

## ASPECTS REGARDING THE CREDIT AND SAVING UP AT RAIFFEISEN BANK

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**Abstract:** *The present paper intends to present the banking products offered to individuals by Raiffeisen Bank. Raiffeisen Bank is a leading universal bank on the Romanian market, offering a complete range of high quality products and services to individuals, SMEs and large corporations, through multiple distribution channels.*

*The products and services offered by banks both at global and national level are in a continuous diversification. The diversification of these products and services has required a profound restructuring of the banks, which are becoming more efficient and increasing the emphasis on the relationship with the clients in order to satisfy their needs.*

**Key words:** *bank, credit, savings*

### INTRODUCTION

The banking institutions have a special role in the financial sector and in the good functioning of the economic units and the economy as a whole. A permanent concern of these was the creation of a functional banking system, which can offer a rich range of products and services, which correspond to the demands of potential customers [1, 2, 3].

The objective of the scientific work paper is the analysis of credit and savings products offered to clients, natural persons by Raiffeisen Bank.

The credit granted by a bank to a client must be advantageous, both for the bank, by expanding and diversifying the loan portfolio so that it can obtain additional profit, but also for the client, who can expand his business through the loan accessed, obtain profit and to be able to pay the debts to the bank at maturity [5, 8].

Trust in the banking system is the psychological element that stimulates the granting of loans, which does not mean that the activity provided by banks is not risky. Confidence makes the mechanism of lending work by taking some commitments [4, 6].

The credit is regarded as a combination of three elements: time, confidence given to the debtor and promise of repayment of borrowed funds [8].

Taking in consideration the contemporary economic theories, the *credit* represents a monetary relationship between a natural or legal person, the creditor, respectively, who grants another person called the debtor, a loan in money or who sells goods or services on debt, generally with a stable interest rate in depending on the risk taken by the creditor or the reputation of the debtor [2, 4].

One of the essential functions of banks is the establishment and use of bank deposits. The establishment of bank deposits is also one of the most important lines of business for the banking institutions, because they are the sources for granting loans and other investments [8].

The most attractive saving product of the Romanians is the respective bank deposit, the amount of money deposited with the bank, for a period of time, for which it pays the customer an interest [1, 7].

The main target of the bank deposit is to protect the savings from depreciation, for this reason it is necessary that the interest rate on bank deposits be higher than the inflation rate.

The Raiffeisen Group brings to Romania a tradition of over 130 years.

The history of Raiffeisen Bank in Romania begins in 1994, when the Austrian Raiffeisen Banking Group opened a branch in Bucharest. In 1998, it was transformed into the subsidiary Raiffeisen Bank (Romania), offering services and products for companies. Raiffeisen Bank Romania resulted from the merger, concluded in June 2002, of the two entities owned at that time by the Raiffeisen Group in Romania: Raiffeisen Bank (Romania) and Agricultural Bank Raiffeisen SA, which was established in 2001, after taking over the state bank Agricultural Bank by the Austrian group [11, 16].

The Raiffeisen Bank logo represents two crossroads that in ancient times completed the top of a house roof, a symbol of protection against dangers and safety. The Raiffeisen organization has transformed this symbol into its own brand.

The essence of the Raiffeisen brand is the team spirit, the one that unites its members and helps them to achieve the goals of the team and the organization.

Raiffeisen Bank is the subsidiary of Raiffeisen Bank International AG (RBI), with headquarters to Vienna, one of the largest providers of corporate and investment banking services from Austria and a leading universal bank from Central and Eastern Europe (ECE). [16]

The Raiffeisen Group operates in Romania through its subsidiaries [16]:

- Raiffeisen Asset Management-The investment management company of the Raiffeisen Group in Romania;

- Raiffeisen Leasing - Leasing products for financing vehicles, equipment and real estate;

- Raiffeisen Insurance Broker - Insurance and reinsurance consultancy services;

- Raiffeisen Bank for Housing-Saving-lending services for housing.

Raiffeisen Bank Romania has over 5,000 employees, working in 400 agencies throughout the country.

Raiffeisen Bank currently has more than 2 million individual clients, nearly 100,000 SMEs and over 5,600 large and medium-sized corporations.

The Raiffeisen Bank network covers all the counties from Romania and comprises: over 400 agencies; over 1,000 ATMs; over 19,000 EPOS terminals; over 200 multifunctional machines (MFM) [16].

## **MATERIALS AND METHODS**

The authors of the article consulted a rich bibliography from the specialized literature that includes books, articles and specialized papers, reports and statistical data offered by the National Bank of Romania and Raiffeisen Bank. The information collected was analyzed, processed and graphically represented and a number of conclusions were formulated.

## **RESEARCH RESULTS**

Through its loan offer, Raiffeisen Bank offers its clients the loan that fits their plans and they have made each one individually: loans for personal needs, loans for refinancing, shopping cards and real estate loans for the refurbishment of their home, a new home.

The personal loans provided by Raiffeisen Bank are presented in Table 1.

Customers who want to invest in the things that matter to them can access the personal needs loan without a Flexicredit mortgage.

In the case of Flexicredit, the Raiffeisen Bank receives a reduced interest rate of 1% compared to the standard offer, to collect the salary at Raiffeisen Bank.

The rate is automatically withdrawn from the current account where the income is collected, without going to the bank.

For protection in difficult situations, the life insurance and unemployment insurance, in advantageous conditions, are concluded.

**Table 1.****Offer of personal needs loans**

|  | <b>Personal loan without mortgage, Flexicredit</b>  | <b>Personal loan guarantee with mortgage, Flexicredit Plus</b>  |
|--|---|---|
| <b>The amount</b>                      | 500 - 20,000 EURO (lei equivalent)  | 5,000 - 200,000 Euro (lei equivalent)   |
| <b>Period</b>                          | 18 months -5 years  | 6 months - 25 years   |
| <b>The interest rate</b>               | 11.25% standard offer<br>9.55% special offer (if you apply online or receive your salary at Raiffeisen Bank)  | 6.66% standard offer<br>6.41% special offer (if you apply online or receive your salary at Raiffeisen Bank) |
| <b>Effective Annual Interest (EAI)</b> | 13.02% standard offer<br>11.13% special offer (if you apply online or receive your salary at Raiffeisen Bank) | 9.07% standard offer<br>8.80% special offer (if you apply online or receive your salary at Raiffeisen Bank) |
| <b>Maximum value financed</b>          | -   | up to 55% of the value of the buildings brought under the guarantee.  |
| <b>Guarantees</b>                      | -   | Mortgage on one or more properties owned by the borrower or third parties.                                  |

Source: [www.raiffeisen.ro](http://www.raiffeisen.ro)[16]

**Table 2.****The offer of refinancing loans**

|  | <b>Non-mortgage personal loan, Flexicredit Refinancing</b>   | <b>Personal loan guarantee with mortgage, Flexicredit Integral</b>   |
|--|--|--|
| <b>The amount</b>                      | 500 - 20,000 EURO (lei equivalent)   | 5,000 - 200,000 Euro (lei equivalent)  |
| <b>Period</b>                          | 18 months -5 years   | 6 months - 25 years  |
| <b>The interest rate</b>               | 10.00% standard offer<br>8.30% special offer (if you apply online or receive your salary at Raiffeisen Bank) | 6.66% standard offer<br>6.41% special offer (if you apply online or receive your salary at Raiffeisen Bank)  |
| <b>Effective Annual Interest (EAI)</b> | 11.06% standard offer<br>9.20% special offer (if you apply online or receive your salary at Raiffeisen Bank) | 7.44% standard offer<br>7.17% special offer (if you apply online or receive your salary at Raiffeisen Bank)  |
| <b>Maximum value financed</b>          | -  | up to 65% of the value of the buildings brought under the guarantee.   |
| <b>Guarantees</b>                      | -  | Mortgage on one or more buildings owned by the borrower, co-debtor and/or relatives/relatives of 1st degree. |

Source: [www.raiffeisen.ro](http://www.raiffeisen.ro) [16]

In the case of the personal needs loan guaranteed with a mortgage, the interest rate reduction of 0.7% is applied if the interested persons applied online, and the mortgage is made in favor of the bank over one or more buildings owned by the borrower or third parties.

The maximum value financed: up to 55% of the value of the buildings brought under the guarantee.

These loans have many advantages: Fixed monthly rate; Low interest; Simple and fast to obtain; Advantages of the current account package.

By accessing an Integral Flexicredit (table 2) you can obtain a single monthly rate, up to 70% lower than the sum of the rates paid on previous credits. It is advantageous because a wide range of incomes are accepted.

In the case of personal loans with mortgages, it is compulsory to insure the property, sold in favor of the bank.

The shopping cards offered by Raiffeisen Bank are: Standard, Vodafone, eMAG, Gold (Table 3). They have a grace period of up to 56 days and a network of partner shops, where you can use and benefit from the payment of interest-free rates, activity report by email and flexible reimbursement. Depending on the funds, any amount can be repaid monthly, starting from at least 5% of the credit used. Customers have at their disposal a network of partner shops, with the most varied profiles from which they can buy products which can then be paid up to 12 monthly rates without interest [16].

The Standard shopping card has various reimbursement methods and can be obtained immediately, and access to the approved amount is immediate.

Daily shopping and complete home equipment can be provided with the Raiffeisen Bank eMAG shopping card, but also eMAG loyalty points can be earned. They can be paid in up to 24 rates without interest.

Each payment with the Vodafone shopping card brings loyalty points that can be converted into minutes of calls or can be used for the purchase of mobile phones, Vodafone cards, extra options or accessories.

The Gold shopping card is issued on the spot and offers instant access to a generous credit limit of up to 70,000 lei.

**Table 3.**

**Shopping cards offered by Raiffeisen Bank**

| <b>Card types</b>      | <b>Standard</b>            | <b>eMAG</b>                | <b>Vodafone</b>            | <b>Gold</b>                  |
|------------------------|----------------------------|----------------------------|----------------------------|------------------------------|
| <b>Age</b>             | 22 and 65 years old        | 22 and 65 years old        | 22 and 65 years old        | 22 and 65 years old          |
| <b>Minimum income</b>  | 150 Euros / family         | 150 Euros / family         | 150 Euros / family         | 400 Euro / applicant         |
| <b>Old age at work</b> | Minimum 3 months           | Minimum 3 months           | Minimum 3 months           | Minimum 3 months             |
| <b>Credit limit</b>    | Between 700 and 30,000 Ron | Between 700 and 30,000 Ron | Between 700 and 30,000 Ron | Between 5,000 and 70,000 Ron |

Source: [www.raiffeisen.ro](http://www.raiffeisen.ro)[16]

The solution for the clients who want to buy a house, whether it is the first house or a new, more spacious home, is the real estate loan. Also, if clients are considering renovating, modernizing, expanding their home, or building their own home or buying land, real estate credit is the solution offered by Raiffeisen Bank.

The offer of real estate loans of Raiffeisen Bank is presented in Table 4.

The advantages of real estate loans are: preferential interest, significant savings, security and comfort.

Table 4.

## The offer of real estate loans

| Credit category                             | The first house   | Your house   | For residential projects  | Your Green House  |
|---|---|--|---|---|
| <b>Destination</b>                          | Acquisition   | Acquisition, renovation, construction  | residential projects  | Purchase of a building that holds RoGBC energy efficiency certification   |
| <b>The condition for obtaining the loan</b> | There has no building over 50 sqm   | It can be obtained with your life partner  | Age 21-65 years<br>Minimum net income 150 Euro/participant in credit (equivalent in Lei)<br>Age at work of at least 3 months. | It can be obtained with your life partner.<br>Age 21-65 years (at the end of the loan).<br>Minimum net income 150 Euro (equivalent in Lei)/credit participant |
| <b>The amount</b>                           | up to 57,000 Euro (equivalent in Lei) for old houses or maximum 66,500 Euro (equivalent to Lei) for houses for which the reception of the works was done 5 years before the credit application. | 5,000-300,000 Euro (Lei equivalent)  | 5,000-300,000 Euro (Lei equivalent)   | 5,000-300,000 Euro (Lei equivalent)   |
| <b>The interest rate</b>                    | Standard offer 4.66%  | 5.66% standard offer<br>5.41% special offer (if the salary is received at Raiffeisen Bank) | 5.38% standard offer<br>5.13% special offer (if the salary is received at Raiffeisen Bank)                                    | 5.41% standard offer<br>5.16% special offer (if the salary is received at Raiffeisen Bank)  |
| <b>Effective Annual Interest (EAI)</b>      | Standard offer 5.04%  | 6.33% standard offer<br>6.07% special offer (if the salary is received at Raiffeisen Bank) | 5.88% standard offer<br>5.62% special offer (if the salary is received at Raiffeisen Bank)                                    | 6.07% standard offer<br>5.81% special offer (if the salary is received at Raiffeisen Bank)  |

Source: [www.raiffeisen.ro](http://www.raiffeisen.ro)[16]

First Home Real Estate Loan has as main objective to unlock the lending activity and to boost the construction sector. For this purpose, the state guarantees 40% or 50% of the loans granted by the banks, provided with the condition that they would grant cheaper loans [13].

Raiffeisen Bank has launched the real estate loan “Your Green House” in order to encourage individuals to purchase homes with “Green Homes” energy efficiency certification, granted by the Romanian Council for Green Buildings (RoGBC) [9].

The option for a green house has a number of advantages: lower interest rates than standard real estate loans, lower energy costs and repairs, which means a lower cost of owning a home.

A green house means a healthier environment for the whole family, by using environmentally friendly, non-toxic materials when building the house [17].

The period for granting real estate loans at Raiffeisen Bank is between 3 and 30 years. Regarding for the minimum advance, it represents 5% of the value of the home for the First Home loan and 15%-35% for the other categories of real estate loans (Your house, the loan for residential projects and Your green house). The interest rate on real estate loans is variable throughout the granting period.

The guarantees that the clients have to provide when contracting a real estate loan are represented by the rank I mortgage established on the purchased property or on some immovable property and compulsory insurance for the property brought in the guarantee, transferred to the banks in the case of the real estate loans Your house and Your house Green. In the case of the First House loan, the guarantee is represented by the legal mortgage in favor of the bank and of the Romanian state on the purchased property and a collateral deposit (the equivalent of 3 monthly installments).

**Table 5.**

**The offer of deposits and savings accounts**

| Categories                    | Savings account Super access plus        | Deposit with subsequent deposits             | Deposit up to 1 year                         | Deposit between 1 and 3 years                        |
|-------------------------------|--|--|--|--|
| <b>Currency</b>               | Lei                                      | Lei  | Lei, USD                                     | Lei  |
| <b>Minimum amount</b>         | 500 Lei                                  | 500 Lei                                      | 500 Lei, 500 USD                             | 500 Lei  |
| <b>Establishment deadline</b> | Unlimited                                | 4 months                                     | 6.12 months                                  | 24, 36 months  |
| <b>Interest rate</b>          | It is capitalized monthly in the account | It is capitalized at maturity in the account | It is capitalized at maturity in the account | It is transferred to the current account at maturity |
| <b>Interest rate</b>          | variable                                 | fixed  | fixed  | fixed  |

*Source:www.raiffeisen.ro[16]*

Deposits are the most advantageous and safe ways of saving with attractive commercial names, but in the end, all fall into several general typologies: [10, 15]

- Term deposits that can be set up on fixed terms, with a monthly maturity, or for multiple months. The interest is granted at maturity and is fixed for the life of the deposit. They can be automatically extended and you can opt for interest capitalization (respectively the interest will be added to the deposit amount, and for the next period you will receive interest for the amount so accumulated). A variation of these products is the deposits with interest paid in advance, called revolving deposits.

- Savings on sight are more flexible than on time because they can access the funds without waiting until maturity and without losing the accrued interest. Usually, the interest rate is variable and is updated every month, on the anniversary of the deposit.

- Deposits dedicated to children respond to the need for long-term savings, on behalf of children, for the future. [12,14]

Saving offers the opportunity to prepare early for important things, even if sometimes it is an extra amount of money. Raiffeisen Bank through the types of deposits made available to customers offers the right saving option (table 5): savings accounts and flexible deposits, which give access to money at any time or term deposits for planned events. In some cases, saving and lending can be combined.

Savings deposits, whether it is the Super Access Plus savings account, the deposit with subsequent deposits, the deposit up to 1 years or the deposit between 1 and 3 years, can be opened at any Raiffeisen Bank agency with the original ID or mobile banking-Raiffeisen Smart Mobile, or through internet banking-Raiffeisen Online. Regardless of where the deposit is opened, access to the amounts deposited is provided to any of the more than 500 Raiffeisen Bank agencies throughout the country.

## CONCLUSIONS

Raiffeisen Bank is a leading universal bank in the Romanian market, providing customers with a complete range of high quality products and services with the mission to support the development of sustainable and prosperous communities, and to understand the needs of clients.

Raiffeisen Bank through its loan offer makes available to the clients the loan that fits the plans of each individual: for personal needs, a new dwelling, the renovation of the existing one, for studies.

Real estate loans can be used for the purchase or construction of a home, for the modernization/extension of a building, for the acquisition of a land or for refinancing some loans.

Saving offers the opportunity to prepare early for important things, even if sometimes it is an extra amount of money. Raiffeisen Bank through the types of deposits made available to customers offers the right savings option: savings accounts and flexible deposits, which give access to money at any time or term deposits for planned events.

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