

## SESSION VIII: FINANCIAL DIMENSIONS OF KNOWLEDGE ECONOMY

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### MANAGEMENT OF SALES ON BANKING PRODUCTS AT ROMANIAN COMMERCIAL BANK

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**Abstract:** *A study on sales management was inspired by reality, taking into account the fact that modern companies have it as an essential function. In this context, the sales activity and its management have acquired their essential role in the activity of a competitive company. The present study thus starts from the idea that sales means a vital problem for companies, a problem that must be solved through an appropriate approach. We are practically witnessing a transition from a transactional to a relational attitude. The present study proposes for analysis a topic intensely discussed in almost all media in Romania. The services segment is a basic lever of the economy and also the most difficult area to follow from a fiscal point of view, precisely due to the diversity that marks this segment of activity. Over time, the services have undergone numerous changes, both from a legislative and organizational point of view, both nationally and internationally. Services currently tend to encompass broader categories of domains, targeting all social and age classes. The different levels of training, as well as the vast aspect of the professions involving the provision of services, have contributed decisively to the development of this segment in the second area of interest in the contemporary world after the production segment. Sales management is important for meeting customer needs and ensuring the quality of services provided.*

**Key words:** *banking product, liquidity, management, sales*

**JEL CLASSIFICATION:** E42; G24

#### 1. Introduction

The specifics of the topic aim at an analysis of the sales management in the banking sector. The motivation for choosing the theme lies in its timeliness, amid growing global demand in this economic sector. As reflected in specialized studies, the banking sector was the third largest economic lever after industry and trade (Profiroiu et al., 2020). Consequently, in order for banking services to meet the real needs of customers, it is imperative to adapt the services to contemporary realities (Allaire, 2008).

For long-term success, the manager must adopt a rational and efficient management policy and identify the issues that determine the efficiency of the bank branch (Ansoff, 2011). It is also extremely important to collaborate with the staff, in order to motivate them for an operative involvement in the service provision process (Bodislav et al., 2020). The relationship with the beneficiary public must be warm and close (Brunnermeier, 2014), so as to allow the transmission of suggestions and complaints in order to improve the defective aspects in the future (Balu et al., 2021).

Starting from these general aspects, through the study we want to research the sales management within BCR from an evolutionary point of view, under three main aspects, namely: economic, social and national. At the same time, the study will highlight both the negative and

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the positive aspects, in order to issue a series of proposals for improvement in the future. As a result, this study will analyze, explain and present the aspects related to the importance of sales management and the development of the banking sector, in order to determine the current state of affairs in the Romanian banking market.

Starting with 1990, due to the liberalization of the banking market, an ample process of transformation in Romania was born, the general desire being accessible to cover as much as possible the range of products offered by banks (Ionita et al., 2009). The Romanian National Bank reorganized itself by ceding its commercial operations and thus acquired from us only the tasks of the Central Bank.

State-owned banks were transformed into commercial banks and banks with domestic private capital and branches of foreign banks were established (Harris, M., 2017). BCR was born with the liberalization of the banking market by taking over the commercial activity of the National Bank of Romania. It starts its activity on 01.12.1990. BCR takes over the industrial credit portfolio and thus continues a tradition of over 50 years of commercial activity. Between 1991 and 1993, BCR launched the first savings instruments in lei. During this period, the expansion of the banking network has doubled the number of branches. The customer base was extended, being represented almost entirely by economic agents (Malherbe, 2020).

The competitive environment occupies an essential place especially within the companies that operate in the spirit of the market economy (Begenau, 2020). Their management focuses on the priority identification of the characteristics of the external environment (Boone, 2012), and then, depending on the company's strengths, it goes on to develop new strategies (Sarbu et al., 2021).

## 2. The patrimonial analysis of the financial balance

The analysis of the financial balance of the BCR company is performed in order to determine and appreciate from a qualitative point of view the activity carried out. Achieving financial balance requires, among other things, obtaining optimal coefficients of liquidity, solvency and ability to pay (Danciu, 2014).

### 2.1. Analysis of liquidity rates

The purpose of the liquidity and solvency analysis is to identify the company's condition at a given time (Adrian & Shin, 2010) in order to prevent its insolvency and to take the necessary measures to ensure the settlement of obligations and the restoration of financial balance (Jianu et al., 2019).

The elements necessary to calculate the liquidity rates are extracted from the balance sheet and presented in the following table:

Table 1. Balance sheet statement at BCR

Number/ Criterion	Indicators	2017	2018	2019
1	Total assets, of which:	65.937.237	71.530.305	72.218.932
2	Fixed assets	272.710	255.106	182.200
3	Current assets, of which:	37.655	59.410	74.600
	- inventories	19.810	27.200	30.500
	- receivables	15.910	23.400	42.700
	- availabilities	1.960	9.200	1.610
4	Own capital	70.932.239	8.376.714	7.876.783
5	Total debts	95.305	62.700	63.000
	- short term debts	44.662	97.782	4.051
	- long-term debts	234.769	246.887	319.411

Source: BCR

Table 2. Calculation of the liquidity rate within the company

Number	2017	2018	2019	Value according to the state
1	0,6	0,94	1,18	1,2 % - 1,8 %
2	0,28	0,51	0,70	0,65 % - 1 %
3	0,03	0,14	0,02	1 %

Source: BCR

The size and evolution show that BCR, from the point of view of liquidity, is in the lower limit of acceptability, without being alarming. If in 2017 the general liquidity was very low, in the next two years the general liquidity increases and approaches acceptable values so that in 2018 the current assets precede the current debts.

The value of the effective liquidity indicator is well below the optimal values, reaching the lower limit, indicating that the actual cash cannot cover even 1% of the short-term debts at the end of the analyzed years. Increasing availability can also be achieved by collecting advances from customers when accepting the order (Haralayya & Aithal, 2021). In order to substantiate the measures for increasing and protecting the liquidity, it is necessary to analyze all the stages of the cash cycle (Negescu Oancea, et al., 2020).

Table 3. Cash conversion liquidity

Indicators	2017	2018	2019
<b>Current assets:</b>	37.650	59.400	74.500
<b>Inventories</b>	19.800	27.100	30.300
<b>Customers</b>	15.900	23.220	42.600
<b>Availability</b>	1.950	9.100	1.600
<b>Short-term obligations</b>	49.100	42.700	18.000
<b>Providers</b>	49.100	42.700	7.500
<b>Short-term loans</b>	0	0	10.500
<b>Fiscal value</b>	764.000	890.600	946.200
<b>The cost of goods sold</b>	200.200	288.300	4705.00

Source: BCR

BCR during the analyzed period maintains a short cash conversion cycle. Thus, in 2017 the company adopts a policy of reducing the cash cycle to protect liquidity by extending the period of deferral of payments to suppliers. In 2020, an average of 36 days elapsed from the purchase of lemons, fuels and other raw materials to the sale of finished products, and the value of the products sold was collected after 16 days, on average.

In the next period, the cash conversion cycle is extended to 45 days in 2019 on the one hand due to the increase in the customer collection period by postponing receipts, and on the other hand due to the reduction of the payment deferral period.

A favorable situation indicates the period of stock conversion which decreases from year to year which means that the company manufactures and sells its products in a short period of time (Moreira, 2017).

### 3. Analysis of company results

It is assumed that in the near future the profit share of the accounts will remain constant, but the company must rely on making a profit on a narrower range of products because at this time there are many products that bring a low profit, but require a force of High labor and resource consuming resources, not giving staff the opportunity to specialize in a particular product to refine it and reduce costs (Burlacu et al., 2021).

We must continue to march on the products that have the highest sales, forcing us to give up those with low sales, even at the risk of giving up some traditional products of the company and even the market. BCR recorded the following results in the period 2017-2019:

Table 4. Results recorded by BCR

	2017	2018	2019
<b>Sales of goods</b>	1.687.091	3.058.836	3.936.710
<b>Fiscal value</b>	7.991.152	11.929.293	12.774.293
<b>Operating result before tax</b>	71.776	265.246	111.916
<b>GVA</b>	3.794.355	6.189.620	7.148.900
<b>Net operating result</b>	56.344	208.218	87.854

Source: BCR

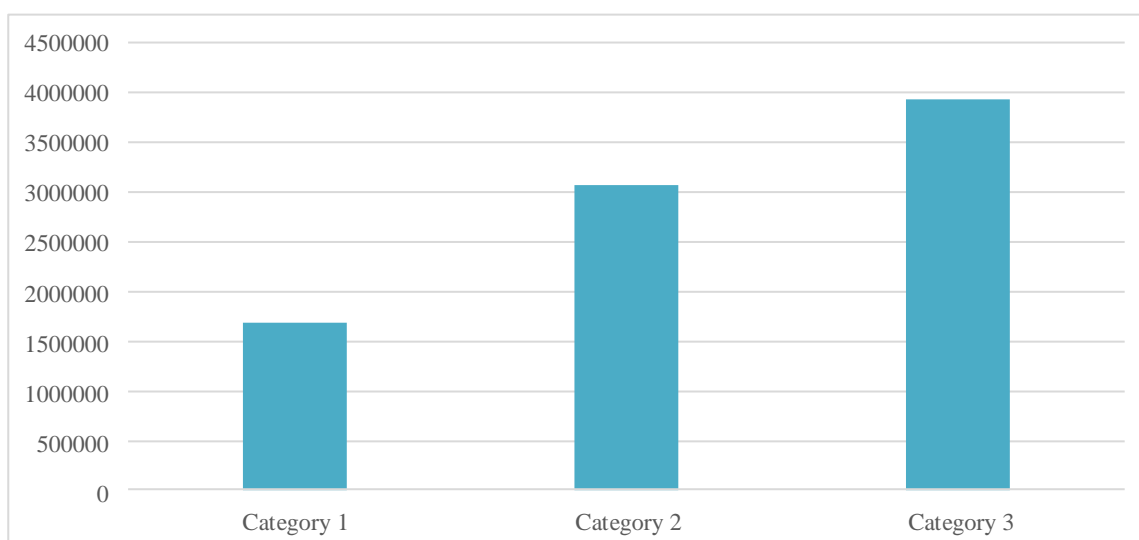


Figure 1. BCR products sold

Source: BCR

#### 4. Improving the sales activity within BCR

Regarding the recommendations for improving the sales system, BCR visited a series of actions that indicate the main components of the system, namely: bank, market, distribution channel, banking customer relationship, risk management (Radulescu et al., 2020).

An effective sales system involves all of the above components to achieve the bank's strategic objectives:

- *Customer desire* - this is the core of bank financing, it can not be fulfilled.
- *Profitability* - customer satisfaction cannot be a balance between the implementation of costs, and customer desires must have a balance between income from deposit efforts.
- *Staff* - All employees need to understand the importance of improving the sales system and working with the spirit of this concept.
- *Social responsibility* - Romanian commercial banks are conscious and sensitive to the community environment and their work, so it has a responsible behavior.

Regarding the improvement of the BCR sales system, it must take into account the current economic and social history of the banking activity, this offers a particularity, namely:

- Many professional customers face the spectacular demand for their products to reduce and serve their products. In this case, a large number of companies were closed, especially miniature enterprises and SMEs. All these have a negative impact on the business of the Romanian Commercial Bank.

- Compared to the previous quarter, Romania increased by 0.1, most likely to be supported by positive export contributions. The end of the economic recession is close to the last statistical data signal, but below Romania's long-term potential, the return will be progressive. The prediction indicates that the economy is reduced by 1-1.5%, mainly visible in the second half of 2020. In these cases, the burden of weak loans should be reduced, as well as the appetite and local lending population and other products of the banks' population should increase.

- Economically reliable feelings are severely damaged by a collection tax and added value - this leads to a decrease in household income and unemployment. As a result, their costs are more cautious.

- The Romanian banking market is marked by banking activities, and the bank's management is rapidly expanding, mainly changes to quantitative objectives, with an emphasis on strategic networks, branch networks, product or product portfolios (Klejda, G, 2021).

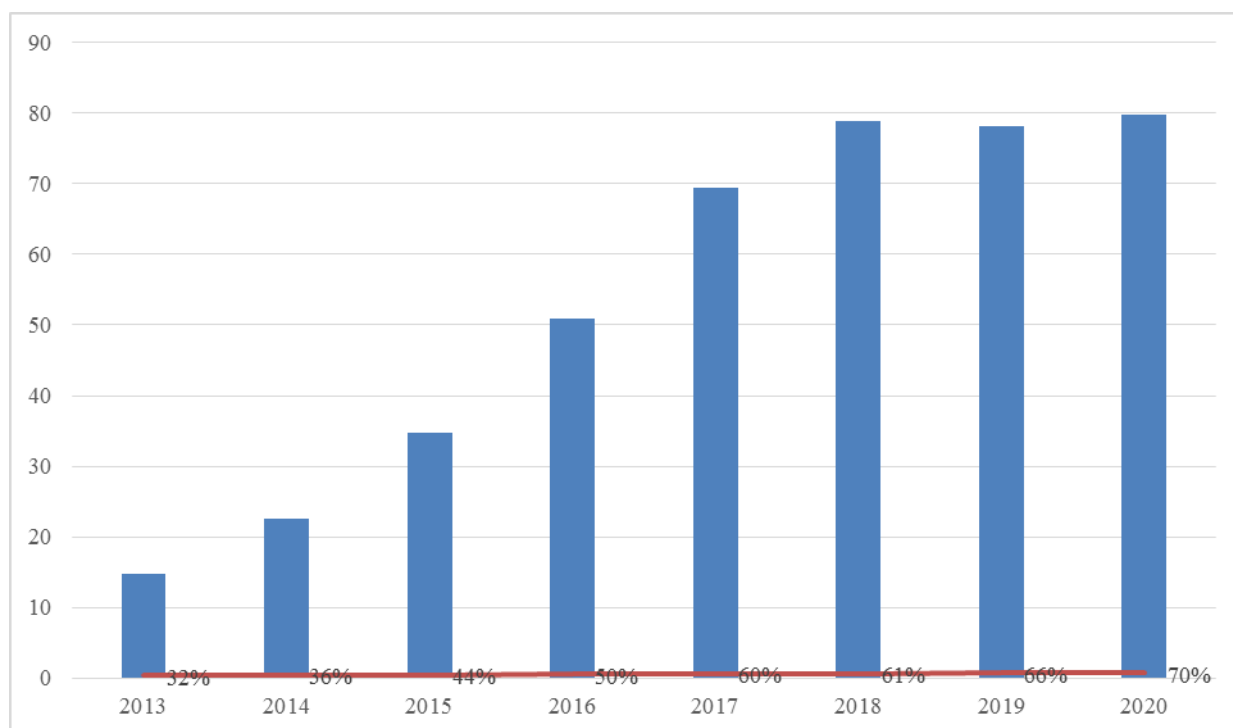


Figure 2. BCR's banking assets

Source: BCR

In the context presented, the main recommendations for improving the BCR sales system refer to the development of banking products and services - the basic components of the sales system must pay constant attention to sales management. Romanian commercial banks offer customers a wide range of products and services to prove that the bank's existence and success are based on customers being aware of their financial needs (Profiroiu et al., 2020).

The development of Engen Ate technology and communication has led to a profound change in the financial banking industry. These services have been affected in new and diverse conditions. Innovation, redesign and diversification of banking products and services, in this way, not only customer satisfaction, but also for their enthusiasts, this determines them to be loyal to the bank's customers.

## 5. Conclusion

As we all know, banks are actually the engine of the economy. The development of the activities carried out by banks affects the national economy as a whole (Bodislav et al., 2020). At the same time, we are all affected (Profiroiu et al., 2019).



The financial civilization of the last two decades has put us in front of the constantly growing financial banking services, it has known an international growth and a permanent diversification, and the market is more and more difficult to understand, anticipate and control. In this case, the analysis of the specific aspects that distinguish the system of sales of financial banking products and services from the system of sales of general services is a particularly important field for BCR to deal with adapting economic theory to real demand.

At this stage, when the international financial globalization is achieved not only geographically, globally, but also structurally, the large international financial group in which BCR holds 69% of the shares held by the Austrian Erste. Bank. In addition to banks, true corporate groups also include insurance and reinsurance companies, investment or pension funds, and capital and leasing market activities, which can provide so-called integrated financial services. In this case, it is necessary to improve the sales system of Romanian commercial banks.

The system must meet the requirements for the free movement of capital and take into account the interests of a large number of financial capital holdings, so that funds can be transferred quickly and easily. Unlimited from one region to another, from one country to another, to protect them from crises, devaluations, confiscations, decisions of national authorities and other dangers.

The particularity of the bank's activities makes the achievement of the strategic objective of profit optimization to be closely related to the main factors underlying the bank's management solutions at all levels, namely the relationship between the bank and its customers. The quality of the customer relationship directly and fundamentally affects the development of the bank and the position of this relationship in the bank's sales system. BCR determined the concept of the integrated management process carried out within the bank. The systemic approach we adopted in the paper consists in analyse the components of the sales system of the Romanian Commercial Bank: products, market, prices, customers, distribution, promotion, as well as the interdependencies and connections established between them, in order to achieve strategic objectives: increase customer satisfaction, increase sales and profit of the bank.

The efficient management of the sales system made BCR to remain in the top of commercial banks in Romania, because it successfully applied strategies focused on identifying, anticipating and satisfying customer needs, through a quick access to quality products and services offered at a stimulating price.

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