

STUDY REGARDING THE EVOLUTION OF BANK CARDS' IN ROMANIA

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Abstract. Although it has a "history" of only 45 years, the card is that instrument in the field of payment instruments that made electronic commerce possible. The article presents the evolution of bank cards in Romania in the period 2017-2021. Currently, the number of cards in circulation is higher than the population of Romania. Also, the volume of transactions made with the card represents more than a third of Romania's Gross Domestic Product, over a billion payments were made, most (90%) of them being contactless.

Keywords: banking system, bank card, payment

INTRODUCTION

We have celebrated 27 years, in 2022, since the issuance of the first card in Romania. The first product was Bancorex Visa, followed by the first owner card just a few months away issued by the Romanian Development Bank and Maestro card, issued by the Romanian Commercial Bank [12,13].

The card represented the debut of the banking retail in Romania. For most of us, for a long time, the relationship with the bank meant holding a bank card. It was also the main instrument used for the purpose of banking the Romanians. It fundamentally changed the behavior of Romanians, in terms of payment, accelerating financial inclusion and contributing especially to financial education. He contributed to the formation of teams, representing an excellent school for the training and training of specialists in the field. It helped to stimulate innovation, which influenced the horizontal development of the payment system [11,16].

Specialists in the banking field and not only appreciate that we have retail in Romania because we use cards. Everything that the digital environment entails started with this payment instrument, the bank card [5,8].

The expansions of the card acceptance network and its promotional campaigns have eroded little by little of the cash in circulation.

Today we are witnessing the dematerialization of the physical burn and we have also noticed a reduction in the demand for physical cards, amid the increase in the preference for the digital component [4].

Lately, there has been an increase in the share of the number of payments with the mobile phone and wearable's.

The pandemic period had an important impact on the new trends, when in each field there were attempts to adapt, and where it was not possible, to reinvent or things were done differently, when everyone tried to answer the question "what's next?".

The bank card, being a standardized, secure and individualized support, creates the possibility for the holder to use his cash availability. This happens as a result of the possibility created by the account that was opened in the name of the holder, at the card issuer. The beneficiary of the account may also use a credit line, but within a limit of a ceiling, opened by the bank in his favor [5,9].

The card is the modern payment instrument that gives the holder the possibility to obtain cash from ATMs and to purchase goods and services with payment at POS in stores, gas stations, as well as various payments or money transfers [5,12].

Today, the card known to everyone in the form of a "plastic rectangle" began to be created and used in increasingly avant-garde forms: SIM for phone, watch and keychain [12,14,17].

Considered a revolutionary innovation, the card includes advances in it and electronics. In Romania, the card market is heading towards maturation, managing to recover the handicap from the beginning, when the financial and banking services did not attract many citizens [10,11,13].

Commercial banks, together with financial companies have created an extensive range of card products. At all times, they create other new products that meet the needs of customers, even if at the time of launch, they are considered revolutionary [2,7]. Today there are in circulation a multitude of cards, classified according to different criteria. The main categories of cards are: credit, debit and multifunctional ones shown in Figure1 [1,3,6].

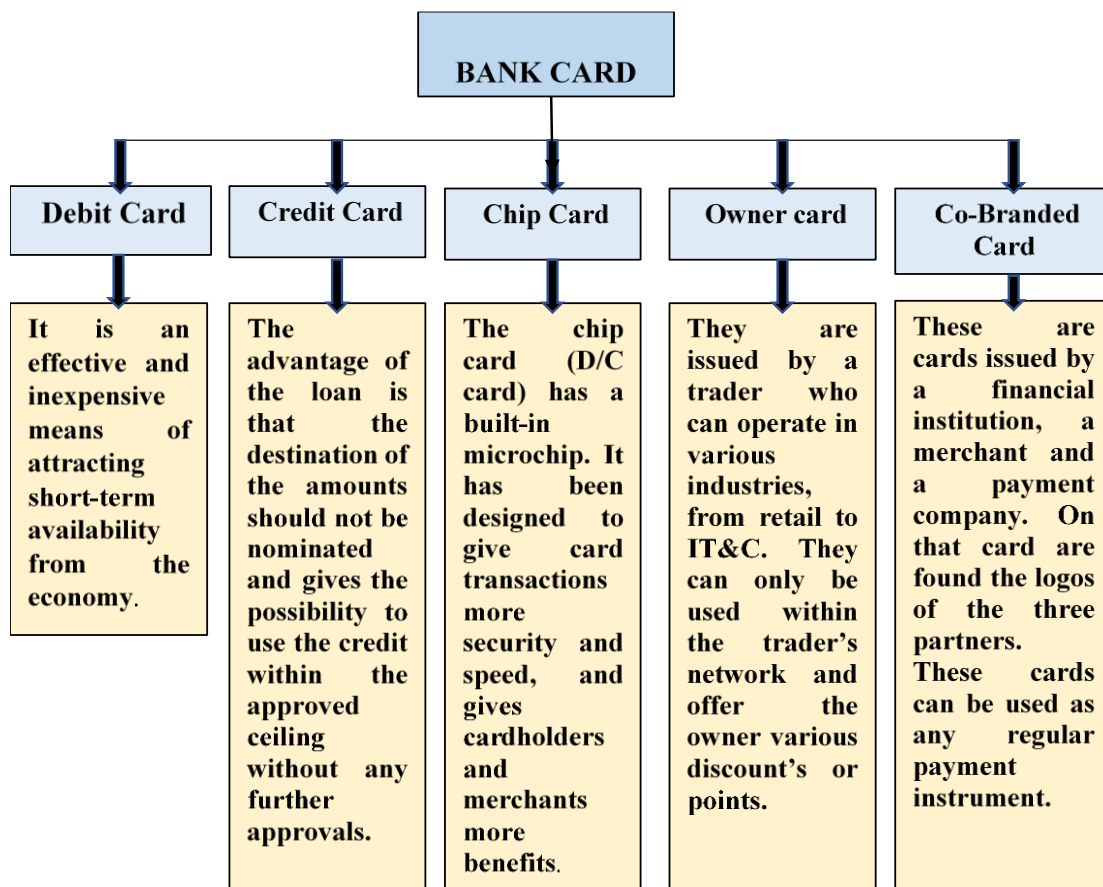


Figure 1. Card types

The analysis started in this article will continue with other research related to the evolution of cards. The purpose of the article is to present an accurate picture of how to use bank cards by their beneficiaries, knowing that they represent the most popular technology, supported on a global scale by the growing trust of consumers.

The general objective is to analyze the evolution of cards in Romania due in large part to the increase in the digitization degree, a trend accelerated by the protection measures during the pandemic.

MATERIALS AND METHODS

The article is based on the study and consultation of bibliographic resources consisting of books of specialty, articles and scientific papers, statistical data and reports made by the National Bank of Romania.

The methods used in support of the research by the authors involved documenting from different sources, drawing up tables, interpreting, making diagrams and formulating conclusions.

RESEARCH RESULTS

From the year, the data collected from the publications offered by the National Bank of Romania (Table 1) we found that during the period of 2017-2021, the number of cards in circulation followed an upward trend, with a schedule of 3,166,049 units. Also, the number of active cards has registered a progress of 3,005,968 units during the analyzed period. We can appreciate that the card marketing Romania has been reinvigorating in the last five years.

The data provided by the NBR shows that the total number of cards in circulation in Romania, in 2021, amounted to 19.5 million, about 7% more than in 2019, when 18.2 million cards were reported.

In 2021, the card market in Romania recorded a number of 1,653 million transactions, generating 498 billion lei. In absolute numbers, the increase in 2021 is 347 million transactions, worth 98.9 billion Lei (20.1 billion Euros). From the reporting of the amounts traded to the total active cards in 2021, it appears that an average of 32,206 lei (6,545 Euros) was spent per card. In terms of total value for online card transactions increased by 55% in 2021 compared to 2020, the number of their transactions increased by 40%.

Table 1.

Evolution of the number of cards in circulation and assets

Year	Cards in circulation	Active cards
2021	19,598,274	15,457,481
2020	18,830,297	14,579,234
2019	18,247,230	14,262,698
2018	17,428,773	13,214,205
2017	16,432,225	12,451,513

Source: <http://www.bnro.ro> [11]

Table 2.

Indicators of cards

Year	Cards with cash function	Cards with payment function	Cards with flow function	Cards with credit function
2021	19,570,208	19,468,664	16,557,857	2,904,171
2020	18,806,561	18,728,706	15,835,506	2,885,673
2019	18,233,982	18,198,377	15,163,091	3,027,181
2018	17,407,734	17,409,861	14,506,713	2,899,258
2017	16,390,110	16,394,538	13,571,663	2,815,248

Source: <http://www.bnro.ro> [11]

A classification of cards, divides the cards into: cards with cash function (usable only at ATMs or cash dispensers for cash withdrawal), respectively cards with payment function.

From the analysis of the data of Table 2 and Figure 2, we found that even in the case of the two types of cards according to the function performed by cash and payment, there was an increase of approximately 3.1 million units.

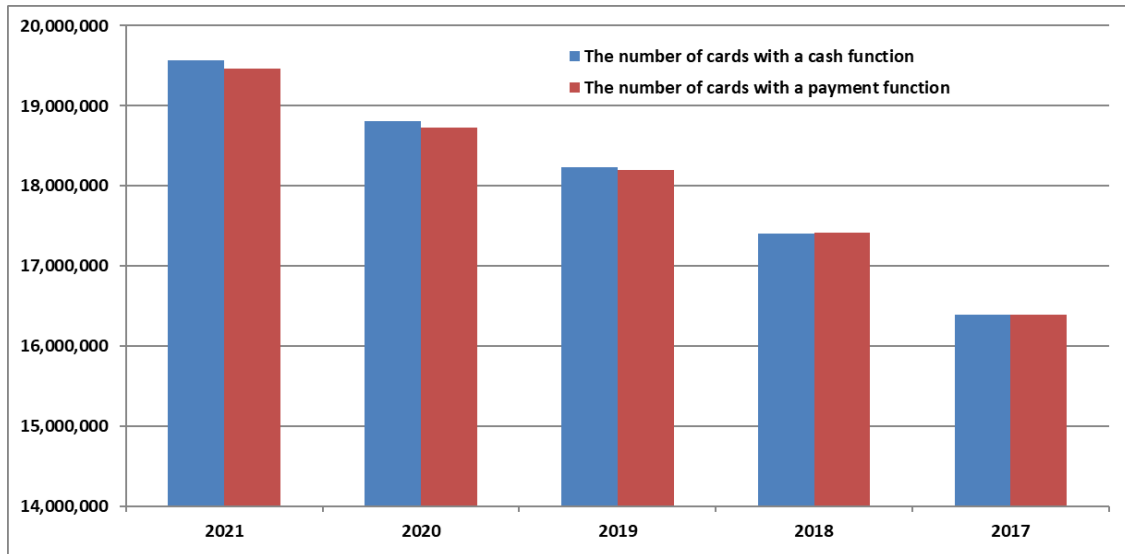


Figure 2. Evolution of the number of cards with payment and cash function

Source: <http://www.bnro.ro> [11]

Of the total of over 19.5 million cards in circulation, a number of approximately 16.5 million were debit cards and only 2.9 million credit cards (Table 2 and Figure 3).

In 2019, there was a historical maximum of 3,027,181 credit cards. The market recorded a loss of 141,508 units in 2020, which also required the closure of the same number of credit agreements. According to these data, Romania had about one bank card per inhabitant, but being among the lowest values in the European Union countries, due to the Romanians' preference for cash payments.

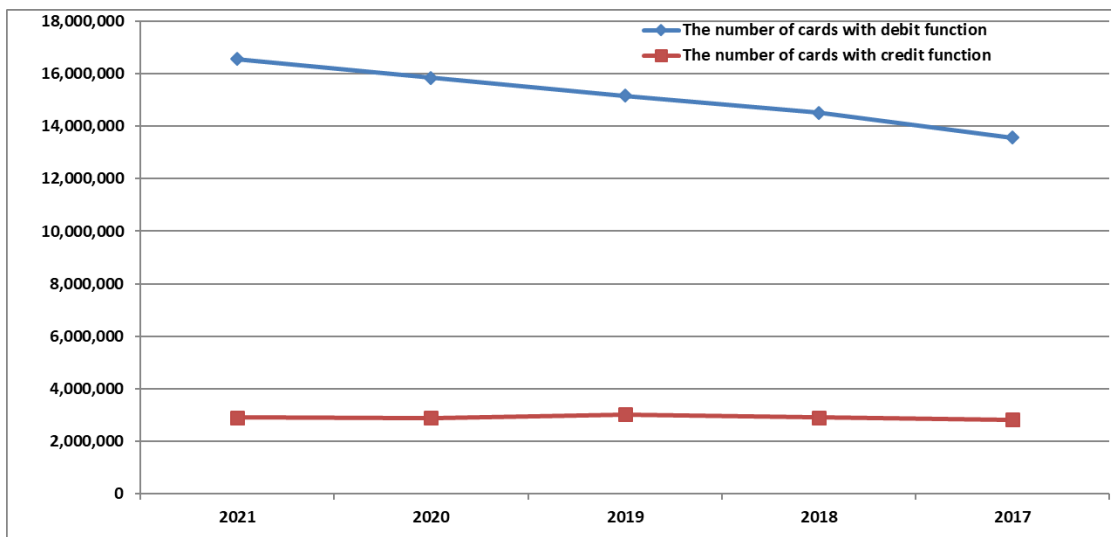


Figure 3. The evolution of the number of debit and credit cards

Source: <http://www.bnro.ro> [11]

In 2018, a total of 204,372 POS were used in Romania (Table 3), increasing compared to 2017, by 5.1% [15]. The pace of installation of systems in the card acceptance network registered a significant increase until 2021, reaching 296,758 POS, with almost

100,000 POS compared to 2017. Analyzing the number of ATMs we noticed that their number decreased in the analyzed period by 937 ATMs, reaching 10,132 are ATMs in 2021.

Table 3.**Number of ATMs and POS**

Year	Number of ATMs provided by PSP residents	Number of POS provided by PSP residents
2021	10,132	296,758
2020	10,231	254,909
2019	10,516	229,289
2018	10,644	204,348
2017	11,069	193,894

Source: <http://www.bnro.ro> [11]

According to the study "Digitization of the banking system in the perception of Romanians" in 2020, 43% of users of financial services, paid by card at merchants (POS), 27% used Internet / Mobile Banking and 61% of them were withdrawing cash from ATMs

The restrictions due to the pandemic context determined the increase in the degree of use of bank cards in 2020, a trend that increased during 2021. We have noticed that, with the transition to cashless and contactless, accentuated in recent years as a result of the digitalization of banking services, in the Romanian society the predominant ones continue to be the cash payments in retail. Globally, 67% of small businesses use the card as a means of lending to business, and only 24% use it as a form of payment. In 2022, however, the value of purchases that will be made with the business card is expected to be 686 billion dollars. Bank cards are a major way of trading for the world, with 22.8 billion cards registered worldwide in 2019, with a forecast for the future of approximately 29.3 billion units in 2023.

CONCLUSIONS

The commercial banks in Romania developed and diversified the means of payment, which determined the use of a new instrument, the bank card.

Bank cards make life easier for each of us. Although they did not inspire safety at first sight, today they are a safe tool for making payments and banking transactions.

In 2021, Romania registered 19.5 million cards in circulation, 15.4 million being active, meaning that at least one payment transaction was made. Of these, 16.5 million were debit cards and 2.9 million credit cards.

Statistically, Romania has a bank card per capita, among the lowest values in the European Union, as a result of payments made in cash.

The number of active cards with a function of the n hanger registered in Romania was 19.5 million units, up from 2020.

The year 2021 recorded an extra 41,500 terminal POS at merchants, representing the largest annual increase ever recorded.

The COVID-19 pandemic has caused changes in the behavior of citizens, when in order to maintain the state of health, cashless payments were encouraged to avoid infection. As a result of the reduction of the possibilities and cash payments, it was switched to the use of sales platforms, on the Internet, the migration to online payment and the use of their contactless payments.

In conclusion, by diversifying and modernizing the cards, banks contribute to increasing user satisfaction and streamlining the money supply, as well as to increasing the number of new customers.

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