

## **BANKING SCIENTIFIC RESEARCH IN ROMANIA - BETWEEN NECESSITY AND REALITY**

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Today, advanced societies are defined through the society's collocation based on knowledge whose definition involves besides other things, the production of knowledge, of know-how and the realization of expertise.

The scientific research is represented by the total amount of the planned facts and the actions whose aim is to discover new knowledge. Its product is the science - an ensemble of human knowledge about the nature, society and the thought and it's made up of objective relations and rules, experimentally certified.

The researching activity represents a discreet observation, an attentive examination of some phenomena, processes and facts within certain areas.

The scientific research is a human complex activity, profitable but very expensive for the society. This activity became a preoccupation not only for those who practice it but also for those who enjoy its results. That's why the research is very carefully supervised at a national, institutional and individual level, products and services, a way of preparing highly qualified human resources and as a source of prestige for countries, institutions and persons.

Especially after World War II the scientific research became one of the main and essential instruments used by most of the states of the world for the assurance of sovereignty, independence and economic, social and cultural progress. It's a major national initiative supported by public backgrounds (governmental), by private institutions and from charitable sources.

As an answer to the needs of perfecting and rising material production of the economy in general and the development of the spiritual life of the society, the scientific research is unfurled today compliant of clear and realistic programs, conceived by the best specialists, which are chosen from the most intelligent and competent minds of the nation.

Today the research activity represents the most important lever to improve living standard, health, culture and generally the richness of a nation. In a close future, the determinant factors in dividing countries in rich or poor, strong or weak, will be less the natural funds, the size of the population or territory, but more and more the preparation, education and the professionalism of the citizens of that country, their capacity of creation, discover and development.

The Romanian scientific research is in a crisis which becomes deeper and deeper because of post 1990 governments' unequivocal lack of interest. There is an extremely big risk regarding the possibility of degradation below the limit of the system's critical table (2/3 of research workers leaving from 1989 within the year 2000, due to diminished budgetary backgrounds from 1.400 millions in 1989 to 150 millions in 2000) what drives to the necessity to decide for a deep and quick reform on behalf of the authorities.

To further argue for the above stated facts, it's enough to remind that with 3,14\$ in 1998 and 1,83\$ in 1999 expenses per inhabitant capita for the scientific research, Romania doesn't find its place even in the category of weakly

developed countries (which actually allocate between 50-100\$, expenses for the scientific research on inhabitant capita).

The educational reform and the reform of scientific research have a crucial importance, being the most powerful in order to decrease the distances and to compress the time.

Banks and generally the whole banking system must be in a permanent relation with the world system of knowledge, and not only in the sense of taking over, but also to assure a permanent increase of it. The contribution of banks to the growth of the knowledge system is achieved mainly through the scientific research.

In our opinion the scroll of scientific research activity in a bank contributes through its results to the growth of the role of banks' public utility in a economy, even at national or world level.

The scientific research in the banking area can be made by banks easier, that one of "producers of financial information". Thought can be emitted on the collected financial information: it can generally underline some major decisions for a bank or a society.

The research-development represents the nucleus of responsibilities-processes for the production of cognition even for one bank.

The research activity in the banking area represents a fine observation, an attentive examination of the banking phenomena and processes.

The aim of research activity in the banking area is contributing through its results to the growth of the belief in the banking system as a whole, and particularly within a respective bank.

What could the production of cognition in the banking area mean?

An answer to such a question can be offered, identifying the essential problems of a bank and the environment they are having for their activity.

Currently we are witnessing some quick and extremely frequent changes of political, social, economical,

of settlement and technological factors which give another dimension to the market competition, to the management of banking competition. They determine a permanent accommodation of the banks to the dynamic changes from the business environment, a deep mutation in the sphere of general and departmental management of banks, in fact, a change of optics and managerial behavior.

If, not that long ago Romanian banks managers were tempted to dedicate themselves to solving some insular problems and very quickly, such as to attract immediate funds for credit, measuring all the seasonal movements of customers' deposits, the evolution of the immediate liquidity of the bank, the liquidity (of market) of portfolio guarantees, the solving, for the moment of positions considered false credits found out hard-set, the achievements of banking prudence requirements asked by BNR, currently optics must be totally changed.

Not so long ago the banking domain was appreciated as being relatively static and it determined the bank's managers to be preoccupied just by a budget and a portfolio of clients, respectively of products and banking services to assure a comfortable support of income, with a reasonable cost, specific to a time limited horizon, and less about the control of the market risk, specific to an institution of dynamic credit. The banking environment is currently the subject of some continuous and quick changes, determined by the impact of the political, normative, economic, technological, environment factors produce and nevertheless that of competition and competitiveness. Hereupon, usually the banking management, especially banking team managers who want to be successful, will have to define some long-term strategies and politics, to proceed to frequent incorporations of operational decisions, current, for strategic ones, specific to long-term plans. Once the bank decided what market to operate on, what mission

and strategic objective to assume, it must define its own banking politics, to take immediate decision regarding the expected profits and risks assumed to realize those objective. This "risk-profit" ratio must be defined, and reached so that to maximize the market value of the bank, its owners fortune.

By the short presentation made above to the banks and the environment in which they unfurl their activity, results plenty clear the priority objective of the banking scientific research, to talk about production of knowledge in this area.

The complexity of the banking activity, its importance as role and functions in an economy, enforces in our opinion as any other bank, no matter what size, segments of activity etc to organize a department of implemented scientific research, department that would in fact be the vanguard of all other organizational structures of the bank.

At least a part of the human capital which works in a bank, can and must participate to discover new knowledge in the banking area, being based on quantitatively and qualitatively collected information from that very bank.

We are sure all the banks have and work valuable peoples, some of them with velleities towards the scientific research. But they face sometimes a rigid framework to promote their ideas because there is no organized framework to promote new ideas, no internal reglementation for taking over, to verify and to implement these valuable ideas.

The bank's needs to permanently maintain itself in the evolution process of the society in general, exists, and we also have the people to realize them; there also are financial possibilities to sustain expenses( with phenomena research, banking processes),but in exchange there isn't a very important thing - general management's will to create the organizational framework to develop them.

The support of these assertions is based also on the practical experience

in the banking domain with preoccupations in the scientific research area.

According to this, in the year 2000, under direct coordination of the bank the proposal to found the service called "Scientific Reseach". The proposal is motivated by the fact that the main force of BNR, in our opinion, has been and still is the capacity of work. There are valuable workers, well prepared, with lots of novel ideas, who unfortunately encounter a rigid framework of promoting their ideas. The foundation, under direct coordination of the management of the bank of a service called for example "Scientific Research" or "Novel Ideas", in which a true scientific research of the bank is deployed, receive and analyze materials from the workers with new ideas, and the authors of the valuable materials who find applicability in the banking practice are awarded from a fund of recompenses constituted for this scientific research.

Those who lead the destines of this service can launch themes of research for the workers that want to do the research job in the banking area, with the specification from the beginning of the quantum of the material stimulants.

This way, the workers with fondness for scientific research and with the natural desire to earn as much as they can, have an organized framework of scientific research created towards they will focus their efforts to improve the banking activity, giving up to the extra-banking activities, with the condition that the material stimulant to draw in such a job.

We consider that the banks have the financial power and the necessary human resources to deploy a scientific research at the highest level which should maintain high ratings in the national and international banking system.

The proposal didn't find the agreement as it was expected, but in exchange, paradoxically, almost the whole management of the BCR in the year 2000, published individually to

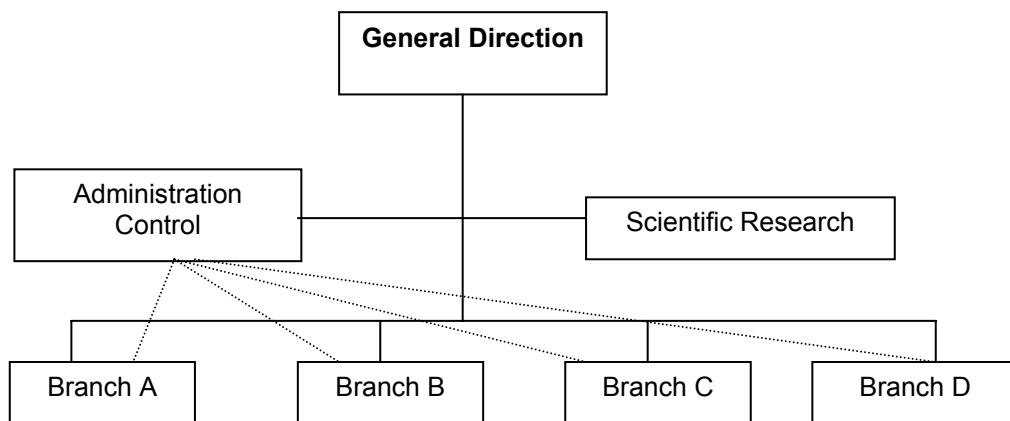
diverse publishing houses, scientific works from the banking area without pointing out the must of a research implementation at the level of every station of the bank.

The explanations of this lack of echo to such a simple proposal, but extremely useful and interesting one for a bank, especially for a big bank as BCR, remains a mystery.

The organization and deployment mode of the scientific

research department in a bank depends on its size, of managerial team competence and also of the bank's culture and scientific research.

We mainly recommend that the organization of scientific research department to be done in a functional manner, being subordinated to the general direction of the bank, the checker of administration could be one of the managers of this department.



**Figure no 1. The organization of the scientific research department**

Workers from operative departments of the bank could work in the scientific research department, and also scientific researchers to be part of this department only.

The department can assume the direct coordination concerning the perfecting professional preparation of the workers. The manager of the department can also launch strict research necessity themes of the bank, but also general themes regarding the study of the banking phenomenon useful for the general management proposing the strategy for the future of the respective bank, but also some external factors of the bank.

The attributions of the scientific research department, in our vision, would be the following:

1. the research of banking phenomenon in the current context of the market and its tendencies emits its own

judgments.

2. the permanent pursuit of updating bank's internal working norms with the in force legislation so that these norms to correspond to the intellectual capacities of the workers (to be explicit, clear and intelligibly to everybody, without having the possibility to multiple interpretation.

3. a cultivation of bank's culture within workers' area by dint of courses of perfecting, of positive attitude, of the education etc. - which values are part of the investments in the human capital;

4.the launch of scientific research themes with an applicability character, having a content resulting from bank's long and medium term strategy, training as many as possible workers with inclination to the scientific research work in finding solutions;

5.the permanent accommodation of internal cession model of profitability,

depending on the user's information's needs (general management) continuously researching with needs of information.

Scientific research department can contract research themes even for the external users of the bank, contributing this way to the bank's incomes growth, and especially of its image, the rising of the belief in the respective bank. Bringing its contribution to the improvement and trust assurance, the scientific research department will contribute this way to the growth of bank's market price.

To strengthen, the humanity owes its survival to the scientific research. Why wouldn't a bank survive always doing also high level scientific

research? Even if in an isolated case a bank would disappear if it made scientific research this would have happened when the general management had ignored its results.

In our opinion all the expenses with this scientific research department will be insignificant comparing to hate gains, especially long-term gains of that bank.

In some situations the costs for these scientific researches are substantial and the results of the research are irrelevant. This phenomenon appears frequently, but the question is how much will cost us the total absence of scientific research? For the bank one of the answers to this question could be - the bankruptcy.

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