
III. ЕКОНОМІКА Й УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

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SOME MANAGEMENT ASPECTS OF PRIVATE BANKING SERVICES IN THE REPUBLIC OF MOLDOVA

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Annotation. This article aims to analyze a quite specific strategic aspect for the modern banking sector, including Moldovan, namely the particularities of management in the promotion of services on the private clients segment. **Methodology of research.** The objectives of the article implemented by using the following general and specific research methods: analysis and synthesis, systematization and generalization, system and multiagent approach. **Findings.** Being a relatively recent field in the practice of national banks, especially in emerging countries, this aspect is rather little studied in the specialized scientific literature. In our article the following aspects will be analyzed: approaches and practices related to private banking, its emergence and evolution, the formation of the market of these services in the Republic of Moldova, the necessity to understand the aspirations of its clients and addressing them with specific and personalized solutions. **Practical value.** As conclusions, we will present examples of loyalty to already existing clients, the role of management and, in particular, of human resources involved in this banking segment to attract and retain Private customers and promote a high quality Private banking, but we will also assess the prospects for the future of this type of services.

Keywords: management, financial system, banking sector, private banking, VIP clients.

Introduction. This article aims to analyse a quite specific strategic aspect for the modern banking sector, including Moldovan, namely the particularities of management in the promotion of services on the private clients segment. Being a relatively recent field in the practice of national banks, especially in emerging countries, this aspect is rather little studied in the specialized scientific literature. The following aspects will be analyzed: approaches and practices related to private banking, its emergence and evolution, the formation of the market of these services in the

Republic of Moldova, the necessity to understand the aspirations of its clients and addressing them with specific and personalized solutions. We will try to shape private banking in terms of real opportunity for developing and improving the banking activity on the segment of individuals, on the grounds that a category of clients with a special status has emerged today in Moldova, people with high incomes and considerable wealth. In conclusions, we will look at some of the results of existing Private already loyalty, the role of management and, in particular, the human resources

involved in the financial and banking segment to attract and retain Private customers and promote a high quality Private banking.

Conceptual delimitations. Private banking is a service that already has a history of several centuries and which exists due to the presence of people with an impressive level of wealth. This is a luxury service for the major clients with great financial potential through the businesses they run. Such services mainly include providing advice from a personal banker, as well as special working conditions with the banking institution. Because people with very high incomes are generally quite hard to convince, offering exclusive banking services can make a difference. Businessmen or managers of large companies do not have time and do not want to wait at the counters as an ordinary customer. Thus the concept of Private Banking has emerged. A bank employee becomes a client's "financial consultant". In the current context, private banking designates personalized financial advice and money-management for high-income clients or for those who hold large liquid assets. Private banking takes into account the unique needs of each client. Depending on the risk appetite, the objectives and the desired investment structure, product selection takes place in order to build a coherent and personalized portfolio for each client. Investment objectives concern the risk / return on total portfolio. An exact definition of what "Private Banking" means is problematic, although in specialty literature we can find approaches to this topic. For example: "Private Banking is a wide range of banking services, including credit and investment management, for the very wealthy" [5].

Products and services provided by private banking can vary considerably from one country to another, but also according to customer needs. For example, the situation of the national economy, the functioning of the capital market, the inheritance taxes and laws may have a strong influence on the types of services requested by customers. In addition, the organizational structure of the private banking service provider may also influence the architecture of the services provided.

We mention such a factor as the globalization of financial markets, which has facilitated the access of private banking customers to more products, thus contributing to the efficient diversification of the portfolio in order to optimize its performance.

If we look at things in a historical context, exclusive private banking services have been offered to some clients ever since the inception of institutionalized banking activity. Developing into a distinct service of private banking and a significant development of this service have taken place in Europe since the 19th century, but the name "Private Banking" was used for the first time in the interwar period.

However, the first banks that have focused their activity on specific individuals were established 500 years ago in Italy. Because they soon began to finance commercial and entrepreneurial activities, they were just a prototype for the idea of private banking.

The service itself emerged on the market 300 years ago, namely at the end of the 17th century – the beginning of the 18th century, being provided concurrently in England and Switzerland. However, this business started to flourish during the French Revolution, when many elite representatives from France emigrated to Switzerland, where banks were able to provide them with quality services in managing their wealth. [5]. At the same time, private banking is a luxury service for luxury customers. Banking approaches are different in terms of inclusion criteria in the category of potential clients of Private Banking and in quantifying the number of clients (e.g., some banks also report the members of the family of the private banking account holder as special clients). As a rule, in order to benefit from individual banking services, customers must have considerable assets present in their bank accounts. In developed countries private banking clients are considered as those with financial assets of more than \$ 1 million, in Central and Eastern Europe, Romania and Ukraine this type of service is also provided to clients with 50-200 thousand euros.

Private customers can take advantage of all the offers of such a bank service: more advantageous interest and commission on loans and interest, personalized product packages, cards that include all sorts of facilities (such as insurance or discounts) and the existence of a personal banker.

The idea of a private banker is based on the existence of a specialist employee in that bank. This employee must advise their clients both on how to accumulate capital and on how to preserve its value. The client will not only be counselled as to the direction that the invested amounts should take, the bank will even tell them how much of

the capital they have to invest must be invested and what money placement instruments are most beneficial.

It is also worth noting such a conceptual delimitation as Private Banking is not identical to serving individual VIP clients. Often the VIP client does not consume the banking products in complex but separately. The problems of serving such a client are related to a high-ranking employee of the bank, but servicing is performed within the framework of the bank's retail banking standards. Private banking is the opportunity to benefit from a personal banker with a complex offer to solve the client's financial problems through a package of bank products, created individually and exclusively for them.

Private Banking imposes very high requirements on banking services, qualification and client orientation of specialists. Therefore, not all the banks can afford to have such subdivisions. Given that such services entail increased costs for their organization, banks typically set a minimum level of customer wealth to provide their private banking services complex.

A sophisticated private banking client "buys" products and solutions, while an ordinary client "is sold" **products and services. The private banking client has certain standards, from the way they are received by the bank's representatives, to the way their operations are carried out. Private banking customers are opinion makers, people who are looked at and listened to by other people.**

At present, Private Banking services are provided both in developed economies and in emerging countries. This service has emerged with the diversification of banking services and asset management and the need to provide a high-degree service to customers with high financial liquidity.

Private banking is very closed, with limited information exchange and access restrictions, the procedures and related information being protected by financial institutions with utmost caution. However, through various studies and analyses of the Private Banking market conducted by large international audit firms, we can conclude that Private Banking approaches and practices in different countries and institutions are diverse but based on the same principles and visions of the respective segment development.

If we are to analyse the private banking market in Moldova, we will find that it is still in the development stage. However, judging by the evo-

lution of this market, we can conclude that in the general strategy of banks, the focus on the client, the understanding of his/her aspirations and the addressing to him/her with specific solutions are increasingly outlined. This represents a radical change over the period 2000-2013, when the banks were more likely to be suppliers of products and services with wider addressability. At present, Private banking can be regarded as a serious opportunity for the development and improvement of the banking activity on the segment of individuals, which is motivated by the fact that a class with a special status has already been formed in the Republic of Moldova today, consisting of people with impressive incomes.

On the domestic market, currently only B. C. "Mobiasbanca – Groupe Societe Generale" S. A. and B. C. "Moldova-Agroindbank" S. A. provide the Private Banking service to their major clients. The "Private Banking" subdivision of these banks provides services to a group of approximately 150-200 clients per bank, providing banking services on the local market (classical products).

In particular, the philosophy of the service is based on international practices in the field and is based on the efficient, prompt and high quality meeting of the requirements, wishes and needs of customers. As a result, Private Banking customers will have access to exclusive services and products tailored to the highest level of confidentiality, safety, comfort and efficiency.

First, the service is subject to the "one-stop-approach" principle, that is, a single contact with the bank through the dedicated Private Banker when the classic banking services (current accounts, deposits, cashier services, foreign exchange, remote banking, bank cards, credits, money transfers and other services associated with these products), banking, tax, insurance and investment consulting services (local market) will be provided. At the same time, international investment services are an opportunity to develop private banking in the future (government securities and bonds, insurance products, investment funds, individual asset management services, shares, structured products, derivatives, etc.) through identifying strategic partnerships with important international institutions with experience in the field. In our opinion, direct access to financial information, as well as the expansion of the range of banking products, will in the future lead to an

even greater orientation of the clients towards the private banking service.

It is worth mentioning that the provision of the Private Banking service for the bank is a strategic one in order to maintain the leading position in the local banking market, the image of the innovative bank and the need to maintain and develop relations with this category of clients. The high degree of customisation of products, professionalism, complex and personalized financial solutions, a wide variety of investment options, the prioritization of all requirements, together with maximum confidentiality will generate a high degree of client loyalty [7].

Thus, for the efficient organization of Private Banking, a separate structural subdivision is created, usually situated in a special location, applying the basic principles of this service such as establishing close relationships with potential clients, maximum level of confidentiality, high quality of services tailored to the needs of each client, convenience in cooperation with the bank through a Private Banker available 24 hours and 7 days a week for consulting and solving the financial needs of clients. The organization of this service is a response to a current need and represents a potential competitive advantage for the banks that provide it [7].

Starting from the imperative postulate that banking is done through people, in the private banking sphere the quality of human resources is even more important as the client relies on the personal banker both in managing their wealth and in covering the transactional-operational area of their current activity. Accordingly, the private banking specialist advisor is a person who provides an exceptional qualitative standard in relation to the client and who must have sound financial and banking knowledge, being able to suggest appropriate financial solutions to each client depending on profile and manage the client's banking activity with maximum efficiency.

The private bank's responsibilities also include identifying and attracting new clients that meet the eligibility criteria for the Private Banking category, focusing on promoting savings, lending and other bank products to them. It is also worth mentioning that each client has specific needs, there are no similar customers in private banking, so as to generate standardized products, which is why for each customer a unique solution is identified that suits their needs. We speak of a

wide range of products that need to be matched so that ultimately a unique solution can be found for each customer. However, as heterogeneous is the range of investments that the bank configures for each client, so different are the earnings gained by these customers. And the yield varies according to the client's profile, the time horizon, and the risk he/she is willing to assume.

The banks that organize the Private Banking service from the very beginning focused on the professional quality of the relationship managers with the elite clients (Private Bankers), so that the Private team would consist of people specialized in managing such clients, a condition being also their previous experience in financial-banking field and in relationship with clients with significant wealth. So, from our point of view, the most important attributes are the vast knowledge of the banking market and the excellent customer relationship skills.

Taking into account the human and professional profile required to occupy such a position, the recruitment of specialists is done from the branch of directors and subsidiary deputy directors, people devoted to the bank, with extensive experience in negotiating with important clients who know conflict management and techniques of establishing lasting relationships with existing and potential bank clients.

Given the complexity and the major impact of the quality of private bankers, who are responsible for advising Private Banking clients, there is a need for continuous training of employees who provide counselling to this segment of clients [8].

Conclusions. Private Banking is a relatively recent concept in the activity of the banks from emerging countries, but which is imposing itself by the opportunities it offers to the new social layer of clients with significant incomes and wealth. It is estimated that “the number of clients and assets in their administration will certainly increase as we are talking about the next generations of entrepreneurs or generations that are in the process of taking over assets or businesses already set up” [6].

As far as customer requirements are concerned, in the near future we can predict that there will certainly be an increase in the number of people willing to receive Private Banking services, taking into account the increase in the overall level of countries development and wealth of some segments of population.

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И. Опінка (Национальный институт экономических исследований, Республика Молдова). **Некоторые аспекты управления частными банковскими услугами в Республике Молдова.**

Аннотация. Цель статьи – проанализировать довольно специфический стратегический аспект для современного банковского сектора, в том числе Молдовы, в частности особенности управления и продвижения услуг в сегменте клиентов Private. **Методика исследования.** Решение поставленных в статье задач осуществлено с помощью таких общенаучных и специальных методов исследования: анализа и синтеза, систематизации и обобщения, системного и мультиагентного подхода. **Результаты.** Будучи относительно новым направлением в практике национальных банков, особенно развивающихся стран, этот аспект довольно мало изучен в специализированной научной литературе. В нашей статье будут проанализированы подходы и практики, связанные с частными банковскими услугами, их возникновением и развитием, формированием рынка этих услуг в Республике Молдова, необходимостью понимания своих клиентов и решения с их помощью конкретных и персонализированных услуг. **Практическая значимость результатов исследования.** Выводы представят примеры лояльности к уже существующим клиентам, роль менеджмента, в частности человеческих ресурсов, задействованных в этом банковском сегменте для привлечения и удержания частных клиентов и продвижения высококачественных услуг, а также перспективы развития этого вида услуг.

Ключевые слова: менеджмент, финансовая система, банковский сектор, VIP-клиенты.

I. Опінка (Національний інститут економічних досліджень, Республіка Молдова). **Деякі аспекти управління приватними банківськими послугами в Республіці Молдова.**

Анотація. Мета статті – проаналізувати досить специфічний стратегічний аспект для сучасного банківського сектора, у тому числі Молдови, зокрема особливості управління та просування послуг у сегменті клієнтів Private. **Методика дослідження.** Рішення поставлених у статті завдань здійснено за допомогою таких загальнонаукових і спеціальних методів дослідження: аналізу та синтезу, систематизації та узагальнення, системного та мультиагентного підходу. **Результати.** Будучи відносно новим напрямом у практиці національних банків, особливо країн, що розвиваються, цей аспект досить мало вивчений у спеціалізованій науковій літературі. У статті проаналізовано підходи та практики, пов'язані із приватними банківськими послугами, їх виникненням та розвитком, формуванням ринку цих послуг у Республіці Молдова, необхідністю розуміння сподівань своїх клієнтів і вирішення за їх допомогою конкретних і персоналізованих послуг. **Практична значущість результатів дослідження.** Висновки представляють приклади лояльності до вже існуючих клієнтів, роль менеджменту, зокрема людських ресурсів, задіяних у цьому банківському сегменті для залучення й утримання приватних клієнтів і просування високоякісних послуг, а також перспективи розвитку цього виду послуг.

Ключові слова: менеджмент, фінансова система, банківський сектор, VIP-клієнти.