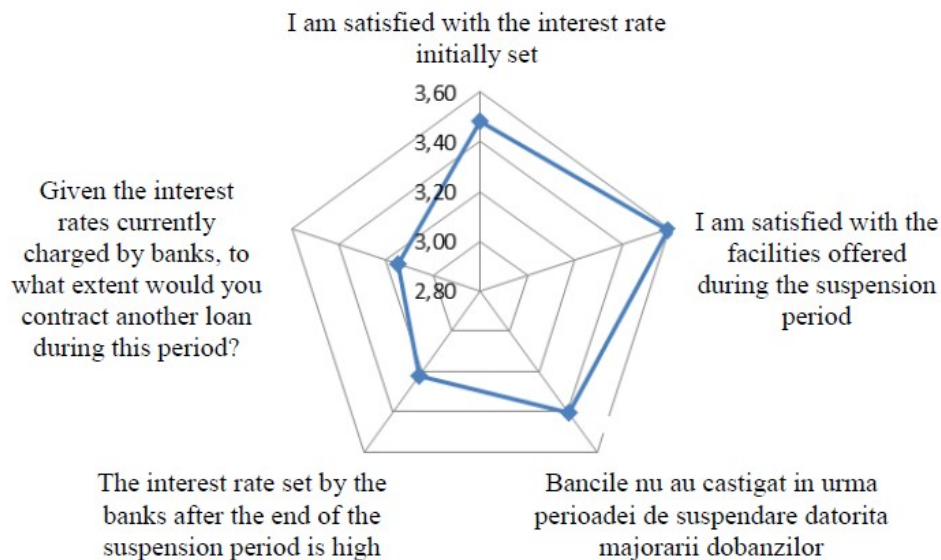
Analysing their perception of the value of interest after the period of suspension of rates, we noticed that they were totally satisfied with the fact that the banking units offered them the possibility to suspend their rates for a period of time, until they are in possession of the necessary financial resources to be able to pay them. In comparison with the results obtained previously, it is noted that they were satisfied both with the information received

from the operators and with the procedures they followed in order to be able to suspend the rates for a certain period of time.

However, following the analysis of the data, it was observed that those who participated in the study consider that the interest rates set after the end of the suspension period are higher, which causes them to be dissatisfied. Given this aspect, individuals consider that following the pandemic and the new procedures implemented, the banking units have a lot to gain, due to the increase of interest rates as well as due to the implementation of other taxes related to the suspension period. Thus, even if initially this facility is beneficial for the debtors, because they have the possibility to postpone their rates until they recover financially, later, it is considered as a disadvantage because they have to bear higher rates, which means a much greater financial effort.

From the analysis it can be seen that if they had the opportunity to take out a new loan at this time (given the interest rates charged by banks during this period) most respondents stated that they would not make such a loan. This aspect is due on the one hand to the intensification of the legislative aspects at the level of the credit policy but also to the fact that, during the COVID-19 pandemic, the banks increased both the interest rates and the advance necessary to access a loan. In these circumstances, the respondents refuse to turn to such sources of funding, as they turn to other external sources.

Fig. 2 - Respondents' opinion on interest rates charged by banks during the COVID-19 pandemic



Source: Study conducted by the author

Another aspect that we studied at the level of this study relates to the extent to which the respondents would recommend to the relatives the realization of a loan agreement during this period, considering the interests that are currently practiced at the level of the banking units. Following the analysis, we noticed that 80% of those who participated in the study said that they would not recommend to relatives to take a bank loan during this period.

This is primarily due to high interest rates but also to the contribution they have to make (especially in the case of mortgages). Uncertainty in the labour market is another factor that causes respondents not to recommend taking out a bank loan during this period. Moreover, respondents are reluctant to take out a loan due to the uncertainty in the financial market.

Thus, the evolution of interest rates and lending conditions cause them to be reluctant to recommend accessing a bank loan during this period.

Table 3 - Respondents who would recommend to friends / relatives to take a bank loan during this period, taking into account the interest charged by banks

	Frequency	Percentage
Yes	28	20.0
No	112	80.0
Total	140	100.0

Source: Study conducted by the author

Analysing from the point of view of the demographic characteristics of the respondents who participated in this study, it can be seen:

Table 4 - Gender of respondents

	Frequency	Percentage
Men	10	8,57
Women	128	91.43
Total	140	100.0

Source: Study conducted by the author

Studying from the perspective of the distribution according to the age of the respondents, it can be observed (Table 5) that the largest share has the interviewed persons aged between 36-45 years, followed by those aged between 26-35 years, and then the interviewees over the age of 45, while only 5% of the respondents fall between the ages of 18 and 25.

Table 5 - Age of respondents

	Frequency	Percentage
18 – 25 years	7	5.0
26 – 35 years	39	27.86
36 – 45 years	59	42.14
Over 45 years	35	25.0
Total	140	100.0

Source: Study conducted by the author

Analyzing the respondents in terms of distribution by area of residence, it can be seen (Table 6) that most of them live in urban areas, while respondents living in rural areas have a low share.

Table 6 - Residents' environment of residence

	Frequency	Percentage
Urban	115	82,16
Rural	25	17,85
Total	140	100.0

Source: Study conducted by the author

If we study the respondents who participated in the quantitative research in terms of distribution according to their net monthly income, it can be seen (Table 7) that the largest share of individuals had net monthly income between 1001-2000 RON, followed by

respondents who receive monthly between 2001 - 3000 RON, and then by respondents with a monthly net income between 3001-4000 RON. Again, it is observed that the respondents have the lowest share with a net income of less than 1000 RON per month.

Table 7 - Net income collected monthly by respondents

	Frequency	Percentage
Under 1000 RON	7	5.0
1001- 2000 RON	77	55.0
2001- 3000 RON	39	27.86
3001- 4000 RON	17	12.14
Total	140	100.0

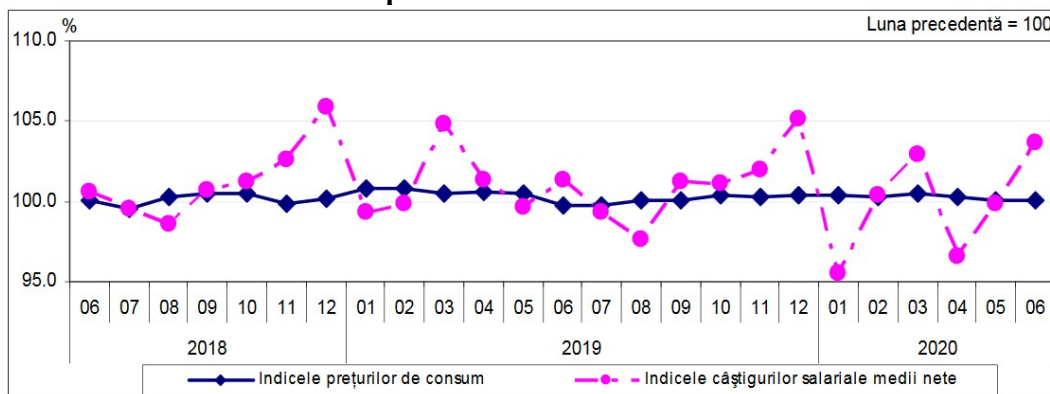
Source: Study conducted by the author

Discussions

In the context of the COVID-19 pandemic, the number of employees in Călărași County at the end of May 2020 was 44380 people, registering a decrease of 0.3% compared to the previous month (-130) and 1.4% compared to the same period of the previous year. By branches of activity, the number of employees was 4674 people in agriculture, forestry and fishing, 15025 people in industry and construction and 24681 employees in services.

The average gross nominal earnings in Călărași County in May 2020 was 4393 RON and the average net nominal earnings were 2673 RON. The lowest values of the average net nominal earnings were registered in industry and construction (2221 RON), in agriculture, forestry and fishing (2415 RON), and the highest in services (2980 RON).

Fig. 2 - Evolution of consumer price indices and average net earnings indices, in the period June 2018 - June 2020



Source: National Institute of Statistics, Calarasi Regional Directorate of Statistics, <http://www.calarasi.insse.ro>

Following the study conducted at the level of this paper, we identified the respondents' opinion on the evolution of interest rates during the COVID-19 pandemic. As expected, the respondents were dissatisfied with the fact that the value of the instalments after their suspension period was increased, and for the loans that are at the beginning, the interest rate will also increase. Although, these aspects were communicated to them from the beginning of the submission of the suspension documents, the interviewees considered that the banks benefit from this pandemic, only they being the ones who benefit due to the increase of interest rates and implicitly the monthly instalments paid by customers.

This paper provided an overview of how loan agreements have been affected by the COVID-19 pandemic. In addition, the research carried out at the level of this paper analysed the opinion of the interviewees regarding the interest rates charged by the banking units both during this period and after the end of the period of suspension of rates.

Conclusions

The results obtained at the level of this research provide valuable information both to those who work in the banking system and to individuals who were thinking of taking out a loan in the next period. Those who work in a banking unit have the opportunity to better understand the perception of customers about the services offered but also how they perceive the facilities offered during a pandemic. Thus, starting from these data, they can create an emergency plan that includes a series of measures that can be taken in another epidemic.

If in the first part of the paper we provided a series of theoretical information regarding the impact that the COVID-19 pandemic had on the Romanian banking system and more precisely on the customers of the banking units, in the second part we studied the main theoretical concepts literature on lending policy or interest rates.

In the last part of this paper we conducted a quantitative study that aimed to identify the perception of borrowers regarding lending facilities offered during this period and how changes in interest rates have the ability to influence their activity. Following the study, we noticed that the respondents were satisfied with the facilities offered and the fact that they had the opportunity to postpone their rates for a certain period of time. However, they were dissatisfied with the fact that after this period the value of the rate they have to pay will be higher. In addition, they specified that, after the suspension period, the interest rates that will be charged will be higher, which will automatically lead to an increase in monthly instalments.

After analysing the data, we noticed that the interviewees would not recommend to friends or relatives to take a bank loan during this period due to high interest rates that are charged by banks, but also due to certain restrictions that have begun to be implemented by them. On the other hand, the interviewees believe that, as a result of this pandemic, banks have to gain from the interest they charge, those who lose being the customers.

For potential customers, this paper is important because after the research they can observe the perception of other individuals about how they were treated during the pandemic and the interest rates that banking units practiced both before and after the period. suspension of bank rates.

The quantitative study carried out at the level of this paper also presents some limitations. Thus, a first limit refers to the number of people who participated in the research (140 respondents). The small number of individuals does not allow us to extrapolate the data on the entire researched community. Therefore, I believe that further studies should be carried out in the future on a larger number of respondents to illustrate their perception of interest rates charged by banks during the COVID-19 pandemic and how they can be adjusted to needs and requirements existing on the market. In addition, such a much larger study would help those in the banking system to understand their customers' perceptions and decide on the types of measures they can take to enable them to pay their rates.

Another limitation of this study refers to the fact that it was performed only on the clients of the banks from Călărași County. In order to have a global image on the analysed subject, other studies should be carried out at the level of the other counties of the country. By conducting such research one can better understand the way in which borrowers perceive the interest charged by banks.

Another limitation encountered in this study refers to the variables considered in this analysis. As previously mentioned, the research carried out at the level of this paper was limited. Other variables that have the ability to better describe the subject under analysis should be considered in future work. Moreover, the variables that will be taken into account in the future may provide much clearer details about the credit offers that can be launched in the next period on the market so that the results obtained are much better.

In the context of the situation caused by the COVID-19 pandemic, infra-annual, operative statistical data may present a lower degree of reliability, accuracy, completeness and comparability, as a result of the difficulties arising from the application of economic and social measures determined by the establishment of the state of emergency. / alert on the entire territory of Romania. These difficulties were mainly determined by the difficult access

to financial-accounting documents, caused by the often sudden closure of certain economic and social units, by the non-finalization of these documents on time, by the relaxation of the legal deadlines for submitting documents. at the institutions with attributions in the field, by the temporary suspension of the activity of a significant number of economic-social units or even by the cessation of the activity of some of them.

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SUSTAINABILITY OF ADAPTATIONS TO THE ANGLO-SAXON ACCOUNTING SYSTEM IN ROMANIA

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Nechita Daniela²

Abstract:

The purpose of this article is to highlight the necessity of integrating sustainability in the financial reports of Romanian companies and implicitly in the competences of the accounting specialists. Starting from the similarities and differences of the two accounting systems, continental - applicable at present and the Anglo-Saxon accounting system - to which it strives, we have addressed the problem of adapting to the international accounting system in Romania. We studied the extent to which the national accounting system requires a reconfiguration under the influence of the tendencies of sustainable economic development.

The dual accounting system in Romania involves the development of a separate circuit for management accounting, a circuit whose deliverables are known only by the manager and less by the other users. As a result, the financial reports are incomplete, from this point of view and in most cases the users of financial statements make decisions based on incomplete information or affected by taxation.

Keywords: managerial accounting, the Anglo-Saxon system, the continental system, harmonization.

JEL Classification P 51, P 52.

Introduction

Over time, accounting has been analysed and presented in the specialty literature as science, technique, art or language. It was analysed as an enterprise management tool and last but not least it was described as a subjective social construction, a social game in which various actors participate and which is influenced by written and unwritten rules, by political, economic, cultural and religious factors.

Taking into consideration this aspect, the accounting, in the social construction position, bears the imprint of the economic reality, permanently dynamic, and of a set of factors that have led to the shaping of various accounting systems. Among these, at a global level, the Anglo-Saxon accounting system and the continental one stand out as two important landmarks or milestones.

Specific to some countries or states such as the USA, UK, Australia, Canada, New Zealand, the Anglo-Saxon accounting system is the exponent of the faithful image, of the independence from taxation, jurisprudence and economic liberalism. It is based on a conceptual framework structured on principles whose application must lead to the adoption of rational decisions regarding the efficient use of the resources. The measurement, control and reporting of performance are oriented towards microeconomics and reflect a culture of individualism and decentralization towards the state.

In the Anglo-Saxon world, the legal system is dominated by jurisprudence, and the rules are elaborated or developed by the professional bodies. Disconnected from taxation, the accounting should reflect a fair image of the transactions and presented events, and in practice, the disclosure of information is detailed and transparent, there are no limits on the profit distribution, nor the tendency to set up hidden reserves.

Also, specific to the Anglo-Saxon system is the monist accounting circuit, and the tracking of the expenses by destination responds to the particularities of a system oriented to measuring the managerial performance at the microeconomic level and reporting it to the

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main users of information. The specific indicators of this system are the accumulation margins, and the economic reality takes precedence over the legal form.

By comparison with the Anglo-Saxon accounting system described above, the continental accounting system is mainly characterized by the macroeconomic orientation, the influence of taxation and governments.

It is based on a general accounting plan, and the accounting serves as evidence in Court and as basis for determining the taxable income. The legal system is dominated by the written law, therefore the law is the one which prescribes detailed accounting rules, with priority in front of the professional bodies. The principle of prudence is of particular importance and it often leads to compromises regarding the true image, to the establishment of hidden reserves and limitations of profit distribution. In this system, both dualism as well as the accounting monism meet, the expenses can be classified by nature or by the functions and there are tracked the intermediate management balances.

The Specialty literature

According to the definition given by the Institute of Management Accountants, the managerial accounting is the process of identifying, quantifying, collecting, analysing, processing, interpreting and transmitting information and used by management in order to carry out the functions of planning, implementation and control within the organization and to ensure the use and the appropriate emphasizing of its resources.

The theoreticians (Johnson and Kaplan, 1997) generally place the emergence and development of managerial accounting in the USA, and its "export" in the developed and emerging economies has been folded on the cultural model of each country and at the microeconomic level it was adapted to the needs of each organization. Thus, although the managerial accounting has a clear or an obvious Anglo-Saxon footprint, the economic conditions have led to a different development of it in each country.

Nobes and Parker (2008) consider that the reasons for this heterogeneity can be explained by a belief system called "culture". At the macroeconomic level, the management accounting practices (concepts, ideas, techniques, systems) as well as the theoretical aspects have converged at the global level, but at the microeconomic level, the cultural differences are reflected in the manner in which the information is processed with the purpose of being used in managerial accounting in different branches of the multinational companies.

The studies conducted or made by (Chandler, 1997) reveal the fact that an important role in the strategy and decisions of the companies is played by the organizational culture and depending on the particularities of each, the objectives of the management and control system are varied by reducing the costs, increasing the sales, the profit margin, reaching the strategic objectives of the company, the budget fit.

The need of managerial accounting and control derives from the company's strategy itself.

Thus, it provides information to the management and it is used as a tool to ensure the achievement of the organization's objectives, by proposing five main directions of analysis:

- what is the strategic objective of the company;
- what resources are needed and from where they can be purchased;
- if there is a monitoring and control system that should detect the deviations and to propose corrections;
- how can the entity know if it has achieved its proposed objectives;
- how the performance of managers is evaluated and rewarded.

The registration of operations regarding the collection and distribution of the expenses by destinations, activities, sections or phases of production, the production reimbursement or settlement, the calculation of the cost of production of the finished products, the executed

works and provided services, the establishment or setting of the sale price are registered within the sphere of managerial accounting. Through specific techniques and procedures, the managerial accounting provides information regarding issues or aspects such as:

- knowledge of the production costs;
- establishing the sale prices;
- determining and controlling the efficiency of the company's activity;
- determining the evaluation basis for certain balance sheet items;

By addressing to the management, in the planning, decision and control processes, the managerial accounting provides information necessary for the short, medium and long term decisions regarding the establishment of the production and sales objectives, the strategy of achieving them, the allocation of resources, thus allowing the measurement, controlling and reporting the performance of the organization.

The management and cost calculation in the Anglo-Saxon countries and in the continental countries

Monitoring of cost centers, tracking the level of expenses, allocating them in accordance with the company's functions, calculating the production cost, reaching profit targets are among the most important aspects of the managerial accounting.

In order to determine the cost of production of the finished products, the cost of the executed works or of the provided services, within the management and control system of the company, a classification of the expenses is achieved according to different criteria. Thus, in terms of the nature of the costs involved in the production process, the most significant are represented by the workmanship or manual labour and direct materials. However, from the point of view of the functions of the organization, these, together with expenses such as wage expenses/salary, financial or with the damping, are grouped together into expenses of supply, production, sales, administrative, research-development.

Depending upon the correlation with the object of calculation, the expenses are divided into direct and indirect ones, and according to the variability in relation to the volume of the activity, they are classified into fixed, variable, semi-variable expenses.

One of the most popular methods of cost calculation is the Activity based costing method; it originates in the USA, in the work of J. G. Miller and T. E. Vollman, "The Hidden Factory", in which the causes and behavior of indirect costs were analyzed. The first steps in establishing a system of cost calculation by activities were made by the authors Kaplan, Cooper and Johnson in 1987.

Activity based costing is a method of calculating costs which is based on identifying the company's activity centers and distributing the costs of the products and services on these centers depending upon the number of transactions or events involved in obtaining them.

The fundamental concept of this model of cost calculation is the consumption of activities and unlike the traditional methods of calculation, which are based on the division of the costs of the production-costs of the time interval, the ABC method achieves a better correlation between the activities, costs, products, bringing certain advantages, such as:

- the possibility of integrating into the production cost the share of the administrative costs, which can be directly attributed to the production process;
- the method allows the incorporation of costs at a real level, to the extent of the actually used capacity;
- it makes possible the identification of the cause-effect relations between the products and the expenses;
- it realizes the rational allocation of the costs upon the products, the regrouping by activity centers, based on the clear identification of the causes and the behavior of the indirect costs.

Despite the fact that it involves difficulties as compared to the traditional methods, requiring a better monitoring of costs and the centers of activity, at practical level, the method is used by numerous companies and implies, broadly, the covering of the following stages:

- the identification of the activities that generate costs;
- establishing the reference measures or quantities for the distribution of indirect costs;
- the establishment of the regrouping centers, based on the reference values/measures in the generation of costs;
- calculating the cost per component of the products or services;
- determining the cost of production, consisting of direct and indirect costs, to which it is added a share of administrative expenses and sales expenses, thus obtaining the full cost.

Within the American companies, the ABC method is used for the internal needs of information, but it is not suitable for the external reporting; the information regarding the cost of production requested by GAAP involves the division of the expenses in accordance with the traditional methods in production costs and costs of the time interval.

The Anglo-Saxon approach

The Anglo-Saxon accounting system is based on a coherent conceptual framework structured on objectives and principles, not influenced by rigid regulations. The objectives and fundamental principles of the system are admitted by the liberal accounting profession, on these being based the accounting rules and procedures.

Within this system there is no precise and rigid general accounting plan that the entities are obliged to apply, and the administrators have a great freedom in elaborating the situations provided that it reflects the faithful image, which is the reality of events and transactions.

The management accounting has developed since the industrial revolution of the XIXth century. In the beginning, most of the companies were controlled by a few people, who associated based on trust and invested their personal wealth. For these reasons, there was no need for elaborate reports. On the other hand, accounting provided the essential information for management (Chandler, 1977) and had a faster evolution.

The procedures regarding the cost of the stocks adopted by accountants after the beginning of the twentieth century had a great impact upon the management accounting (Johnson and Kaplan, 1987). Consequently, for several decades accountants were concentrated on obtaining accurate and timely reporting, aspect related to managerial accounting.

The evolution of the management accounting was interrupted in the first half of the century, in proportion as the number of products increased and the production processes became more complex, visionary companies such as Du Pont, General Motors and General Electric felt the need for reports oriented to the management's needs, other than those specific to the financial accounting.

But in most of the companies, the tools used in management accounting until the mid-of the 1980s were about the same as they were before the First World War. However, in recent years, new economic changes have led to managerial accounting, customized by: Just In Time, Total Quality Management, Activity Based Costing, Balanced Scorecard, Constraint Theory, etc.

The need for cost control in order to increase productivity and to improve efficiency in the industry has provided costs' accounting an important place in the field of scientific management. Thus, arguments have been advanced for the formation of some professional accounting associations, which had to promote the function of the accounting.

In the 1950s, the Institute of Cost and Work Accountants became a respected professional organization, and contributed to the national well-being and efficiency of the industry.

Many theories have been put into practice from the early works of cost accounting, until the 1930s, when a group of economist specialists approached the relevance of business accounting procedures, with an emphasis on the usefulness of cost accounting in business decisions. These specialists have been looking solutions to update the traditional accounting, by prevailing economically oriented approaches (Baxter, 1991). The traditional London theory regarding costs was based on real information/data, so the studies were pragmatic, with practical meanings and not theoretically isolated.

The continental approach

The continental accounting system, is based on the IVth Directive of the European Economic Community regarding the structure of the annual accounts and the VIIth Directive regarding the consolidated accounts. This system does not have a conceptual accounting framework, the accounting information being strongly influenced by the legal form of the events and transactions, and the fiscal rules and regulations have a significant influence on the accounting.

The continental managerial accounting in France is based on two contradictory, but at the same time complementary approaches: a cost analysis used for evaluation and an ad-hoc approach used for decision making, called the Dashboard. It is interesting to examine the practice of managerial accounting from France because, unlike what is mainly found in most cultures, France has a unique system, almost universally accepted for the cost analysis and the determination of the cost of products. The current version of this system is described in Title HI of the General Accounting Plan from 1999. The earlier versions of the system were developed by practitioners in specific account plans for more than 20 industries. Other industrial branches have developed unofficial plans. Each of these plans is a declination of the basic system frequently used in order to suit the specific needs of each industry.

In contrast to the situation in the United States, where only the industries related to the Government must follow certain rules in costing calculation, the French approach, in order to facilitate fair competition requires the application in all industrial branches, whether or not they interact with the state. Of course, telecommunications and the aerospace industry were among the first to develop the cost calculation specific to their needs, but the other branches also built an almost standardized protocol.

The interwar time interval was extremely productive in terms of management accounting in France: the main issues discussed were the full and partial calculation, the distribution or allocation of indirect costs, the evaluation of stocks and the choice of bases for the impairment of assets. Then, as well as now, there is no organization that officially represents the management accountants from France, in contrast to the well-organized institutions found in India, Australia, the United States or Great Britain.

The debates on accounting issues took place both within the engineering associations, as well as in the community of accountants. The engineers' associations were involved in the scientific evolution of management. Their reflections were mainly held under the auspices of CEGOS (General Commission of the Scientific Organization) organized by a federation of entrepreneurs (Lebas, 1994).

The concept of cost of the product became important especially during the economic crisis from 1929-1937 since new rules of trade appear: protectionism; prices established by the Government; exacerbated competition; the standardized method of calculation. At that moment, the dimension of managerial accounting was named by most of the engineers as performance accounting or productivity accounting, with the explicit purpose of: providing the rationale for creating the economic value of business; and to assist in finding ways to be economical and profitable. The big crisis from 1929 contributed to the rapid implementation of the systems of cost analysis, without rethinking the whole process of accounting. The French managerial accounting and the financial accounting were explicitly separated at the

end of the 1930s. An economic event may be treated differently by each accounting system, but it remains the same event and the final result must be reconcilable.

The French accounting was regulated by the Interministerial Commission of Accounting Standardization, a semi-governmental organization created in 1945. The first official French plan/ chart of accounts was published in 1947 and was revised in 1957, 1982 and 1999.

Nowadays, the French companies are obliged to follow an accounting plan based closely on national rules. This plan requires the companies to use a detailed chart of accounts and prescribes calculation and evaluation rules specific to the various items in the financial statements. The presentation of the financial information in France is largely determined at all levels by the system of national accounts. Therefore, the investor's expectations and information needs are not a central point in the accounting normalization/standardization.

For the first time, a section of managerial accounting appeared in an official document in the 1982 revised edition of the accounting plan, but it remains optional. Although the original system of managerial accounting in France has remained almost unchanged since the publication in 1937 of the Method of homogeneous sections and distribution tables by CEGOS, the relationship between financial and managerial accounting has been modified through successive account plans and the needs of the economy.

Starting with the year 1945, the traditional French term for managerial accounting is operating analytical accounting.

For the first time, a section of the managerial accounting appeared in an official document in the revised edition from 1982 of the accounting plan, but it still remains optional. Although the original system of managerial accounting from France has remained almost unchanged since the publication in 1937 of the Method of homogeneous sections and distribution charts by CEGOS, the relationship between financial and managerial accounting has been modified through successive account plans and the needs of the economy.

After the Second World War, the emphasis in the managerial accounting fell on the determination of a full cost of the product on which the sale price negotiation should be based with the governmental authorities. This approach was logical until the mid-of the 1960s because, until then, the demand exceeded the supply and the production capacity was used to its full or maximum potential.

The full or complete costs were seriously tested at the end of the 1960's by the introduction of direct costs and variable costs. It was the beginning of an era in which the production capacity exceeded the demand, but the current management mentality was still strong in favor of the full costs. The cultural revolution represented by the simultaneous acceptance of both the full costs and the variable costs, depending upon the nature of the decisions to be taken, is still continuing today. In accordance to the General Accounting Plan (GAP), the cost represents the cumulative expenses allocated to a product or to a center of responsibility and can be calculated at any stage of the creation of the product.

The General Accounting Plan from 1982 prefers the full cost term of the oldest (and still used) return price, showing that markets are not the place where prices are set and that the cost of a product is not used first and foremost for establishing the price of sale. It is interesting to note that in France the cost of the regulated environment is so strong that the new terminology has not yet been adopted nor by practitioners or by academics.

The managerial accounting in Germany developed as a result of the efforts of the academic environment and less because of the involvement of the practitioners. The accounting profession from Germany is dominated by representatives: of authorized accountants and tax consultants, being deprived of a body of management accountants.

The development of managerial accounting in Germany can be structured in four stages (Nalcajima, Morimoto), as it follows:

- The first stage is confined to the calculation of the net profit, the treatment of the implicit interest rate, the depreciation that must be recognized to the entrepreneurial income;
- The second stage aims controlling the efficiency through the quantitative control entered by using flexible transfer prices;
- The third stage is characterized by the calculation of production prices. This calculation is based on the Regulation, the prices based on the cost price, introduced in 1938, through which the concept of full cost is promoted;
- In the fourth stage, the concept of relevant cost and the principles of cost allocation are promoted. The most important principle of cost allocation is that by which the cost is distributed to those elements for which a change in the unit of measure implies a change in the cost. It is about the causal principle, according to which only the proportional (variable) costs are applied to the products. By combining this principle with the standard cost method, on the background of applying Kliger's production theory, the premises of diversifying the analysis of the variation of the cost and the entered quantities are created.

Two major factors have affected the management accounting from Italy over the last few years: the evolution of quantifiable theory in Italy has played a crucial role in the development of managerial accounting. The existing traditions in the accounting theory, regarding both the financial reporting as well as the cost accounting, have maintained a high degree of skepticism in accepting the new accounting techniques. The low level of competition on the market until the end of the 1970s has, to some extent, distracted the attention of the companies from the results of cost efficiency, with an effect on the manner in which the managerial accounting has been used and described.

Currently, many of the novelties in the managerial accounting are derived from the American accounting techniques, but the specificity of the Italian accounting tradition and the economic situation have played an important role in shaping the managerial accounting at an academic level.

In Romania, the normalization of the management accounting at a national level is regulated or stipulated by OMF no. 1826/2003, in which there are approved some measures regarding the organization and management of management accounting by legal entities obliged by law, these being provided by the Ministry of Finance. The general provisions of this law offer the general framework for harmonizing the international standardization of some concepts with which the management accounting operates with the national normalization of the management accounting from Romania, leaving at the discretion of the accountant the manner to achieve it.

The advantages and disadvantages of normalizing management accounting in Romania	
The advantages	The disadvantages
<ul style="list-style-type: none"> - Stable support of international trade; - New opportunities for development; - Reducing the time interval necessary for conducting commercial, financial and other operations; - It stimulates competitiveness; - Easier access to capital markets; - Expanding the markets and / or creating markets; - The reduction of production costs; - Higher rate of profitability and productivity. 	<ul style="list-style-type: none"> - Increasing the gaps between beneficiaries and non - beneficiaries; - Threatening the existence of the national state; - Emphasising the marginalization of some states and failure to respect the democratic spirit in the relationship between nations; - Affecting the cultures and traditions; - The developing countries with low labor productivity will suffer from the reduction of jobs; - Through multinational companies it is threatened the existence of the national markets; - The extension of activities generating pollution and high consumption of natural resources.

Normalization is the process by which the managerial accounting is placed on its normal track of fulfilling its objectives and functions, thus contributing to a better management of the resources, to practicing an efficient or performing management for long time intervals.

Addressing to the management in the planning, decision and control processes, the managerial accounting provides the necessary information for the short, medium and long term decisions regarding the establishment of the production and sales objectives, the strategy of achieving them, the allocation of the resources, thus allowing the measurement, monitoring and reporting the organization's performance.

Conclusions

Although progress has been made lately in terms of the proximity between the continental accounting system and the Anglo-Saxon accounting system, the interpretation of the faithful image remains the main obstacle in harmonizing the international accounting structures.

As a result of the documentation and the study made, it was found that the harmonization process between the two systems is increasing and also it is forecasted an upward tendency of the Anglo-Saxon accounting in Romania, in relation to the continental accounting.

The principle of prudence is of particular importance and it often leads to compromises in practice regarding the true image, the establishment of hidden reserves and limitations of the profit distribution.

At the same time, from the studies carried out, it resulted the fact that the need for managerial accounting and control derive from the company's strategy itself. Thus, it provides information to the management and it is used as a tool to ensure the achievement of the organization's objectives, by proposing five main directions of analysis, among which we can notice: what is the strategic objective of the company; what resources are needed and where they can be procured; if there is a monitoring and control system that could detect deviations and should propose corrections; how can the entity know if it has achieved its proposed objectives; how the managers' performance is evaluated and rewarded.

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COMPARATIVE APPROACH: PERFORMANCE AUDIT – COMPLIANCE AUDIT – FINANCIAL AUDIT

Popa Ionela¹

Abstract:

The audit is not an end in itself, but an indispensable part of a regulatory system, the purpose of which is to identify in a timely manner deviations from accepted standards and cases of breaches of the principles of legality, efficiency, effectiveness and economy in financial management.

At the level of the public sector, the Court of Accounts operates independently in accordance with legal provisions and international auditing standards, performing the following types of audits: financial audit, compliance audit, performance audit.

This paper aims to highlight the particularities of each of these types of audits, as well as their specific activities.

Keywords: *performance audit, financial audit, compliance audit, public funds*

JEL Classification: *H0, H8*

The audit is based on a tripartite relationship, in which an auditor aims to obtain sufficient appropriate audit evidence, in order to express a conclusion designed to increase the confidence of users of information in control reports, other than the responsible party (controlled entity), regarding the result of the evaluation of specific objectives based on audit criteria.

The Court of Accounts is the state body in Romania that has the role of controlling the use of financial resources of the state and the public sector. In this sense, one of the main objectives of the Court of Accounts is to monitor compliance with legal regulations of an economic, financial, fiscal and accounting nature, in order to identify any errors or irregularities in the preparation of financial statements, in the correct and efficient management and use of public funds. , as well as the application of measures to remove them.

The audit standards of the Court of Accounts have the following structure: General audit standards; Standards specific to financial audit; Performance auditing specific standards; Standards specific to compliance audit.

The general objective of the financial audit carried out by the Court of Accounts at public institutions is to obtain a reasonable assurance on: the way of managing the public and private patrimony of the state and of the territorial administrative units, as well as the execution of revenue and expenditure budgets. by the audited entity, if they are consistent with the purpose, objectives and responsibilities set out in the regulatory acts by which the audited entity was established and comply with the principles of legality, regularity, economy, efficiency and effectiveness; the audited financial statements, if prepared by the entity in accordance with the financial reporting framework applicable in Romania, comply with the principles of legality and regularity and provide a true and fair view of the financial position, financial performance and other information related to the activity of that entity. , providing an opinion in this regard.

The attributions of the Court of Accounts regarding the performance of the performance audit are provided in art. 21 para. (2) and art. 28 of Law no. 94/1992, republished. According to these provisions, the Court of Accounts: performs the audit of the performance of the use of the financial resources of the state and of the public sector; performs an independent assessment of the economy, efficiency and effectiveness with which a public entity, program, project, process or activity uses the allocated public resources to achieve the set objectives.

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INTOSAI's audit standards specify that the performance audit is an audit of sound financial management, following:

a) evaluation of the savings achieved in the management of funds allocated for the implementation of an audited / audited program / project / process / activities, respectively establishing the extent to which management principles and practices ensure minimizing the cost of allocated resources, without compromising the realization in good conditions objectives;

b) the efficiency of the use of human, material, financial resources, including the examination of information systems on performance indicators, the internal control system and procedures followed by the audited entities, respectively the maximization of the results of a program / project / process / activities in relation to the resources used; establishing the ratio between the results obtained and the cost of resources used to obtain them;

c) the effectiveness of the use of public funds, respectively the establishment of the degree of fulfillment of the declared objectives of a program / project / process / activities, as well as the comparison of the actual impact achieved with the desired impact.

The compliance audit (control) consists in verifying whether the activities of public entities are in accordance with the legislation, regulations and decisions of the authorities governing the activity of such entities.

This involves verifying how the audited entity complies with the laws, other normative acts, rules, regulations, political norms, established codes or agreed terms, etc.

The main differences between the three categories can be summarized as follows (table no. 1):

Table no 1: The main differences between the three categories

ASPECTS	Performance audit	Financial audit and compliance audit
Objective	Assess whether EU funds have been used economically, efficiently and effectively.	Evaluates the legality and regularity of financial transactions, as well as the reliability of accounts.
Scope	Policy, program, organization, activities and management systems	Financial operations, accounting procedures and key controls.
Academic base	Economics, political science, sociology, etc	Accounting and law.
Methods	Varies from one audit to another.	Standardized framework.
Audit criteria	Greater freedom for auditors in selecting criteria. Unique criteria for each audit.	Less freedom for auditors in selecting criteria. Standard criteria established by legislation and regulations, applicable to all audits.
Reports	Special reports published ad hoc. The structure and content vary depending on the objectives. The annual report presents, in a separate chapter, a macro-perspective on the performance of the EU budget.	Annual report. More or less standardized.

A performance audit may also include issues related to financial audit and compliance audit, as well as environmental considerations in the context of sustainable development should be carefully considered.

An audit that combines all these aspects is called an "integrated audit". The decision to perform a performance audit or an integrated audit depends on professional judgment, and should be made on a case-by-case basis. Auditors need to be aware that performing a performance-only audit is already a difficult task and that performing an integrated audit would be an even more demanding task. The conduct of an integrated audit should therefore always be considered with great caution and such an audit should only be carried out where it is clear that it will be possible to obtain sufficient, relevant and reliable audit evidence and to issue clear, useful and timely information in the reporting phase, in order to meet both the objectives of the performance audit and those of the financial audit and / or the compliance audit. The two elements must be clearly differentiated in the audit plan and in the audit program, so that the audit team can clearly distinguish between the different audit objectives in the audit task and pay due attention to them. Where there is an overlap between other types of audit and performance audit, the classification of the audit engagement in question shall be determined by the primary objective of that audit.

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- The performance audit manual prepared by the Court of Accounts
- The compliance audit manual prepared by the Court of Accounts

FINANCIAL STABILITY ASPECTS IN THE CONDITIONS OF EUROPEAN MONETARY UNION

Silviu - Marius Șeitan¹

Abstract

Under the current conditions of conducting international economic relations, there is a risk of failing to accomplish the monetary policy objectives due to reasons pertaining to the mechanisms that convey shocks cross-border. The conceptual review of object definition, under such conditions, leads to the necessity of attaching to them these risks of unfulfillment; this requires an additional chapter of macroeconomic policy design, chapter that identifies the possible risks emerging from the integrated cross-border regime of the European economies, as well as the possible solutions to absorb such shocks. This implicitly presumes the quantification of the whole phenomenon or risk emergence and of its possible effects, with the view to determine the effort necessary to be undertaken in order to absorb the associated shock.

JEL classification: E 52

Keywords: stability, balance, sustainability, risks, monetary

Current conditions of the international economic relations

Considering the situation of Romania, characterized by the fact that most of its international economic relations are within the European Union, we may say that one of the main features of the economic framework is given by one of the outcomes of the process of economic integration, i.e. removal of barriers hindering the economic relations between the member states. This set of facilities directed towards increasing the efficiency of the interstate economic relations has a high risk attached to it, namely, the cross-border propagation of the economic shocks and cross-border conveying of the risks. Consequently, the macroeconomic policies are also confronted with an additional category of macroeconomic risks generated by the possibility of importing adverse economic phenomena whose underlying causes are not related to the internal environment. Thus, an additional and permanent task for the macroeconomic policies is to provide a potential for shock absorption – which acts best if the design of the policies allows for enough mobility by providing additional funding.

The crisis found the Romanian banking system dominated massively by the foreign capital, and the financing from the mother banks for their local branches tends to decrease, which makes it more difficult to access funds from the banks. The foreign direct investments in Romania also display a decreasing trend, in agreement with the regional evolutions. It is therefore absolutely necessary to identify alternative sources of financing.

Another particularly important problem for the national economy is the decreasing demand for credits, because of the shrinking economic activities and lower purchasing power, which diminished the function of financial intermediation.

General objectives of the monetary policy

The monetary policy, component of the macroeconomic policies system, derived its objectives from the general objectives of this system, namely, from the strategic objective represented by the macroeconomic sustainability; within this context, the main objectives of the monetary policy are:

- Ensure price stability;

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- Ensure national currency stability;
- Ensure financial stability;
- Ensure the monetary conditions for the establishment of an efficient economic flow on the market.

The accomplishment of these objectives is understood as the involvement of the monetary policy within the system of macroeconomic policies.

Price stability

Conceptual theoretical aspects

Theoretically speaking, an economic concept is approached via elements such as:

- What real economic aspect is it referring to;
- How does it prove that it is a real phenomenon or process.

Thus, price stability:

- Refers to the aggregate level of the prices measured by indices;
- It is accomplished when
 - o The money maintain their value in time, or when
 - o The rate of purchasing power erosion is very slow.

Definitions

- Reputed specialists -

Paul Volcker (Federal Reserve President 1979 - 1987) defined price stability as the situation in which the expectations regarding the general long-term increase or decrease of prices don't have substantial influence on the economic and financial behaviour;

Alan Greenspan (Federal Reserve President 1987 - 2006) defined price stability as the situation in which the change of prices expected by the public is sufficiently low and gradual, so as not to be taken into consideration in company and household decision-making;

Alan Blinder (Federal Reserve President 1994 - 1996) defined price stability as the situation in which the ordinary people cease to speak about inflation and worry about it;

Ottmar Issing (first Chief Economist of the Central European Bank, 1998) defined price stability as a stable level of the aggregate prices, or a low level of inflation;

Lucas Papademos (Governor of the Central Bank of Greece, 1994-2002, Vice-president of the Central European Bank, 2002-2010) defined price stability as that state of the economy in which the general level of prices is stable, strictly speaking, or when the inflation rate is sufficiently low and stable, so as the considerations regarding the nominal dimension of the transactions ceases to be a pertinent factor for the economic decisions.

- Institutions -

The Central European Bank defined price stability as an inflation rate, calculated on the basis of the harmonized index of consumer prices, below (almost) 2 percent.

Monetary stability

The concept of monetary stability overlaps that of price stability.

Financial stability

The literature doesn't provide a recognized definition of the financial stability because of the novelty of this aspect, which regards matching the needs for macroeconomic administration with the needs of a theoretically studied problem, synthesized in a quantification indicator.

The following points of view can be approached regarding the concept of financial stability:

- In the broad meaning, with accent on the overall functioning of the financial system, the financial stability is defined as the situation in which the financial system is able to draw and place efficiently monetary funds, while withstanding shocks without bringing any damages to the real economy;

It results from here that the prudential monitoring by the central bank is essential for the maintenance of the financial stability.

- In a narrower meaning, with accent on the avoidance of crises, financial stability is the situation in which no bank crises occur and when asset prices and, particularly, the interest rate, are highly stable.

It results from here that the interest rate policy is very important for the financial stability; a conflict may even arise between the price stability objective and the financial stability objective.

Relation between price stability and financial stability

According to the theory there are two approaches, although the theory is yet to be recognized because of the novelty of aspects, which require further studies and practice in order to add conceptual elements:

- Conventional approach: the two types of stability mutually support and potentiate each other, on the long-term;
- The novelty aspect, verified as *hypothesis*: as inflation stabilizes at low levels, a new economic environment is established, in which the financial stability is not guaranteed.

According to BNR Governor (M. Isărescu, 2011), the macroprudential policies comprise measures that aim to secure the proper health state of the financial system, or that can avoid losing control on some sector-specific problems.

According to the studies of Borio (2003), a successful macroprudential policy will accomplish its goal, so that the microprudential policy is subordinated to the policy that encompasses the entire financial system. José Viñals (2011) considers that irrespective of the macroprudential policies performance, they cannot be regarded as sufficiently good replacement of efficient macroeconomic policies, and he suggests the use of a combination of macroeconomic and prudential policies to avert shocks within the economy. In the opinion of Clement (2011), the macroprudential policy differentiated from the other economic policies not just through flexibility and minimal costs, but also through the two dimensions it approaches, the *temporal dimension* and the *structural dimension*, so that it marks the major distinction between the macroprudential and microprudential policies in terms of objectives, mechanisms and instruments of transmission.

The macroprudential policy targets the viability of the financial-banking system as a whole, as essential relation for the operation of an economy, with the main objective of avoiding macroeconomic costs resulting from the instability of the financial system and of decreasing the systemic risk. The macroprudential policy is considered to be complementary to the microprudential one, while it also has interactions with different types of economic policies, which have a particular impact on the financial stability; thus, it acts towards the build-up of financial imbalances by enhancing protecting barriers, by the joint identification and approach of the exposures, of the risk concentrations, of the relations and interdependencies as risks of contagion.

One may say that the macroprudential policy is directed exclusively towards ensuring the stability of the financial system using a set of specific instruments to limit the risks that exist at the financial level, particularly the systemic risk. The number of countries that implement such measures seems to have increased lately, because their innovating character presumes additional efforts of the monetary authorities in order to ensure an efficient communication and the transparency within the financial system.

Two dimensions of approaching the existing risks were observed:

- The *temporal dimension*, i.e. risk procyclicality;
- The *structural dimension*, i.e. risk distribution within the system.

The differentiation, within the prudential policy, between the microeconomic and macroeconomic approach was also noticed. The first delimitation targets the financial stability at the institutional and individual level, presuming an easier and more flexible application, while the macroprudential approach presumes supporting the entire financial system. The macroprudential policy aims to ensure a higher transparency, it doesn't distort competitiveness and, compared to the microprudential policy, the risk factors are considered to be endogenous.

The main objectives of the macroprudential policy are:

- *Consolidating the resilience of the financial system* to economic shocks and imbalances;
- *Limiting the propagation of the international financial crisis*.

Besides these objectives, there also are actions to *minimise the costs* caused by the financial instability, the *decrease the discrepancies* between the settling date of the assets and of the liabilities, *stimulate* the credit holders to use it efficiently, etc.

A difficulty in approaching the macroprudential policy regards the identification of its *limits*, the division of responsibilities pertaining to the different categories of financial policies, so that while the main concern of the macroprudential policy is the stability of the financial system, the other policies must act in close correlation with the prudential policy.

For the financial system it is very important to have an accurate coordination between the macroprudential policy, the monetary policy and the fiscal-budgetary policy, because problems may arise regarding the operational independence when assigning responsibilities and regarding the institutional orientation.

A strong relation was noticed between the *macroprudential policy* and the *monetary policy*, since they condition each other. Thus, the measures aiming to consolidate the resilience of the financial system can also strengthen the monetary policy, while the macroeconomic stability will decrease the vulnerability of the financial system. The evolutions noticed within a particular policy must take into considerations the changes in the other policy; thus, the principles of the macroprudential policy will influence the conditions for lending credits.

Regarding the instruments of the macroprudential policy and their role in the development of macroprudential instruments, the operation started from the microprudential instruments, which have been adapted to the economic conditions and to the existing prudential standards.

Among the main instruments in use there are risk measuring methodologies, financial reports, regulation capital, financing and liquidity standards, collateral arrangements, limits for risk concentration, compensation designs, restrictions regarding the distribution of the profit, insurance mechanisms, etc.

The literature discussed several instruments which were actually used in practice, i.e. the liquidity rate, the level of indebtedness, proportion of the credit within the GDP, test resistance trials, VaR, etc.

The macroprudential instruments used by the developing economies also include measures to limit the mismatches regarding the currency system, which aim to limit the internal financial consequences of the capital inflows. The large number of ways of action has a positive effect on the economy, but the instruments used by a specific segment can lead to the amplification of the imbalances in that particular sector. Thus, the transmission mechanisms of the macroprudential policy can change at the same time when changes in the financial intermediation occur, the financial innovation and the consolidation of the financial

system can lead to unpredictable changes in risk distribution. The macroprudential policy is in its early stage in most countries, being preponderantly noticed in the emerging economies. The macroprudential policy relied on experience, not necessarily on the definition of a set of rules, and its efficacy has been proved by the benefits of its implementation. The use of macroprudential policy lead mainly towards the limitation of credit allowance in particular sectors, using the minimal compulsory reserves to prevent the onset of imbalances. New evolutions have been noticed within the macroprudential instruments; thus, the macroprudential instrument that has the strongest influence on the emerging economies is the systemic overtax of the capital and of the liquidity, included in the last Basel agreement. Thus, Basel III, which is considered to be the answer to the deficiencies caused by the international financial crisis, includes two additional safety systems, as mentioned above. It is believed that if, on the long-term, the new regulations will be enforced and will function properly, the banks will be able to absorb violent shocks, despite the lower profitability of the banking sector. The systemic risk is limited through several structural measures; thus, short selling operations are noticed in Central and Eastern Europe, although other major risks still persist on the financial markets, such as the risk of unpredictable behaviour of the capital flows, of risk concentration in particular financial institutions considered TBTF, the risk of procyclicality, etc.

The macroprudential policy presumes the existence of a capacity to identify the risks in due time, so that actions can be taken to control them. The purpose of the macroprudential policy is to *monitor the aggregated risk, in a robust manner and oriented towards the future*, because the risks display a trend to manifest within periods of normality; thus the instruments used by this policy must provide enough time to dampen the cyclic implications of the monetary vulnerability. However, so far, none of these instruments proved sure enough to predict the possible risks and guide the economic policies.

Three possible patterns of macroprudential policy exist, which differ in their purpose, instruments and cooperation, as follows:

- The *prudential model*
- The „*eclectic*” *pattern*
- The „*overarching policy*”.

The second pattern uses specific instruments besides prudential instruments, while the third acts indirectly, relying on the cooperation between authorities. The first two models refer, as main objective, to ensuring the stability of the financial system, while the third aims bot the financial and the non-financial sectors. Overall, each pattern has both strengths and weaknesses, but for the establishment of a framework of action, the strengths have to be combined, while the weaknesses have to be limited.

As mentioned before, one of the challenges confronting the macroprudential policy regards the coordination of the economic policies, so that in order to improve the efficiency of the implemented measures, the institutional representation had to be enhanced. Therefore, several financial institutions have been established at the European level, their main goal being the macroprudential surveillance, risk alleviation, ensuring a more efficient management of the credit institutions, etc. Thus, the European Parliament and the Council of the European Union adopted, in November 2010, the reform of the European architecture, in terms of financial surveillance, with three European Supervisory Authorities: the European Banking Authority (EBA); the European Securities and Markets Authority (ESMA); and the European Insurance and Occupational Pensions Authority (EIOPA).

These authorities will strengthen the macroprudential supervision. The European Systemic Risk Board (ESRB) plays a significant role by its activity of collecting and analysing basic and relevant information, identification and classification of systemic risks depending on their priority, issuing of warnings about the identified risks. Compared to the

other policies, the macroprudential policy was noticed for the several advantages it has in approaching the systemic risk. First, the macroprudential instruments of action are less disconcerted and are much more flexible, so that part of them can be directed specifically towards particular sectors of intervention, which thus decreases the costs. Another advantage is that these instruments are implemented especially when there is no desire to harden the monetary policy.

The macroprudential approach was noticed within the European context due to the existing constraints, to the absence of a harmonized monetary policy and of a policy of harmonizing the capital standards.

Under exceptional circumstances, such as the crises, the central banks must alleviate the panic from the financial markets, must ensure credit market operationality and prevent the collapse of the financial institutions and of the institutions of systemic importance.

The crisis manifested throughout all the categories existing within the financial system, mainly within the banking system, by narrowing the activity of giving bank credits, by increasing the credit risk, by deteriorating the banking performance indicators, etc.; however, it also acted within the other components of the financial system. Thus, the economic activity of the non-financial companies, of the insurance companies, of the pension funds also deteriorated, while the aversion towards the reference index of the capital market intensified.

The measures initiated by the monetary authorities to support the financial system have been used in a combination of *ad-hoc* measures implemented within the individual financial institutions and *complex schemes* applied on the background of an intensifying financial crisis. The *ad-hoc* measures have been implemented at the level of financial institution because they were set up in a rapid and flexible manner, while the complex schemes provided more transparency than the initial ones, didn't distort the competitiveness and could be easier adopted because they were part of a well-defined plan. The governmental authorities acted to guarantee the bank deposits, to support recapitalization, to delimit the bad banks and to nationalize financial institutions of major importance.

From the perspective of the monetary authorities, they can use *conventional measures* and *unconventional measures*. The first ones include measures adopted through monetary policy instruments, i.e. monetary policy interest rate, permanent facilities and compulsory minimal reserves. In a first stage, the central banks have decreased the monetary policy interest rates because the deterioration of the financial market conditions has changed the perspectives regarding the financial stability, and also the purpose of reviving the bank credits.

Given the major deficiencies observed in the transmission channels of the monetary policy and the significant deterioration of the economic environment, the central banks were compelled to use so-called unorthodox measures, which mainly involve interventions on the national markets and interventions on the currency market.

The enforcement of unconventional measures differs in the case of the developed countries from the situation of the emergent economies, due to the differences in the financial stress and in the credibility of the monetary policy. Thus, the developed economies used non-standard measures immediately after the Lehman Brothers crash, relying heavily on measures that support the liquidities. They promoted a decreasing rate of the interest rate near to zero, and also acted to expand the eligible counterparts and the maturity of the refinancing operations. Unlike the developed economies, the emergent economies promoted the use of direct measures, such as supporting the requirement for reserves. The major difference in the implementation of measures was the use of the qualitative and quantitative support of the credit. Thus, the developed economies relied particularly on this type of measures, while the emergent economies used them just slightly. Thus, only Israel implemented for a brief period

(6 months) measures for the quantitative support of the credit, and only some central banks have also implemented measures for the qualitative support of the credit.

On the background of the international financial crisis, it appeared absolutely necessary to approach the financial intermediation and supervision both in microprudential and in macroprudential perspective, developing a, yet missing, framework of action that helps forecasting the possible economic imbalances.

The macroprudential policy is regarded as complementary to the microprudential policy, and it interacts with different types of economic policies which have a sizeable impact on the financial stability, working towards the elimination of financial imbalances by enhancing the protecting barriers, by identifying and joint approach of the exposures, of the risk concentrations, of the relations and interdependencies as risks of contagion.

Thus, what was the purpose of these measures? The authorities acted in a consistent manner just in order to avoid a collapse of the financial system, to ensure its sturdiness, because the financial system plays a primordial role in ensuring the financial stability, being cleaned and consolidated in time. There is a positive direct relation between the macroprudential policy and the financial stability, so that a *solid and credible transparent policy will potentiate the financial stability*, implicitly accomplishing the basic goal of the monetary policy too.

The financial stability is seen in a new approach, because the prevention of the systemic vulnerabilities is not any more done exclusively by temporising the accumulation of risks through the requirement for capital, but also by working on the amplitude of the financial risk cycle. Furthermore, the anti-cyclic role of the macroprudential policy is consolidated (additional capital reserves), including by proactive measures to temper the demand for credits, while the capital reserves accumulated during the periods of expansion are to be used in periods of economic adjustment.

European institutional aspects in the field of financial stability ensuring

Because of the importance ascribed to the provision of an economic climate proper for the objectives developing from the economic sustainability goal, the European Union has established several institutional mechanisms that provide financial stability.

Thus, the European Financial Stability Facility (EFSF) has been established by the Euro zone member countries following the decisions that the Ecofin Council took on May 9th, 2010. EFSF mandate is to protect the financial stability within Europe by granting financial assistance for the Euro zone member countries. EFSF can use, under certain conditions, several instruments such as: loans to the countries experiencing financial difficulties, interventions on the primary and secondary credit markets and recapitalization of the financial institutions by loans granted by governments.

The European System of Financial Supervisors (ESFS) has been also established, in association with an intricate network of regulatory and supervisory institutions. Its objectives are to facilitate the cooperation between the national and EU supervisors.

Within the same spirit, three European supervisory agencies have been established on January 1st, 2011: the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA).

Besides the development of the EU regulatory and supervisory institutional structure, just before the onset of the crisis, several mechanisms of cooperation on matters of financial stability have been established in several European countries. The financial stability committees have been established with the purpose to facilitate the cooperation on matters of financial stability between the central banks, the national supervisory agencies and the national governments.

The flows of capital and their consequences on the macroeconomic and financial stability

Current account liberalization is one of the most debated decisions of macroeconomic policy because the different theoretical approaches have different interpretations on the opportunity of taking such a measure.

Necessary elements of the system of macroeconomic policies

The process of real convergence with the European Union of the emergent economies from Central and Eastern Europe is in progress and will continue for many years, given the lags existing in many of these countries.

The real convergence is characterized by the simultaneous manifestation of the following evolutions:

- Rates of economic growth higher than the average, particularly during the early stages of the catching-up process;
- Sizeable increase of the income per capita;
- Massive inflows of foreign capital;
- Strong tendency for the real appreciation of the national currency.

The accomplishment of the goals of sustained economic growth, on the one hand, and the macroeconomic stability, on the other hand, presume the stimulation of investments and the avoidance of the pro-cyclic character of the macroeconomic policies.

In terms of investments, the authorities should improve their capacity to absorb European funds, while the measures for the betterment of the business environment would allow a higher flow of private investments.

Because the Central and Eastern European economies display overheating trends during their real convergence, the fiscal imbalances must not add to the economic cycle.

The economic policies should capitalise on the periods of sustained growth in order to promote the necessary reforms, thus adding supplementary room for manoeuvre for the monetary policy during the possible subsequent periods of economic decline (Krueger, 2004). This calls the fiscal policy to use the periods of economic boom as a good opportunity for the build-up of fiscal surpluses that can be used as “dampens” in the perspective of the periods of decline, when it will have to control the economic divergences and asymmetric shocks (Trichet, 2001).

The monetary policy might be confronted with a dilemma in the context of the massive inflows of capital, which is very likely, due to a possible change in the world financial polarity. On the one hand, the evolution of the inflation might claim successive increases of the monetary policy interest rate, which encourage saving, thus providing a balance between the level of saving and the extent of investments, balance which is essential if one wants to avoid an excessive current account deficit. On the other hand, the higher interest rates might create a positive interest rate differential, which would draw additional inflows of capital, with the ensuing pressure towards the appreciation of the national currency. The episodes of sudden appreciation might get reversed subsequently, with the consequences of a higher rate of inflation and tensions within the financial sector. The market could solve this dilemma by setting lower risk premiums for the investments in the transition economies. However, since the risk premiums sometimes have non-uniform evolutions and are sensitive to factors that are not under the control of the authorities, the capital inflows may thwart the efforts towards economic stability (Lipschitz et al., 2002).

Another extremely sensitive aspect is the recommended behaviour of the monetary policy when inflation is under control for the forecasted period, but the financial and macroeconomic imbalances deepen. If the economic policy fails to design and implement a swift response, in an early stage, the authorities passively bring their contributions to the

deepening of these imbalances which, sooner or later, might either start a crisis, or involve much higher economic costs in the case of a subsequent intervention, when the financial or macroeconomic problems are already acute. Although theoretically, the necessity for intervention cannot be doubted, the decision of the right time for intervention by the central bank, probably with the support of the other authorities, may rise several hard to solve problems, such as:

1. Is it possible to identify clearly the imbalances in an early stage?
2. If the imbalances that appear in an early stage disappear by themselves/spontaneously, and the authorities adopt swift restrictive measures, the combined effect of the two factors might push the economy in a steep recession.
3. How could a restrictive monetary policy be explained in the absence of inflationist pressures? (Crockett, 2003).

Final aspects and conclusions

Given the complexity of these aspects, the proper calibration of the monetary policy reaction is much more so difficult. Furthermore, given the limitations imposed by the opening of the capital account, the preservation of the macroeconomic balances cannot be exclusively the task of the monetary policy; the fiscal policy and the income policy should come to aid, by assuming part of the efforts towards stabilization. More precisely, the fiscal policy should hold the main role in correcting the current account imbalances. This means that the countries must thus calibrate their budgets so as to cope with the increasing demand from the private sector and take appropriate measures of protection against a possible crisis, because the size of the fiscal deficit contributes directly to the magnitude of the current account deficit. At the same time, through its component of incentives creation, the fiscal policy might encourage the exports and the productive activities in general. Besides the restrictiveness of the fiscal policy, the government should also implement a prudent policy of incomes by limiting the pay rise in the public sector, action which might also narrow the copying effect which the excessive pay rise in the public sector may have on the wages from the private sector. This would avert the uncorrelated evolution of the wages with the evolution of work productivity.

Looking in perspective, the process of real and nominal convergence of the Romanian economy will be accomplished at a rate which depends largely on the general coherence of the economic policies implemented by the authorities.

The process of adopting the Euro presumes a realist, visionary management, which to take into consideration that the Romanian economy needs a period of adjustment before joining the ERM II. This period must be regarded as an opportunity to finish the structural reforms and to consolidate the macroeconomic stability, rather than a “break” that might relax prematurely the macroeconomic policies. The central bank must ensure, maintaining its inflation targeting strategy, the gradual nearing of the inflation rate to the levels that are compatible with the Maastricht price stability criterion. Once the reduced inflation has been consolidated, favourable conditions will be set up for the sustainable accomplishment of the nominal convergence criteria regarding the long term interest rate and the exchange rate stability. At the same time, the implementation of a prudent fiscal policy will support the sustainability of the public finances. Under these conditions, Romania might join the Euro zone by 2019.

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NON-FINANCIAL REPORTING: AN INSTRUMENT OF SOCIAL RESPONSIBILITY AT THE LEVEL OF PUBLIC INTEREST ENTITIES

Georgiana - Janina SOARE¹

Abstract:

The globalization of markets imposes, more than ever, competitiveness imperatives for economic entities around the world and has consequences both on the environment and on the people. In this context, there are alternatives to the sustainable development to keep environmental and social resources in optimal shape. Economic entities as major players in society must play their part and be aware of the importance of integrating actions specific to sustainable development and social irresponsibility at the strategic and decision-making level. To survive and be more competitive, they are forced to innovate and develop products that are more environmentally friendly. Social responsibility is a concern at national and international level, and the reporting of non-financial information is a result of the actions taken by economic entities in this regard.

Keywords: social responsibility, non-financial information, sustainable development, public interest entity.

JEL Classification: M 41

1. Introduction

The specialty literature defines social responsibility by appealing to the application of the principles of sustainable development and good governance in the management of economic entities and their projects. These principles are: environmental balance, social equity, economic efficiency, transparency, behavioural ethics, involvement of all stakeholders, etc. Corporate social responsibility (CSR) is the set of actions, principles and practices by which an economic entity is involved in a company, in order to ensure a positive impact of its activity and to contribute to the development of that company.

In other words, Corporate social responsibility is understood as a new model of collaboration between governments, businesses and civil society, and the rise of collective objectives, with reference to entities have economic consequences (in doing business, which intensifies its power within the community) , political (within governments, which extend control over the entities, though not always directly) and socially (concerning the various stakeholder groups, which do not only benefit from the private legislation of the entities, compared to the public one, from state).

Although the specialty literature abounds in theoretical disputes, the research study aims to highlight the fact that, efficiently and realistically, the social responsibility can be governed by economic entities in such a way as to represent a profitable business strategy. It can be considered that there is a direct and reciprocal link between the profitability of an entity and its behavioural values: an economic entity that promotes moral values and complies with ethical rules of behaviour will be easily noticed by the public and will record considerable added value; similarly, a financially strong economic entity may admit to promoting and allocating various sums of money in an ethical manner, which will lead to continued economic development in the future.

The relationship between economic development and the responsibility of an economic entity is in a circular ascending line, the so-called “virtue circle”. Moreover, the corporate social responsibility attracts a positive involvement in the entity and stakeholder groups.

The experience of multinational economic entities that have been involved in various social and environmental projects has demonstrated this. The whole effort based on multiple analyses reflects the fact that business ethics and corporate social responsibility are not only philosophical topics, widowed in consistency and without possibilities to be put into practice, but they are also useful ways to support the financial interests of the economic entity in the medium and long term.

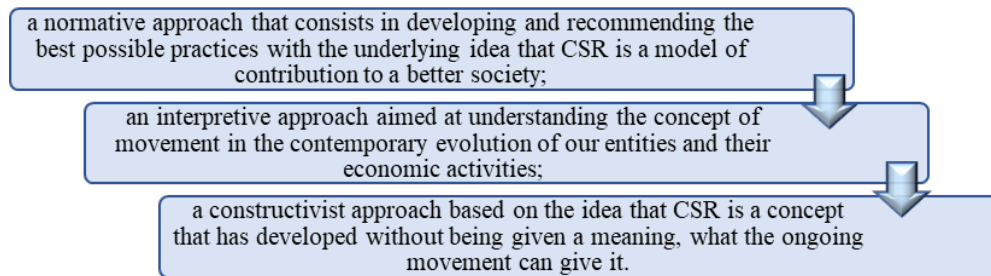
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2. Literature review

The concept of corporate social responsibility (CSR) has been expanding worldwide for several years. Pasquero in 2005¹ emphasizes that trends that influence the direction of the contemporary world create new economic, social and environmental needs, which in turn generate new demands for responsibility. In this sense, CSR is a form of contemporary modernity in management.

It is also a multidimensional concept, sometimes more ideological, sometimes more pragmatic, each era favoured certain dimensions at the expense of others, but all contributed to its enrichment. This double effort to deepen and expand the concept of CSR promotes rooting in all areas covered by the study of action. To a large extent, his theoretical inaccuracy allowed him to dissolve interdisciplinary barriers.

After Capron and Quairel-Lanoizelée, three approaches are possible to understand this area:



Source: own conception

The concept of CSR has grown considerably over time. Its dissemination through very diverse cultures can only accelerate this process. Above all, a normative concept and, therefore, much more political than technical, is the subject of a permanent re-conceptualization and cannot be definitively defined. It is a concept with multiple perspectives, an ambiguous and ambivalent concept.

Dejean and Gond² argue that CSR definitions are quite heterogeneous. According to these two authors, there are two categories of definitions, at the academic level and at the institutional level that allow to give a special value to the commitments that go beyond the legal framework. Table no. 1 presents a synthesis of the most representative definitions of the CSR concept over time.

Table no. 1. Definitions of corporate social responsibility (CSR)

Bowen (1953)	“Corporate social responsibility refers to the obligations for business people, policy implementation, decision making and compliance with guidelines in accordance with the objectives and values considered desirable by our society.”
Davis (1960)	“Corporate social responsibility refers to “decisions and actions taken for reasons beyond the direct economic and technical interest of the entity.”
McGuire (1963)	“The idea of social responsibility implies that the organization not only has legal or economic obligations, but also has social responsibilities towards the society.”
Hay, Gray and Gates (1976)	“Social responsibility causes entities to make decisions and get involved in various areas such as: pollution issues ... poverty and racial discrimination issues and other social issues.”

¹Jean Pasquero, La responsabilité sociale de l'entreprise comme objet des sciences de gestion: Le Concept et sa Portée. In M.F. Turcotte & A. Salmon, (Eds.), Responsabilité sociale et environnementale de l'entreprise, Québec, QC, PUQ, 2005, p.112-143.

²Dejean, F. & Gond J. P., La responsabilité sociétale des entreprises: enjeux stratégiques et méthodologies de recherché. Finance Contrôle Stratégie, 7(1), 2004, p.5 – 31.

Carroll (1979)	“Corporate social responsibility includes economic, legal, ethical and discretionary.”
Jones (1980)	“Corporate social responsibility is the obligation that entities have towards the actors of society.”
Capra et Spretnak (1984)	“Social responsibility: includes the economic field; social justice; the social contract; social and civil rights, especially for women and minorities.”
Wartick et Cochran (1985)	“Social responsibilities are determined by society, and the company’s tasks are: (a) to identify and analyse society’s changing expectations in relation to firm responsibilities; (b) to establish a comprehensive approach to be responsible to the changing demands. (c) To implement appropriate responses to relevant social issues”.
Anderson (1986)	“Corporate social responsibility is exercised in three main areas: international, federal, state and local laws; standards, moral and ethical procedures within which philanthropic entities and donations operate”.
Wood (1991)	“The basic idea of social responsibility is that entities and society are intertwined (overlapping in several points) rather than separate entities; thus, the company has certain expectations regarding the behaviour and results specific to the entities”.
Amadiou (1999)	Corporate social responsibility “is a concept that covers all the consequences, human and social aspects of the business activity”
Livre Vert del’UE (2001)	“Being socially responsible means not only fully fulfilling your legal obligations but also exceeding and investing more in human capital, the environment and stakeholder relations.”
The Conference Board of Canada (2001)	“An entity’s overall relationship with all stakeholders, including shareholders, employees, communities, suppliers and competitors. Social responsibility has various aspects, such as community investment, employee relations, job creation and conservation, environmental management and financial performance”.
Triomphe (2002)	Corporate social responsibility consists in assuming voluntary responsibilities that go beyond the law and regulations.
Gond and Igalens (2003)	“Social responsibility refers to the nature of the interactions between business and society and formalizes the idea that the entity, because it operates in an environment that is both social, political and ecological, must assume a set of responsibilities that goes beyond its purely legal and economic obligations”.
World Bank (2004)	The World Bank has defined corporate social responsibility (CSR) as a “commitment” (or obligation) for the business community to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve the quality of life, good for development and business.
Pasquero (2005)	By “corporate social responsibility” we mean “all obligations, legal or that a company must assume to pass for a taxable model of good citizenship in a given environment”.
Boidin (2008)	We delimit this term by distinguishing two ways of defining it. The first conception of CSR is positive: the latter is presented as the way in which economic actors (and entities in particular) understand and take responsibility in different areas. The second perspective is normative: CSR is seen as an objective to be achieved by prescription (stock analysis), methods, deposits (places carefully kept, in good condition).

ISO26000 standards (2010)	The responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour that: - contributes to sustainable development, including the health and well-being of society - takes into account the expectations of stakeholders - complies with applicable laws and is compatible with international standards and - there is integrated throughout the organization and implemented in its relationships.
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Source: adapted from Christelle Decock Good (2000).

In other words, Walton¹ develops the concept of responsibility, in terms of directors and managers of the entity and not only in terms of leadership exclusivity. In fact, according to him, “the concept of social responsibility recognizes the confidentiality of relations between entities and states that these relations must be present in the spirit of the top managers of the entity, as well as the spirit of those who deal with different groups to which he is connected and who pursue their own goals”.

3. Research methodology

The methodology adopted in this research is in line with the research methodology used in the field of economics, by combining theoretical research with empirical research. The form of “observation-deduction” reasoning was adopted, in order to draw conclusions starting from the existing theories and studies in the field and continuing with the empirical investigations based on an opinion poll and a content analysis of the financial and non-financial reports and statements published by some Romanian economic entities selected in the study.

Theoretical research was based on the study of specialized literature and practical experiences in the *research units*. Also, various studies and statistical analyses of different professional bodies and interpretations of specialists in the field were considered. The methodology used combined qualitative and quantitative research, through various and complementary methods: historiography, comparison, documentary analysis, graphical representation, statistical estimation, observation, interview, as well as the materials made available by financial accounting institutions from various economic entities with wide fields of activity.

The sustained research guided the knowledge of the theoretical aspects related to the impasse entities and the reshaping preferences considered by them. The theoretical information was provided with the help of reading a relevant number of specialized works, both from the Romanian specialized literature and from the foreign specialized literature. The **research technique** used the method of re-examining the specialized literature in the country and abroad, analysing all documentary materials, reports and legislation prepared by countless institutions, comments and explanations of specialists, and a wide range of published materials.

4. Social responsibility - institutional and normative foundations

With the emergence of the idea of non-financial reporting, countless steps have been taken to monitor economic developments at EU level, through countless *initiatives and standards* that can lead to a common goal, that of sustainable development, of a more secure future.

In this regard, the following appeared: *The Global Reporting Initiative or GRI Institution of 1997*, the Sustainability Reporting Framework that allows entities and

¹ Walton, C. C., Corporate social responsibilities. Belmont, CA: Wadsworth, 1967.

organizations to measure and report on sustainability performance. GRI provides entities and organizations with a comprehensive sustainability reporting framework that is widely used around the world. These initiatives were brought together by the Coalition for Environmentally Responsible Economies (CERES) in association with the United Nations Environment Program (UNEP). The GRI or Global Reporting Initiative was set up in late 1997 with a mission to develop the Directive applicable worldwide to consider the economic, environmental, and social performance. This reporting initiative¹ was originally planned for large entities but was later extended to all governmental or non-governmental organizations.

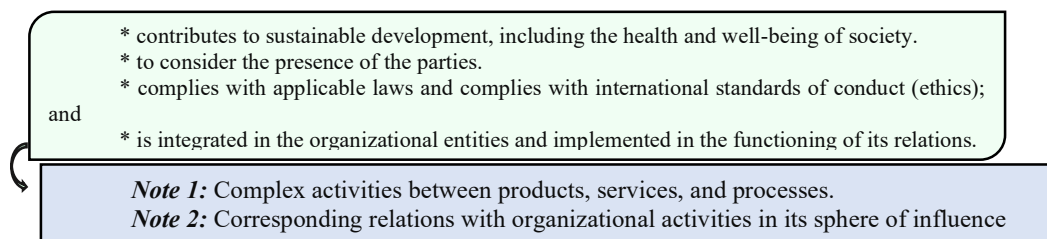
At the international level, the International Social Responsibility (IAS) and the International Organization for Standardization (ISO) have published standards and benchmarks that have a direct link to CSR (Corporate Social Responsibility), but not only to deal with CSR. SA 8000 (social responsibility standard 8000) is a standard initiated by the Council on economic priorities and managed by the Social Accountability International (SAI). It is oriented towards working conditions, the prohibition of child labour or forced labour.

In 2001, the Commission on Consumer Policy (ISO/COPOLCO) initially introduced the use of ISO specifications in the workplace on the basis of a social responsibility (SR) standard and supported the publication in ISO 26000 of relative directories based on the 2010 social responsibility guidelines. It was an international standard of voluntary application, for all types. Therefore, it has been one of the first steps to encourage all types of public or private sector organizations and implements ISO 26000 to benefit from corporate responsibility.

These specific ISO 26000 guidelines could be used to support the best practices that have recently been developed, social responsibility (SR) initiatives in the public and private sectors. These were in line with the additions to the relevant declarations and conventions of the United Nations and its specialized agencies, especially in International Labour Organizations (ILO), the UN Global Office for Use (UNGCO) and the Organization for Economic Co-operation and Development (OECD).

So, the concept of social responsibility has given rise to different debates. Indeed, very different views of corporate responsibility were expressed in the working group. A compromise has been reached with the following definition which allows an agreement on the different opinions expressed by various experts in the field.

Organizing accountability for the impact of its notifications and activities on society and industry in terms of the business environment is transparent and ethical behaviour that:



This definition summarizes the different conceptions of social responsibility and defended in the ISO 26000 negotiation. The ethical vision is indeed found and defended by the Americans, it presents a British-oriented approach, the necessary respect for the costly law for Europeans, the contribution to sustainable development and compliance with international norms of behaviour (ethics) strongly defended by the French. However, ISO 26000 is not a standard where compatibility, for certification and use of regulations or contracts should be provided, as it does not contain requirements and therefore such certification would not be proof of compliance with this international standard.²

¹www.reportingrse.org.

²www.iso.org.

5. Mandatory non-financial reporting by EU economic entities

The mandatory nature of non-financial reporting for large economic entities in the European Union was established with the acceptance and publication in the Official Journal of the EU of Directive 2014/95/EU¹. After a very short time, CRPE has drawn up a report on policies that clarify in detail the context of the publication of this Directive, the integrations caused by the texts and the initial recommendations of Brussels. Since the end of September 2014, the European Council has chosen, as the first Directive 2014/95/EU, with regard to non-financial reporting by economic entities of public interest in the EU, to enter into force in November 2014.

It referred to the annual and consolidated financial statements, as well as to the reports that are directly related to the latter, of economic entities of public interest with a deadline for adoption in the laws of the Member States on 20 July 2015. The changes caused by Directive 2014/95/EU were to be adopted in the laws of the Member States by 6 December 2016 at the latest. This Directive arose from the conditions under which the European Parliament called on the Commission to submit a legislative proposal on the description of non-financial information by economic entities, accepting a high degree of adaptability in action, so as to take into account the multidimensional nature of social responsibility and the variety of policies on social responsibility of economic entities.

Given the requirement to disclose information, Member States expected that the parent entity has the possibility to rely on national (currently absent in Romania), Union (e.g. Eco-Management and Audit Scheme) or global (e.g. United Nations Global Compact) etc., in which case the parent entity is the one that specifies the frameworks it was guided by. If a parent entity prepares a separate report, in accordance with the same financial period, which refers to the whole group, whether or not it is based on national, Union or global frameworks, containing the required information on the non-financial statement Member States may exempt the parent entity concerned from the requirement to draw up and submit the consolidated non-financial statement, provided that the separate report is published jointly with the consolidated management report in accordance with Article 30 or may be consulted by public within a reasonable period not exceeding six months from the date of posting of the balance sheet, on the website of the parent entity, and to be specified in the consolidated management report.²

For now, in Romania, it cannot be said that ministries are ready to implement this directive, although this should have materialized as early as 2017. The incomprehensible difficulty is that economic entities at the national level do not yet know what to report when required to prepare and submit the report.

However, the Ministry of Public Finance stated that it would be willing to implement the directive only in relation to listed commercial entities. The specific directive must publish information on the object of activity of the entity, the influence on the environment, information on employees, respect for human rights, anti-corruption and anti-bribery measures. The directive was adopted in national legislation in 2017, and in 2018³ the first

¹Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the submission of non-financial and diversity information by certain undertakings and large groups, as amended and supplemented subsequent.

²Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC. Text with EEA relevance.

³OMFP no. 1802/2014, published in the Official Gazette of Romania, Part I, no. 963 of December 30, 2014, amended by Order no. 166/2017 on the main aspects related to the preparation and submission of annual financial statements and annual

reports were to be submitted. The European Commission has estimated that approximately 6,000 entities in the European Union will be affected by this directive. But this assessment was uncertain. For example, “Sweden, which has already adopted the directive, stated that it will be necessary to report 1,500-2,000 entities, the situation in which those there, in adopting and transcribing the directive, considered that it is necessary to report the entities with a fewer employees than mentioned in the directive”, the GRI¹ representative added.

In our country, the Government has the obligation to decide what and who will report, but until then all economic entities that fall under the scope of non-financial reporting must be established. The non-financial statement is an integral part of the directors’ report and must be published together with their report, to which the provisions on the preparation and submission of annual financial statements apply. If the non-financial statement is included in the directors’ report, but also if the information required for the non-financial statement is included in a separate report published jointly with the directors’ report or made available to the public, the responsibilities for their preparation and publication in accordance with the provisions of the national legislation are the responsibility of the members of the board of directors.

Over 700 large economic entities in Romania were required to prepare and publish reports on the sustainable development of activities since 2017. In this situation were the economic entities with over 500 employees that fell under Directive 2014/95/EU.

6. Implications of adopting the new directive at the level of economic entities in Romania

6.1. Immediate implications².

Many specialists consider that the time has come for the public consultation that the Ministry of Public Finance has the duty to carry out from the point of view of the legislative process on the normative acts underlying the transcription of the two directives, Directive 2013/34/EU and in particular, Directive 2014/95/EU.

The Romanian Centre for European Policies, through an association with Romanian Business Leaders and Raiffeisen Bank, thought of making the transcription of this directive easier and more effective. Thus, in the shortest possible time, after the issuance of the Policy Memo, the results of a rational research on the non-financial reporting practices present in our country will be made available to the general public in order to achieve the evolution of the field of penetration and the option for one model or another of non-financial reporting, if it exists.

Depending on the effects of the research in question, interested economic entities, civil authorities and the Romanian Government will be invited to work together, following that the local business environment will promote the substantiation, by transcribing this Directive, and laying the foundations for a reporting model that strengthens business responsibility. This directive is a chance offered by the European Union, which deserves special attention from all participants in a business environment not to be polluted, corrupt, flawed and who wants to show responsibility in Romania.

6.2. Immediate implications and short-term recommendations

The beneficial practices underlying the reporting that currently exist in the business environment in our country and the circumstances require economic entities to turn their attention to transparency and incorruptibility, which is the basic principles for the

accounting reports of economic operators to the territorial units of the Ministry of Public Finance, as well as for amending and supplementing some accounting regulations, published on 01.02.2017.

¹GRI Sustainability Reporting Statistics. Publication Year 2010; Global Reporting Initiative, Report Services, 2011, p.1

² Datcu Cristian, expert (Centre for Advanced Research in Management and Applied Ethics), Toma Bianca, expert on European policies (Romanian Centre for European Policies) – “Obligation of non-financial reporting by EU companies” - Impact of Directive 2014/95 / EU on business environment in Romania, Romanian Centre for European Policies, Bucharest, 2014, p.14.

transcription of the Directive which refers to the non-financial reporting that must be taken into account. *The main short-term recommendations are those that are retained are presented in figure no.1.*

Figure no.1

<p><i>Consulting the business environment</i></p>	<p>* Mandatory consultation of representatives of large economic entities, especially those who already have experience and expertise in non-financial reporting and other stakeholders interested in the effective transposition of the provisions of the Directive in Romanian legislation is extremely important and should include public decision makers from all relevant ministries and authorities;</p>
<p><i>Inclusion of subsidiaries in large international entities/groups</i></p>	<p>* the current practice of non-financial reporting in Romania shows that it is the subsidiaries / branches of large groups that report so it is important to ensure the transfer of good practices from them to the business environment and public actors, and the inclusion of all subsidiaries of economic entities on the list of those covered by the Directive;</p>
<p><i>Inclusion of public/ private entities</i></p>	<p>* it is also important to comprehensively address all elements of the new regulations by including large state economic entities in the category of those that report responding to challenges related to transparency and integrity and those related to ensuring responsible and efficient management.</p>

Source: own projection

7. Advantages, disadvantages, difficulties and costs in implementing non-financial reporting

7.1. Advantages in implementing non-financial reporting

Directive 2014/95/EU was approved on 29 September 2014 and implemented 20 days after its publication in the Official Journal of the EU on 22 October. The measures provided for in the Directive require entities with more than 500 employees and plan on them the consequences referred to in the definition of financial, commercial or industrial transaction of “public interest” to draw up and publish a non-financial report, which should include “the few environmental, social and labour elements, respect for human rights and last but not least, the elimination of corruption and bribery.”¹

It is noteworthy that Member States have the power to require such a reporting framework and entities with fewer than 500 employees, but the extension of the obligation depends on the legislative power of the state holding supremacy as a member of the EU. Even if the EU legislative regulations are in force regarding the related aspects, the Order of the Minister of Finance no.1938/17 August 2016² has not yet taken into account the increase of the area of requirements, opting to keep the limits highlighted in the EU Directive.

Due to the vague language of the directive (taken over almost entirely by the Order of the Minister of Public Finance), as well as the non-existence of regulatory frameworks and practical application rules in our country, a significant number of CSR officials in entities had preoccupations to discover what, when, and how they will necessarily have to elaborate and present non-financial approaches (Figure no.2.).

¹Directive 2014/95 / EU, p. 3.

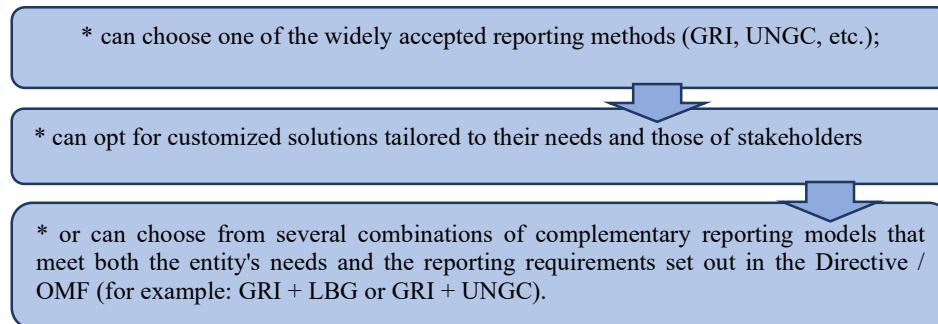
²Order of the Minister of Finance no. 1938 of August 17, 2016, article 2, para. 5, p. 29.

Figure no.2

<i>Why do we report?</i>	In addition to the legal reporting obligation starting with the financial year 2017, some motivations related to good business practices are also developed. Thus, according to studies published by the Romanian Centre for European Policies, in partnership with Raiffeisen Bank and Romanian Business Leaders, Romanian entities that took part in carrying out this action indicated as a reason for developing non-financial reporting its usefulness as a PR tool (performance and responsibility), communication, as well as a way to be transparent in front of customers, partners and suppliers. Non-financial reporting increases the entity's intelligibility in the community in which it operates, provides transparency on the purpose of CSR and, at the same time, and highlights the impact of these initiatives. In addition, the United Nations Global Compact (UNGC) points out that investors are increasingly emphasizing social, environmental, and management issues in the development of investment strategies, which also influence consumer decisions.
<i>How do we report?</i>	It is important to mention that neither Directive 2014/95/EU, nor the Order of the Minister of Finance no. 1938 does not indicate any limitation on the reporting method, the entities having the possibility to choose from several reporting options of the requested information. Thus, entities may use "national, EU or other recognized international frameworks" to create the report. They also have the opportunity to choose!

Therefore, in order to comply with the regulations in force, entities have several alternatives for putting the Directive into practice:

Figure no.3. Reporting options for entities



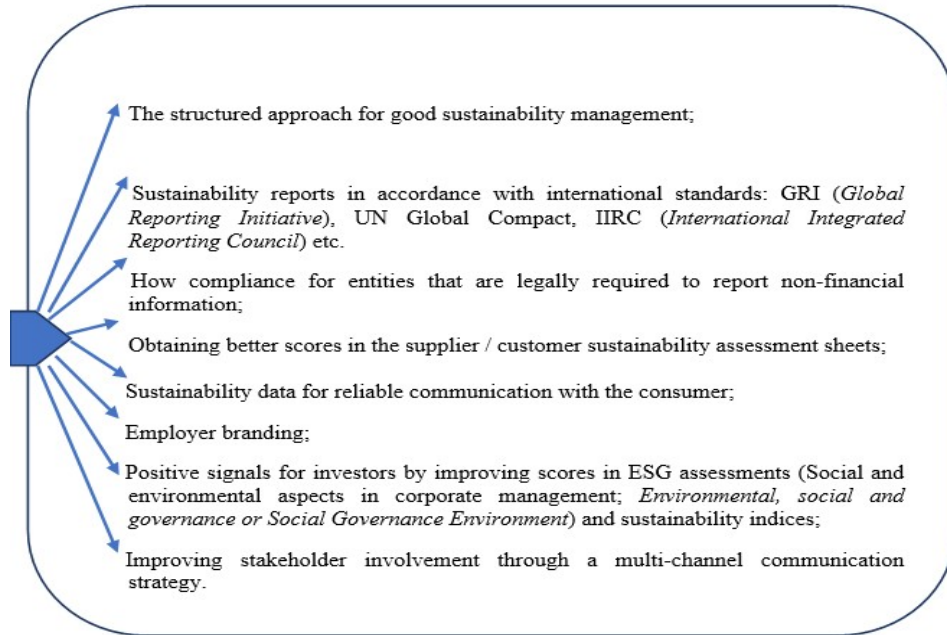
Source: own projection

The choice of one of the strategies presented in the figure depends to a large extent on the needs of the entity, all those interested, as well as the capacity of financial resources, staff and time that can be used to create the report.

Any manager who wants to coordinate a profitable long-term business needs information about the indicators that can lead to the avoidance of possible risks. These generally relate to non-financial results analysed and recorded by the entity. It is very important for management and shareholders to have clear, secure, balanced and comparable information.

For the evaluation and implementation of non-financial reporting, the following specific solutions and strategies must be taken into account (figure no. 4):

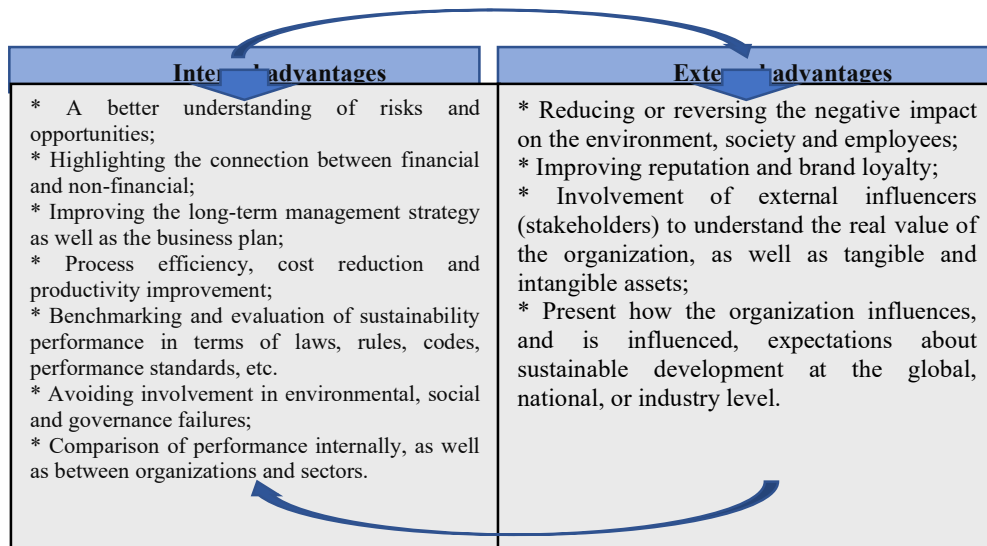
Figure no.4. Solutions and strategies regarding the evolution of the implementation of non-financial reporting



Source: own projection

An annual data reporting cycle and a framework (GRI) such as GRI G4 (*GRI standards were required for all reports or other material published on or after July 1, 2018*) will bring a number of benefits, both internal and external¹.

Figure no. 5. Internal and external advantages of non-financial reporting



Source: own projection, adapted to GRI Standards

The positive economic impact of reporting can be analysed on two separate components: direct effects and indirect effects¹.

¹ GRI STANDARDS GLOSSARY, www.globalreporting.org.2018.

Direct positive effects can result, for example, from a better work environment, which leads to a strongly involved and more productive workforce, or from a more efficient use of natural resources;

The **indirect positive effects** are generated by a greater attention paid to the needs of consumers and investors, which will develop the company's opportunities on the market. Similarly, criticism of an entity's business practices adversely affects its reputation and its ability to attract and retain customers.

Followed by *the advantages of implementing the Non-Financial Report at the level of the initiating entity are*²:

- obtaining a social operating license from the main stakeholders of the economic entity, not only from shareholders;
- Harmonization of business practices with the expectations of all categories of stakeholders;
- Sustainable competitiveness: improving the corporate image, reputation and brand;
- emphasizing the buyer's loyalty to the seller; more efficient operations in terms of sales, productivity and quality; improved financial performance;
- creating new business opportunities and gaining a comparative advantage;
- increasing the possibilities of attracting and retaining quality employees;
- attracting and retaining quality investors and business partners: increasing the value of shares held by shareholders;
- reducing stock volatility; lower cost of capital; access to socially responsible investment funds;
- Risk reduction by adopting the best practices of business partners;
- Cooperation with local communities;
- avoiding crises due to deviations from corporate social responsibility;
- obtaining government support and avoiding strict regulations;
- building political capital.

7.2. Disadvantages of implementing non-financial reporting

Although corporate charity is often profitable by funding a wide range of social causes, the practice and expectations of non-financial reporting lead to internal disagreements and even some unexpected effects, which jeopardizes the divergent roles that entities and governments play in a set of principles, rules and forces inherent in the democracy of a free market economy.

Two of the main arguments against non-financial reporting are: *an increase in profits based on the social problem is completely unethical, and entities are simply not suitable for taking on social roles*³.

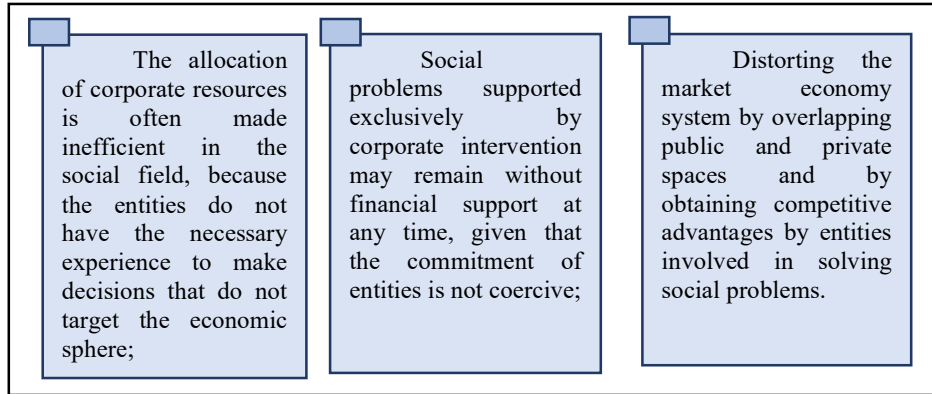
There are three types of negative results (figure no. 6) that can lead to an inadequate or excessive implementation of non-financial reporting that can be found in:

¹Longinos Marín, Salvador Ruíz, "I Need You Too!" Corporate Identity Attractiveness for Consumers and The Role of Social Responsibility, *Journal of Business Ethics*, Vol. 71, No. 3, pag. 245-260, Springer Netherlands, Dordrecht, Netherlands, 2007.

²Examples of indices specific to socially responsible investments are: Dow Jones Sustainability Index (DJSI), Financial Times Stock Exchange Index (FTSE4Good), Domini Social Index 400 (DSI), Cowe, 2004, p. 20.

³Craig M. Sasse, Ryan T. Trahan, Rethinking the New Corporate Philanthropy, *Business Horizons*, Vol. 50, Issue 1, p. 29-36, Elsevier Science Inc., USA, 2007.

Figure no.6. Types of negative results that can lead to excessive implementation of reporting



Source: own projection

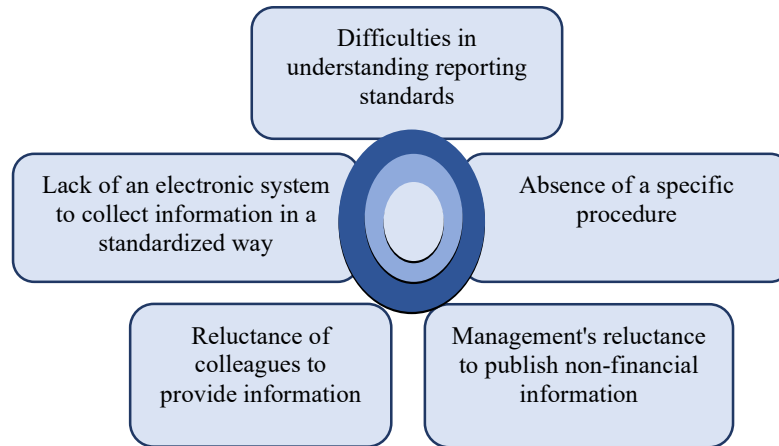
Thus, if we take into account the negative aspects mentioned above, non-financial reporting should not replace public policy, it would be better to keep only the voluntary character, which has by law full freedom of action, while governments must remain the main regulators, even in conjuncture of a global business environment.

In order to respond to the associated challenges of corporate social responsibility, the European Commission confirmed the usefulness of a demanding research as well as a quantitative analysis of the impacts of non-financial reporting policies on the financial and business performance of the sponsoring entity.

7.3. Difficulties in implementing non-financial reporting

Following their own analyses carried out on several sustainability reports of the economic entities that have the obligation to report and those that have already been reporting for more than five years, it was found that the main difficulties they faced were:

Figure no.7. Difficulties in implementing non-financial reporting



Source: own projection

Therefore, it is a huge requirement for performance training and efficiency of policies in the field. At the same time, the absence of effective policies means that the designated employee to implement the reporting is most often caught between “hammer and anvil”: there receives a mission related to the reporting, but does not necessarily have the internal authority

to request information from other departments (and for this it takes a period of time to obtain information).

8. Conclusions

Sustainable organizational change is of ascending importance that leads to a rethinking of management and performance measurement and monitoring systems within entities, as a reaction to current economic phenomena. Entities involved in sustainable actions must pay particular attention to the impact of environmental, social and economic factors in providing added value, informing stakeholders and reflecting on sustainable performance reporting.

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ASPECTS REGARDING PANDEMIC INSURANCE

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Georgescu Diana – Nicoleta²

Abstract:

The development of the insurance segment plays an important role in the socio-economic system of Romania, participates in its stability and growth.

The aim of the paper is to study the importance of insurance in Romania, which are considered as the main types of insurance, as well as the development trends of this product. The relevance of this topic is due to the need to support the internal insurance system, especially during the period of exposure to COVID-19.

The scientific novelty of the article consists in the analysis of the current state of the life insurance segment in the context of the global economic crisis caused by the pandemic. Conclusions are made on the main problems faced by insurance companies in modern socio-economic conditions, measures are proposed to minimize the negative consequences, as well as options for the development of the segment.

Keywords: insurance, socio-economic, pandemic, development, covid-19

JEL classification: M10, M20

Introduction

Reflection on insurance is often focused on technical considerations and business issues. And yet, in a modern economy, insurance business plays an important role and deserves attention for understanding its environment and interacting with other branches of the economy. A well-organized area of insurance, with good national governance, which belongs to a region, is one of the inhibitors of the cause of the socio-economic growth of a country or region. Due to the uncertainty in today's and tomorrow's life, security documentation is a fundamental need of every human being in anthropological, cultural and politico-legal terms.

Insurance companies began to develop in our country in the XIX-XX centuries due to the development of economic activities carried out to a higher degree, for example, and the activities of exporting cereals mainly to other European countries. Different variants of insurance have been around since ancient times, but they have been shown under various variants, mastering the lifestyle of that time. After 1900, insurance companies began to grow, adapting to the times and needs, as well as the policies developed and applied in each stage of economic development.

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The paper examines the failure of private insurance markets and the alternative risk-sharing mechanisms to adequately address the economic losses caused by pandemics. This paper also identifies potential reasons for lack of insurance, as well as potential solutions.

The analysis and discussions are divided into two parts. In the next section, I will describe issues related to insurance and the influence of pandemic insurance. Although there are examples of private insurance for losses during the pandemic, the pandemic market deprives insurance is extremely thin in the sense that coverage options, especially those for business interruption, are extremely limited or non-existent for most of the entity's staff.

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Pandemic economic loss insurance poses a number of challenges for property and accident insurers that have collectively severely limited the insurability of risk in the private sector on a large scale. The result is that few products designed to address the risks of a pandemic have ever been brought to market by property - accident insurers and reinsurers. Consequently, there is a large gap between the economic consequences associated with the pandemic and the ability of insurers and reinsurers to provide protection products to analyze these consequences.

This paper will highlight many of the practical, institutional and theoretical hurdles of insurance facing pandemic risk underwriting and pricing. The main obstacle is the extreme risk of aggregation and accumulation associated with pandemics, which severely diminishes the ability to diversify and spread the risk. In addition, there is a balance sheet risk that results from the negative correlation between the expected value of the magnitude of the insured losses and the market value of the financial assets held in the insurer's investment portfolio.

Insurance issues

Insurance notes a branch of activity, a field of developed financial services of insurance that have a complex economic meaning (insured individuals, legal entities and for the whole company); economic activities are permanently highlighted by a multitude of factors generated by both objective and subjective factors, the insurance sector is a necessary and objective economic and social process, because it takes measures as a means of protection, compensates financial losses covered by insured impediments, entrusts continuity economic activity that are intermittently temporary.

According to professors Iulian Văcărel and Florian Bercea, "insurance acts in close connection with the existence of common risks whose production can cause significant damage to the national economy and the population. ".¹

Professor Gheorghe Bistriceanu considers that: "insurance is a system of economic and social relations, a necessary objective process of economic and social development arising from the action of objective economic laws, which consists in the joint creation by the population and economic agents threatened by certain risks , of a fund from which the damages are compensated and other economic-financial requirements are satisfied, probable, unpredictable".²

The Le Petit Larrousse dictionary, 1996 edition, states that: "insurance is a guarantee granted by an insurer to its insured to indemnify any damages, in exchange for a premium or contributions".³

According to Law 32 / 10.04.2000: „, insurance is the operation by which an insurer constitutes, on the principle of mutuality, an insurance fund, through the contribution of a number of insured persons, exposed to certain risks, and indemnifies those who suffer a damage on account of the fund made up of the premiums collected, as well as on account of the other incomes resulted as a result of the activities carried out”.⁴

Over time, many smart people have referred to insurance in their mentions. The argument can be related to the concern of individuals for the present and the future, because they have always thought of a protection for what can do them harm or trouble: enemies, an unfavorable state of atmosphere, accidents, deaths. The origin of the insurances is so remote, as it is theoretically impossible to predict an exact date of their appearance. The need for the insurance activity is due to the existence of so-called episodes, which represent an obstacle for the integrity of material goods or for the life of individuals: calamities, accidents, incidents.

¹ Văcărel Iulian, Bercea Florian (2003), *Asigurări și reasigurări*, Editura Expert, pp. 74

² Bistriceanu Gheorghe, *Sistemul asigurărilor din România*, Ed. Economică, București, 2002, p. 146.

³ Dicționarul Le Petit Larrousse, ediția 1996

⁴ Legii 32/10.04.2000

Thus, it is precise that the first premise that initiated the basis of insurance was the emergence of the concept of risk when the wild man begins to understand what the risk is and how important it is in his life. Thus, the practice of Chinese merchants, who distributed their goods in several ships to be transported on China's dangerous rivers, can be considered as a first form of protection against the risks that precede contemporary insurance, thus preventing dangers as the entire amount of goods to be transported. reaches its destination to be subjected to loss. We cannot consider this an insurance, being only a form of risk wasting.

The second hypothesis in the discovery of insurance is related to the need for people to help each other in case of damage, ie the assertion of the principle of mutuality on which the insurance is based and the composition of the first insurance funds. People came together to collaborate in the face of the consequences of unpleasant events. In other words, it is about taking over the damages of a single individual from several people, or collaborating in the face of events that may occur in the life of any community, which are based on the contribution of each individual with small amounts, in the form of grants money used to help those individuals who have suffered doubts generated by certain events that motivated the gathering of the community. The principles of risk communities and mutuality can be the basis of the idea of solidarity, as well as insurance.

According to the study, 28% of Romanians say they are more interested in voluntary health insurance, possibly due to the COVID-19 pandemic, given that the risk of illness is one of the main factors that can affect the current financial situation - being mentioned as a cause for concern for 58% of respondents, regarding the perception of risk and the insurance culture in Romania.

Also, another detailed study on medical services and health insurance conducted in 2019, before the COVID-19 pandemic, by IRES at the request of UNSAR (2), indicates that 36% of Romanians consider voluntary health insurance as being the preferred solution to be able to access better medical services. According to him, two thirds of respondents (67%) prefer to have fast and guaranteed access to some medical services included in the basic package, with additional payment for more sophisticated procedures or better hospital conditions.

At the same time, 6 out of 10 respondents (61%) stated that they would agree to pay extra in order to have access to various better quality services in a state hospital, especially for better hospitalization conditions. About half of the interviewees state that they would accept the increase in costs for access to a certain doctor or for a better quality of more complex medical procedures if they went to a state hospital.

What are the services for which Romanians would be willing to pay extra, to have faster access or to benefit from a better quality?

- ❖ laboratory analyzes (73%)
- ❖ cases of medical recovery (69%)
- ❖ specialized medical and outpatient imaging (67%, respectively 65%)
- ❖ surgery or hospitalization (64%, respectively 60%).

Most (one third) of those who said they would opt for health insurance say they would invest an additional 50 to 100 lei / month, and a quarter would pay less than 50 lei / month for this service. 14% of the interviewees say that they would be willing to pay between 101-300 lei / month for a private health insurance, 5% would invest between 301-500 lei, and 2% of the respondents would allocate over 500 lei, shows the results of the cited study.

At the same time, the public health system remains the main solution used by Romanians when they have health problems, a fact reinforced by the cited study. It shows that about 61% of respondents say they are satisfied and very satisfied with the quality of these services.

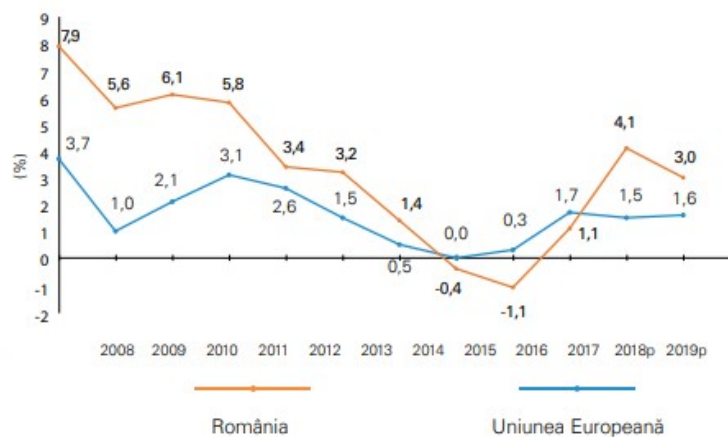
Regarding the services that a large part of the respondents were dissatisfied with, they are:

- ❖ long waiting time in front of the doctor's office (45%)
- ❖ long waiting period for doctor's appointment (44%)
- ❖ rapid exhaustion of free services (43%)
- ❖ lack of hygiene in hospitals and lack of equipment or materials necessary for the medical act (35% each).

The results of the researches show that private health insurance is an optimal solution to increase the access of the insured to certain categories of medical services and to bring a quality addition to medical services in state hospitals. The system of voluntary health insurance is a complementary mechanism to improve access to medical services for Romanians willing to pay in addition to the compulsory contribution to social health insurance (CASS) and not a substitute for the public system.

At the end of 2019, the statistics regarding the evolution of the private health insurance market indicated gross written premiums amounting to approximately 372 million lei, increasing by 11% compared to 2018, according to ASF data - the Financial Supervisory Authority, this being a proof further growing customer preference over voluntary health policies.

Figure 1. Inflation in Romania and the European Union



Source (own processing)

Recent measures to stimulate taxation and increase government spending, as well as increase fuel prices, have led to rising inflation after a period of inflation that lasted about two years. The macroeconomic forecasts for 2018 indicated at the beginning of the year an inflation rate of 4.1% in the absence of corrective actions, outside the corridor of 2.5% +/- 1% targeted by the National Bank of Romania.

The importance of insurance

The insurance industry in Romania has adopted, this spring, at an accelerated pace, a series of special, unprecedented measures to protect both its customers and employees from the risk of infection with the new coronavirus (SARS-CoV-2), while ensuring the continuity of day-to-day operations in complete safety.

These include the existence of an action plan, the provision of antibacterial and disinfectant substances, the possibility to work from home and keep in touch with consumers online, as well as encouraging online payments.

It is not easy to change overnight the paradigm in which you were used to living a life. Social distancing is an impediment in the insurance industry, as the direct relationship

between client and consultant is one of the fundamental pillars on which a business in this field is based. Modern means of communication are, however, widely used during this period and things are proceeding in a relatively normal way. Probably, we will witness, in the next period, an accentuation of the digitalization in the distribution activity. According to him, there are products that can be sold exclusively from a distance, but he believes that human interaction cannot be replaced by online applications, as trust cannot be transmitted via the Internet, but only face to face.

The National Union of Insurance and Reinsurance Companies in Romania has shown that, since the beginning of the COVID-19 pandemic, insurance companies have quickly taken measures to protect and support employees and customers. Thus, it was implemented in the work from home system, so that insurance people can continue their activity safely in their homes, respecting all the recommendations of the authorities to limit the spread of the virus.

Also, the insurance companies were with their clients and by the fact that they provided online tools, so that any operation related to their insurance policies - acquisition, renewal, notification of a damage or indemnity - could be performed in simple and fast, from a distance. It is also important to mention that several companies have already stated publicly that they offer their customers the coverage of the risks related to COVID-19.

According to him, in terms of social responsibility, several insurance companies have made donations to support the fight against COVID-19, thus making it possible to purchase medical equipment and protection for the medical system, thus supporting vulnerable people during this period. Solidarity and responsibility are extremely important now. Even if these are just first steps, we are confident and look with all responsibility at the role that our industry has to play in society.

The insurance market is going through an unprecedented period, which will leave a considerable mark on the future business model.

It is very likely that this crisis we are going through will cause a change in the behavior of consumers and all customers, by increasing the use of online platforms for the acquisition and administration of insurance policies. Therefore, we expect the share of online sales to increase. In the medium term, we will see a more accelerated development of online tools and significant investments in this sector. At the same time, it is possible that by the time the pandemic ends, many of these changes will return to normal.

The pandemic taught us a lesson: that any difficulty can be overcome with the right attitude and that the difference between losers and winners in business is made by the mindset and the courage to revolutionize. This crisis has also proved to us that technology is the most reliable ally of business. The benefits of digitization can no longer be questioned today and are much more obvious than they were just a few weeks ago. Certainly, businesses can no longer return to "what was"; there is a need for reinvention, for an acceleration of digitalization both internally and in customer relations.

Digitization is one of them. Even if the main distribution channel remains the classic, consultative sale, the sales cycle will be shortened with the digitalization, and the products and services will become simpler and easier to access. I am convinced that many approaches to the way of working adopted during this period will be maintained after.

This transformation or adaptation brings many challenges and as many opportunities to develop, innovate and improve, he said.

In the context created by the COVID-19 pandemic, we see the distribution of insurance gaining in value and social importance, and the role of consultant of the insurance broker, more necessary than ever. In the crisis, both individuals and legal entities spend more wisely, the comparison of prices and coverage is made much more carefully and already the insurance consumer has learned that the answers are easier to find at brokers.

Brokers are at the forefront when it comes to the distribution of insurance on the local market, given that they mediate two thirds of total policies, with a considerable share in the general insurance segment.

Brokerage companies have made and continue to make efforts to meet customers, as well as to meet the security and protection needs of their employees. For the client, the processes have been digitized, the insurance products have been adapted to the new challenges - and I am referring here to cost optimization versus coverage for assets that are "in the production break", postponements on payment of the first, while some contracts have been suspended. For employees, remote working methods were quickly implemented, adapting the framework to the new challenges, but some of our colleagues had to take less pleasant measures, he explained.

According to him, the corporate will continue to be done as before - through the risk analysis based on direct discussions with the client, but the "fight" is with the continuous education of some insured individuals, who still do not know how to use e-mail, bank account or card payment. COVID has created the framework for this learning and an evolution in this direction is already visible, he added.

Thus, life insurance is a mechanism by which a person can plan continuous income in case of death, disability or old age. Life insurance in its general sense is used to refer to all forms of insurance designed to protect against loss of income in the event of incapacity for work, whether due to death, accident, illness or old age.

In our opinion, this reduction was caused by legislative innovations related to the life insurance market. The Union of Insurers throughout Romania has developed certain standards, the main purpose of which is to solve the problems associated with violations of the sale of complex insurance products, such as investments and life insurance savings. Customers do not always understand the essence of a particular product and also do not understand the nuances and risks. Innovations in life insurance oblige insurers to provide the customer with complete and reliable information about this insurance product, about its features and possible risks. All this was done to get rid of the violations and complaints of customers in this insurance segment, as well as to increase the level of attractiveness of this product among the population.

Today it is necessary to support insurance companies in government bodies, as well as to attract more people requesting insurance services, which may make it possible to create from such companies a potential investment tool that will help finance funds in various socially significant projects. Such measures will allow the life insurance sector to have an additional impact on the country's economic growth. The insurance product plays an important social role, contributing to reducing risks and increasing the level of social protection of the population.

Conclusions

Pandemics are a recurring scourge on humanity that has been recorded throughout history and is responsible not only for incalculable human suffering, but also for extreme and lasting economic damage. The COVID-19 pandemic, which passed through the world in 2020 and is still developing in many countries, was no exception.

Undoubtedly, the economic interdependencies in our modern, globalized society have accelerated the spread of the virus and intensified its economic consequences, throwing the global economy into the sharpest contraction since the Great Depression.

Certainly, many executives, risk managers and insurance professionals knew that the occurrence of a pandemic and its associated economic losses was a possibility, if not a certainty at some point in the future. However, as we document in the Sect. 2 of this paper, the private insurance market offered limited insurance to cover economic losses caused by a

pandemic. Indeed, very few insurance products that protect against the "pure" pandemic risk have ever been brought to market.

While insurers are exposed to pandemic losses through some products with contingent or accidental exposures, our analysis suggests that the overwhelming majority of pandemic risk is uninsured.

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