

# **Banks' Influence, through Tailor Made Services Offered to Tourists, on Encouraging International Transit: High-Tech Tourism of the 20th Century**

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## **Abstract**

*In addition to basic indicators which determine the level of tourism at national and worldwide level, the alternative methods stand out increasingly more, helping to a deeper understanding of travel preferences that people have. When deciding whether to be a tourist or not, what matter are both the intrinsic motivation and environmental factors created particularly to facilitate the respective journey. Commercial banks in Romania have understood that, in order to survive in a competitive environment (over 35 commercial banks are sharing the same market), they must adapt to customer needs and be receptive to partnerships with other industries. Thus, they launched various types of cards with facilities for persons who travel and, by intense promotion, the banks urge other customers to become tourists. Considering these assumptions, the current paper analyzes quantitatively the transactions at ATMs abroad and the number of Romanian outgoing tourists (people residing in Romania).*

**Key words:** tourism, international tourism, bank services, debit card, ATM transactions

**J.E.L. classification:** L83, G21, Z32, O14

## **Introduction**

“The spectacular evolution of tourism in the national economy and worldwide occurs under a complex system of factors, differentiated among them by nature, style and participation in different proportions in time and space. Their mutual intercorelation and their simultaneous action enhance the final effect, quantifying the contribution of each one being a difficult problem.” Ilie and Constantin Nita (2008, pg. 29) divide the tourism drivers system in four categories:

- by the nature of factors (economic, demographic, social, political, psychological and technical);
- by their importance in influencing tourism (primary and secondary);
- by the duration of their action (permanent and circumstantial);
- depending on the basic components of the market (demand and supply of touristic services).

Tourism is an essential activity in the life of nations and its development is linked to freedom of travel - a fundamental human right (Charter of Rights in Tourism and Tourist Code, 1985).

Recent decades evolution of the global economy has been characterized (Goeldner and Ritchie, 2011) by the amplification and diversification of international trade following the development and individual specialization of countries. Consequently, the economic relations between states have changed, mainly because of technological evolution. The main operations of new trade (Dumitru, 2007) are tourism and international transport services, insurance, banking operations and IT.

International tourism is part of the trade with services (Vanhove, 2005, p.113), and includes all tourist activities, who leave their country of residence for a certain period of time in order to visit tourist destinations; therefore international tourism plays an important role in terms of increasing

and diversifying the exports, supported by the variety of products and services to which travelers have access.

The factors defining the touristic offer are: cost, diversification and quality of services offered to its clients.

In the current study, the focus is on two of the three tourist demand factors which are: population dynamics, its revenues and free time available. Population dynamics will be highlighted by analyzing the number of trips abroad of persons residing in Romania. Regarding the second factor, i.e. the population income, the expenditure made by Romanians abroad will be analyzed. Total money spent is given by the total cash withdrawals made at ATMs (Automated Teller Machine) ([www.businessdictionary.com](http://www.businessdictionary.com)) abroad with bank cards issued in Romania.

According to the top of commercial banks operating in the Romanian market, conducted according to their market share, top ten local banks account for almost 80% of the total assets (Botea, 2015).

### 1. Analysis of transactions at ATMs abroad with bank cards issued in Romania

Apart from a qualitative analysis of services that are available to cardholding tourists and their companions, a nationwide quantitative analysis of the number of cards, transactions abroad and their values is needed, as well.

The present research was undertaken based on the information about cards and banking transactions published in the NBR (National Bank of Romania) reports for 29 quarters, since 2008 until March 2015 ([www.bnr.ro](http://www.bnr.ro)). The number of new cards (including co-branded and with e-money function) issued in each quarter was taken into account, the number of transactions for cash withdrawals at ATMs abroad with cards issued in the country and the total value of such transactions. Based on the above mentioned, the data in the last column of Table 1 were derived, representing the average value of the amount of money withdrawn at each transaction by the card user. The starting point was represented by the fact that the number of new cards issued each year accounts for the transaction needs of customers / tourists, both in Romania and abroad.

The figures showing the number of outflows from Romania during 2008 - 2014 were taken from the reports of National Institute of Statistics in Romania ([www.insse.ro](http://www.insse.ro)). Because only exits are accounted for at the borders, not how many times a certain person leaves the country, it is possible that some Romanian citizens travel abroad several times a year, resulting in the total number of outflows to be higher than the total number of Romanians (individuals) exiting at least once the country. This issue does not affect the research, because the same situation appears when analyzing the transactions: the total number of transactions is considered, not the number of cards with which at least one cash withdrawal was made abroad.

In Table 1, it is easy to notice the extremes in terms of number of new cards issued in the market. Thus, the largest number of new cards issued by banking institutions in Romania was 5,224,181 in 2011. In contrast, the lowest number of new cards issued by banking institutions in Romania was only 2,420,902 in 2009. Although there is a difference of 2,803,279 cards between these extremes, i.e. an increase with 115.80%, the number of transactions made at ATMs abroad recorded a not so huge gap. Based on this, it can be concluded that more Romanians have realized the need to use the bank card abroad at the expense of foreign exchange in cash, and have gained confidence in the services offered by banks.

Table 1: Transactions performed by cardholders at ATMs abroad (cards issued in Romania)

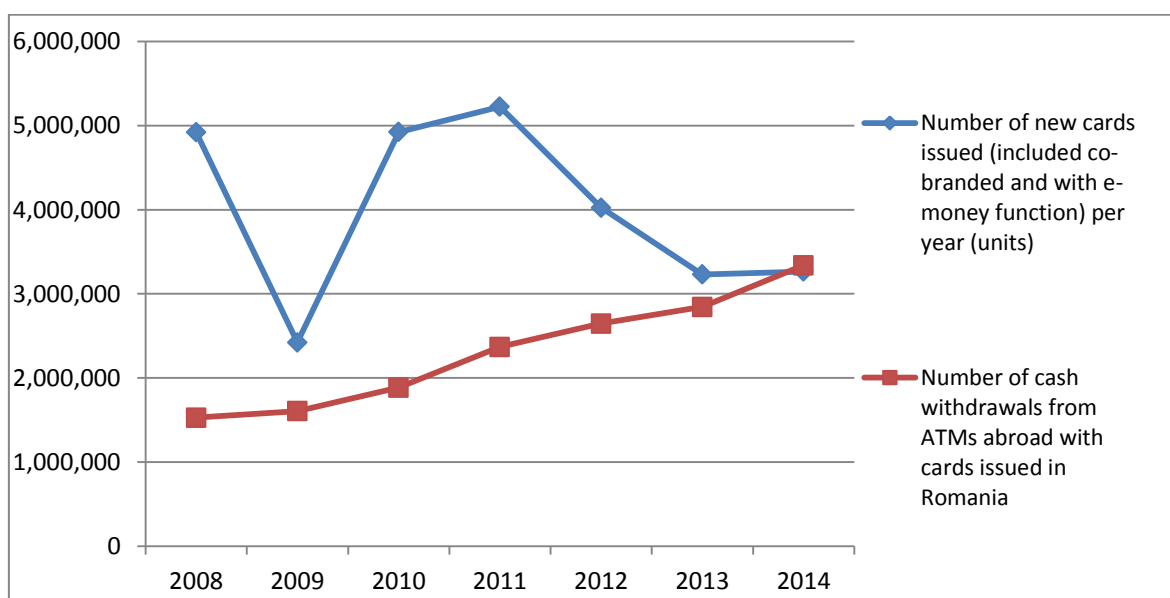
Year	Number of new cards issued (included co-branded and with e-money function) per year	Number of cash withdrawals from ATMs abroad with cards issued in Romania	Value of cash withdrawals from ATMs abroad with cards issued in Romania	Average value of cash withdrawals from ATMs abroad
	<i>(units)</i>		<i>(lei)</i>	<i>(lei per transaction)</i>
2008	4,921,350	1,526,611	1,094,826,450	717

<b>2009</b>	2,420,902	1,604,494	1,163,766,907	725
<b>2010</b>	4,925,151	1,885,772	1,378,320,768	731
<b>2011</b>	5,224,181	2,367,732	1,742,919,616	736
<b>2012</b>	4,024,260	2,646,663	2,088,543,397	789
<b>2013</b>	3,231,120	2,845,236	2,246,899,525	790
<b>2014</b>	3,265,802	3,339,810	2,678,079,017	802
				<b>756</b>

Source: realized by authors, based on data provided by NBR

According to the calculations afferent to seven years analyzed, the conclusion is that around 756 lei per transaction have been withdrawn from foreign ATMs, amounting to a total of 12,393,355,680 lei.

Chart 1: Comparative fluctuation of the number of new cards issued in Romania and the number of transactions conducted at ATMs abroad



Source: realized by authors, based on data provided by NBR

Analyzing Chart 1, it is noted the upward trend of card transactions carried out abroad, even if banks are issuing fewer and fewer new cards. The situation is explained considering that most people already possess a bank card, which they are already using for several years.

## 2. A parallel between the number of journeys made by Romanians abroad and the number of cash withdrawals from ATMs abroad

Even if the beginning of the global economic crisis occurred in 2008, the figures presented in Table 2 show that the highest number of outflows from Romania was recorded during that year. The effect of the crisis reached the borders only two years later, in 2010, when the number of outflows dropped by 16.58% versus the number registered in 2008.

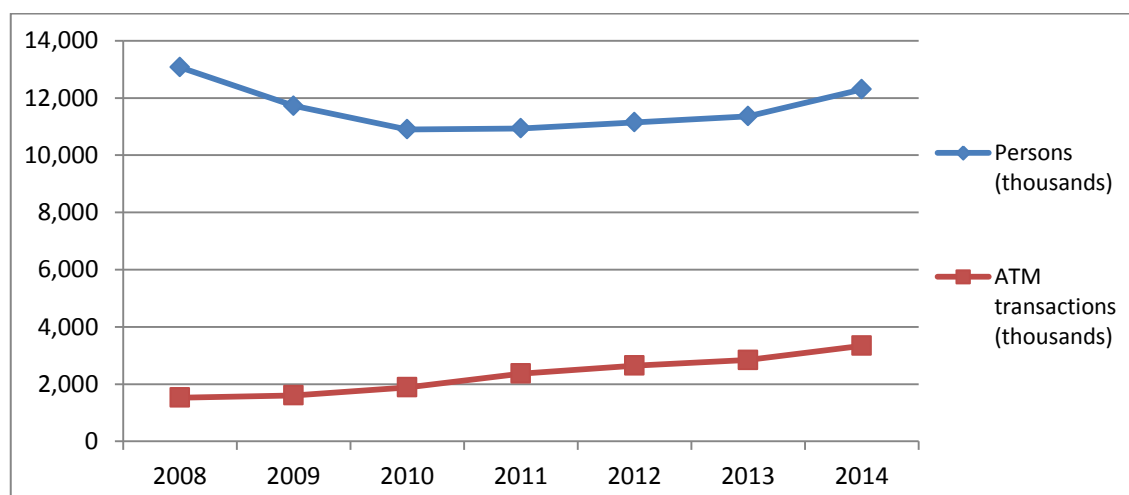
Table 2: Outflows from Romania and number of cash withdrawals with Romanian cards at ATMs abroad

Year	Number of outflows from Romania of Romanian citizens (thousands)	Number of cash withdrawals with Romanian cards at ATMs abroad (thousands)
2008	13,072	1,527
2009	11,723	1,604
2010	10,905	1,886
2011	10,936	2,368
2012	11,149	2,647
2013	11,364	2,845
2014	12,299	3,340

Source: realized by authors, based on data provided by NBR and INSSE

According to the study, the number of cash withdrawal transactions with cards issued by Romanian banks, carried out at ATMs abroad, is constantly increasing, but the amount per transaction had not increased as much from quarter to quarter. The average value withdrawn during March 2008 - March 2015 is 756 lei per transaction, with an increase of approximately 1.6% from one year to another.

Chart 2: A parallel between the number of Romanians who traveled abroad and the number of cash withdrawals carried out with Romanian bank cards at ATMs abroad



Source: realized by authors, based on Table 2

Regarding the number of transactions at ATMs, it has registered a continuous and progressive growth. According to the data shown in Chart 2, starting 2011, both the exits of people registered at borders and the level of card transactions at ATMs are constantly increasing.

## Conclusion

Under the rules imposed by the National Bank of Romania, all commercial banks which operate in Romania are not allowed to conduct anonymous transactions and are required to report information about the number, frequency and value of all transactions carried out by their customers.

According to Emergency Ordinance No. 99/2006 on “credit institutions and capital adequacy, approved with amendments by Law no. 227/2007, in order to protect the interests of deponents and to ensure a sound and viable banking system, National Bank of Romania ensures the prudential

supervision of credit institutions, Romanian legal entities, including their branches established in other Member States or in other countries, by establishing rules and prudential banking indicators and monitoring compliance with them and with other requirements stipulated by law and the applicable regulations, both on an individual and consolidated or subconsolidated basis, as appropriate, for preventing or limiting specific banking risks”.

Thus, institutions that operate in the tourism sector can carry out analyses and forecasts of tourism demand based on data provided by banks. Analyzing these transactions in more detail, it can be revealed in what regions more or less cash is withdrawn and in what currencies.

The increasing number of transactions conducted abroad with cards issued in Romania is the result of banks' involvement in educating and encouraging its customers to abandon the habit of travelling with much cash in their pockets.

This paper highlights the directly proportional ratio between the number Romanian outflows registered at borders and the number of withdrawals from ATMs abroad, which means that Romanian tourists are increasingly more mobile, more accustomed to new technologies and more open to novelty.

Besides the financial services they offer, banks give their cardholders free travel insurance and access to Priority Pass lounges inside airports. Confidence in trading services offered by banks has increased, meaning that these financial institutions play a role increasingly more important in influencing the level of growth in tourism, both nationally and internationally.

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