

**ASPECTS REGARDING TRANSACTIONS WITH PAYMENT INSTRUCTIONS
CHARACTERISTIC TO THE ACTUAL ECONOMY USED BY THE
ROMANIAN BANKING SYSTEM**

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***Abstract.** Since ancient times, alongside various forms of organization and especially in a market economy, transactions are very numerous and are carried out either on the initiative of individuals, authorized persons or economic agents. For purchased goods and services, including for financial instruments, are paid money either physically, or in the form of deposits mentioned in banks.*

In this paper, we presented the payment instruments used in the banking system, as well as the evolution of payment instruction transactions during 2014-2017 periods. Cashless payments are made, from the point of view of banking technique and evidence, with the transfer of amounts from one account to another. Transfers are possible, only through open bank accounts, organizing cashing operations being an attribute of the banking operator.

Keywords: *cashless payment instruments, transfer, transactions, banking system*

INTRODUCTION

In the current economy, financial-banking system, fulfils the role of financial intermediation, because the monetary funds transfer from economic agents and population they hold in addition to leading advertisers and lack of population [8].

Under market economy conditions, payment transactions are the key element of all markets, the common element of the overall competitive mechanism.

Payment represents a transfer of funds that extinguishes an obligation from the payer to the payee [2, 10].

Payment flows take place in several ways. All the technical ways of making payments form the payment mechanism, both within a national economy and the world economy. Considering the analysis of all the possibilities for settling the monetary obligations and the nature of the instruments used, the payments can be: [1, 2, 3, 9, 10]

- cash, the most used payment method for purchasing goods and services using the actual currency (banknotes and coin);

- no cash, the payment of obligations takes place through the transfer of funds between two or more parties through different payment instruments in which the monetary unit is used, but the currency is not used in its concrete form.

The cashless payment instrument is the means through which a payer gives his bank authorization to transfer funds to make a payment, or through which a beneficiary give instructions to its bank to collect the funds from a payer [4, 11].

Non-cash payments from the point of view of banking technique and evidence consist of money transfers from one account to another as a consequence of deliveries of goods, performance of works, provision of services or other claims on which both the payer as well as the beneficiary of the due amount and bears the name of transfer or settlement operations [1, 2, 3].

Making transfers is possible only through accounts opened with banks because the organization of the collection and payment operations is the attribute of the bank operator. The accounts of the two parties may be opened at a single bank or at different banks.

The organization of payments and cashless operations is primarily the responsibility of the National Bank of Romania, which has the task of elaborating the normative code and concentrating the operations of the other commercial banks, becoming the unique settlement center of the national economy [15].

At the organizing activity of payments and cashless payments participates banking units, following the aspects: [2, 3, 4, 6, 7]

- to cause account holders to use the most appropriate forms of payment and payment instruments to speed up settlement;
- the fulfill way of contractual and payment obligations;
- account holders perform non-cash transactions, according to the legal provisions, of banking methodological norms, without unwarranted delay of payments;
- continuous development of techniques regarding cashless operations.

When money is consumed, economic agents may continue the payments only within the limit of their earnings. In order to ensure a "fluidity" of payments, it is advisable for economic agents to use the credit, in order to provide anticipated means of payment. The payment instruments that can be used are: payment order, settlement check, letter of guarantee, availability certificate [2, 4, 13].

For the optimal performance of payments and cashless payments between economic agents, the acceptance of payment and submission of settlement documents must be made within predefined and traceable terms.

Most non-cash payment transactions are based on the payer's consent, meaning the acceptance. In addition to this settlement method, in payment relations between economic agents, it is used as a form of anticipated payment insurance, letters of credit in favor of suppliers or the issuance of letters of guarantee to the payer on account of bank loans [3, 5, 15].

MATERIALS AND METHODS

The authors of the article used a rich bibliography from different sources from the literature, consisting of books, specialized papers, annual reports, other publications and statistical data provided by the National Bank of Romania. The data were analyzed, processed and represented graphically. The conclusions were formulated in order to provide an overview of the transfer of funds held in open accounts with credit institutions based on the receipt of a payment instruction through cashless means of payment, meaning payment instruments: credit transfer, direct debit, payment card, check, bill of exchange and promissory notes.

RESEARCH RESULTS

NON-CASH PAYMENT INSTRUMENTS

Non-cash payment instruments (Figure 1) can be classified according to several criteria, the most important being those of the created obligations and of the party submitting the payment instrument for processing.

Credit transfer (payment order) is the payment transaction initiated by the payer, through which a payment instruction is sent to the bank of the payer (the initiator bank) and it transfers the funds to the beneficiary's bank (the receiving bank), possibly through several intermediaries [1, 2, 3].

The credit transfer begins with the issuance by the payer of a payment order given to a credit institution to make available to a beneficiary a certain amount of money and which ends by accepting the respective payment order by the receiving institution.

The payment order is the easiest way to make a payment, or collection, consisting of sending an amount from the person/entity making the payment to the person who receives that amount. It can be initiated on paper or in electronic format, but usually it is processed electronically.

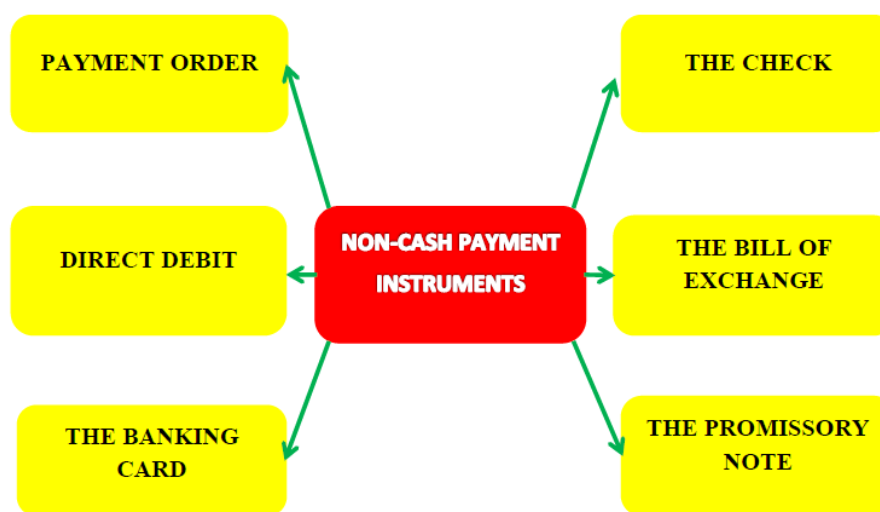


Figure1. Non-cash payment instruments

Direct debit is a transfer initiated by the beneficiary (the receiving bank) through its bank, after an agreement has been reached between the beneficiary and the payer (originator bank) [1, 2, 3].

Direct debit transactions are commonly used for regular payments, such as public utility bills, subject to prior agreement with the payer.

The banking card is an electronic payment instrument, meaning a standardized, secure and personalized information support that allows its holder to use his/her own cash resources from an account opened on his/her behalf at the card issuer and/or to use a credit line, within the limit of a pre-established level, issued by the issuer in favor of the cardholder for one or more operations.

It allows an unlimited number of transactions, compared to payment instruments on paper (one transaction only) and the transmission of financial information is done electronically.

The check is an instrument created by a drawer who, on the basis of a pre-existing available to a banking corporation, gives an unconditional order to the payee to pay a sum determined to the payee, which may be the drawer or another the person [1, 2, 3].

The three people who are linked by check perform all the operations related to the instrument in their own name: the drawer issues the check, the legitimate holder takes it, and the draw pays it.

Being an instrument on paper, the check is the most costly and non-cash payment instrument that is most expensive to process and settle, so payment service providers are looking for solutions to reduce costs by dematerializing the clearing and settlement process - by truncating the checks in which it is processed just the electronic image of the check - or by promoting the use of other tools, such as card payments.

The bill of exchange and the promissory note are negotiable credit and payment instruments which establish the obligation assumed by the debtor to pay a fixed amount of money to the beneficiary or to the order of the debtor [1, 2, 3].

The bill of exchange is a credit title, under private signature that links to the process of its creation three people: the drawer, pulling, and the beneficiary. The title is created by

the drawer as a creditor who orders the debtor or called pulled to pay a fixed amount at a determined moment in time to either a beneficiary or at the order of the latter one.

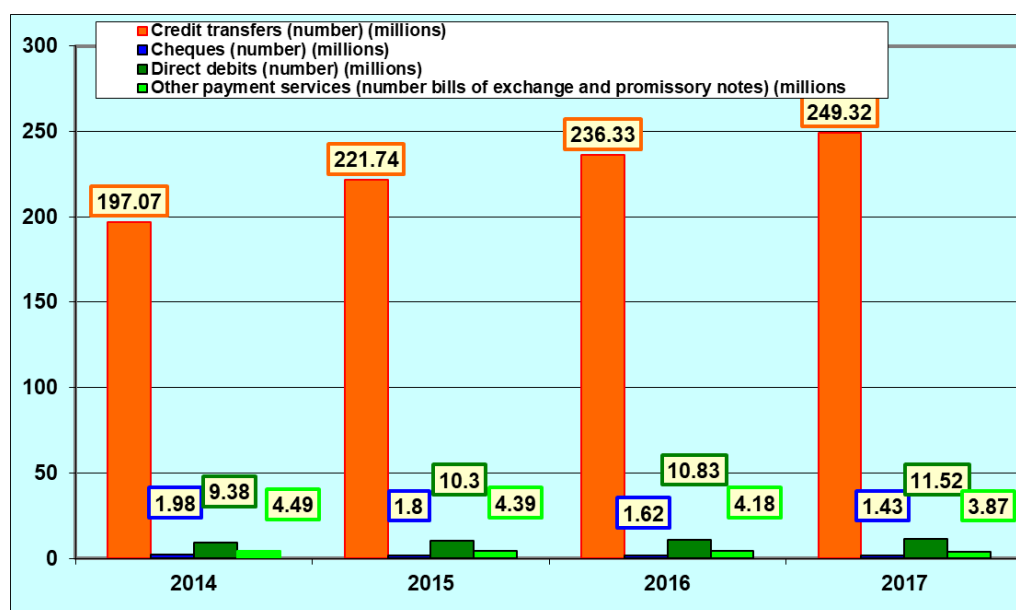
The promissory note is a private credit signature that links in the process of creating two people: the subscriber or the issuer and the beneficiary. The title is created by the underwriter or issuer as a debtor, who binds to pay a fixed amount of money, at a certain in time, or at a presentation to another person, called the beneficiary, who has the quality of creditor.

TRANSACTIONS WITH PAYMENT INSTRUCTION BY THE ROMANIAN BANKING SYSTEM

Cashless means of payment, such as payment instruments (credit transfer, direct debit, payment card, check, bill of exchange and promissory note) according to the NBR, permit the transfer of funds held in open accounts to credit institutions or to the State Treasury, receiving a payment instruction [12, 15].

Particular progress in IT and telecommunications revolutionized society and radically changed bank-client relationships and even the concept about bank. New technologies have become both a catalyst for the great changes that consumers of banking services benefit, as well as a support for banks that are trying to meet the new requirements.

The National Bank of Romania encourages non-cash payment instruments for which must be presented real costs, tariffs and commissions, compared to cash transactions [14].

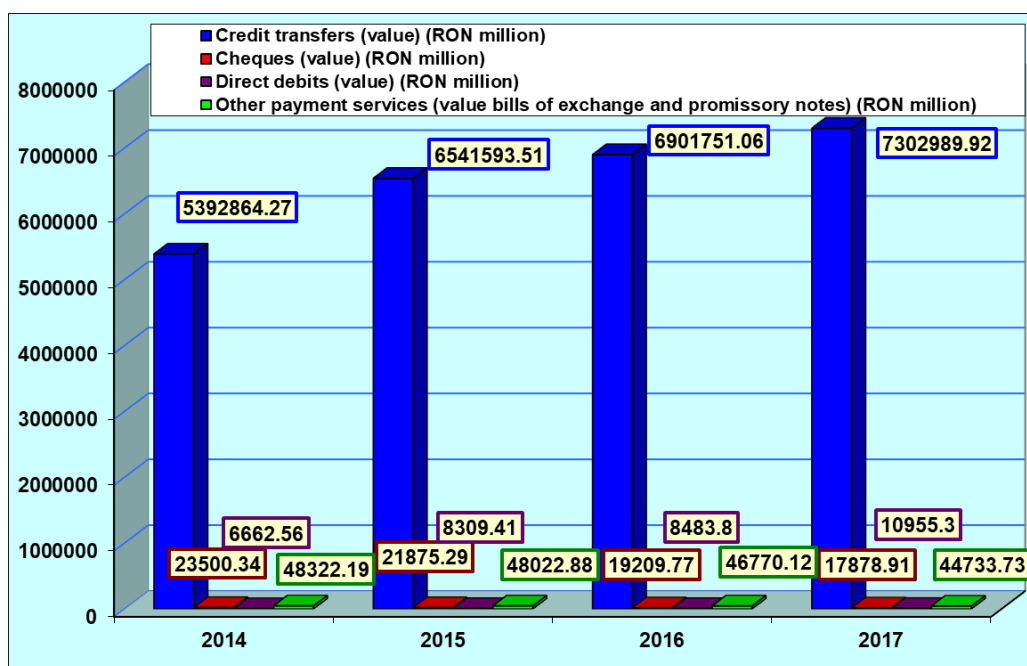


Source: <http://www.bnr.ro>

Figure 2. The evolution of the number of transactions in 2014-2017 periods

From 2014 to 2017, the number of credit transfer transactions increased by over 52 million transactions, representing an increase of approximately 21% in the analyzed period (Figure 2). Regarding the number of direct debit transactions, we see an increase of 18.5% (2.14 million transactions from 9.38 million transactions in 2014 to 11.52 million transactions in 2017).

The number of transactions by other payment services (promissory notes and bills of exchange) recorded a downward trend, from 4.49 million transactions to 3.87 million transactions, or 13.8%. The same downward trend was recorded in the number of checks transactions.



Source: <http://www.bnr.ro>

Figure 3. Transaction value in 2014-2017 periods

During the analyzed period (Figure 3) we identified an increase of approximately 11.92% in the volume of credit transfer transactions with 26.15%. The value of direct debit transactions also increased with 39.18% and respectively 4292.74 million lei.

This trend is based mainly on the economic growth of the last period and on a natural rhythm of growth in the banking degree of the economic operations performed by natural and legal persons.

CONCLUSIONS

In the current economy, we are seeing an increasing volume of the number and value of transactions, both between individuals and between economic agents. Along with the development of technology, the payment system has also changed, the classic system being replaced by the electronic system, a fast and secure payment settlement system.

Central banks play an important role in ensuring the promotion of the safety and efficiency of payment systems and payment instruments in order to maintain consumer confidence in them.

Central banks act as a catalyst for all market players involved in payment transactions with payment instructions, through coordination and promotion of cooperation in payments field.

The national payment market, in terms of the evolution of its components, can be considered a dynamic market.

There is an upward trend in the use of electronic payment instruments such as cards in Romania.

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