

## **CUSTOMERS CATEGORIES AND TYPES OF BANKING SERVICES**

**DANIELA SIMONA DIMITRIU \***

**ABSTRACT:** *For a bank it is advantageous to have different types of clients because, as will receive deposits and provide loans for both business and individuals. The difference between the interest charged by banks and they are paid gross banking profit, following recovery, by the bank, business development potential offered by customers, resulting in advantages for both bank and customer. Customer benefits can be considered: the safety of deposits held at banks; interest received for them; that the money held in bank accounts can be returned at any time upon request; transfers of money to them, instead of wearing them large sums of cash.*

**KEY WORDS:** *customer; bank; categories; type; banking account.*

**JEL CLASSIFICATION:** *G29; G21.*

### **1. INTRODUCTION**

In 1950 occurred the so-called "customer orientation", which meant focusing on requirements. Main concern was directed to identify customer needs and desires, such as companies come to meet them at the highest level of satisfaction of their needs. This change of perspective, belongs to the famous economist Philip Kotler, considered the father of modern marketing, which says that the new marketing must be "human activity directed towards meeting the needs and wants through exchange process in relation to market" (Kotler, 1986, pp. 4-5).

The concept argues that the key achievement by an organization, its objectives, is to determine the needs and desires clients, targeted and expected satisfaction in providing a better and more quickly than the competition.

The year 1950 is when introducing this concept in banking, with the tertiary sector development - sector of the Service. The marketing has come to learn many things about the client.

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\* Lecturer, Ph.D., "Dimitrie Cantemir" Christian University, Romania, [nenciu75@yahoo.com](mailto:nenciu75@yahoo.com)

*Client - a possible definition* Customers are those who turn to bank services, but first you need to be known more closely. A customer is a person or entity receiving or benefiting from the bank, and who uses a company or banking institution to change currency. The customer is one who has a bank account.

"Customers are bank depositors, who entrust their money, banking facilities, for storage and fruiting, for which they receive interest and applicants or those who need temporary, some additional money for paying interest or commission" (Pîrvu, 2004, p. 31).

There is no established definition of "client", but can be but few details about customers to draft a definition of customer, in terms of banks, as is the bi-univocal relationship, client-bank relationship.

"At the most general relationship as defined in dictionaries, is nothing but a link, a connection, a relationship between things, facts, ideas, processes, features, people, institutions, entities, whatever they may be.

Extrapolating the definition of the bank plan, typically client-bank relationship is a more special relationship than meets the eye, precisely because it is very sensitive. "In this dualism, almost inseparable, the customer can be defined by the following features: (Ionescu & Dimitriu, 2008, passim)

- Is a person or legal entity that has a business relationship with the bank;
- Turn to one of the units a bank to ask for operations;
- Use one, some or all services offered by banks.

The relationship between customer and bank defined by law. This refers to the duty of the bank to take care of the customer and the banks responsibility to ensure that the system protects the technology used, the bank itself and its customers.

In essence, the relationship between bank and client is that relationship estab debtor and creditor. Customer may be creditor and debtor bank. Reverse this situation is recorded for the customer borrows money from the bank. Bank is not just a keeper of money, since it could use the funds for the purpose of business, but assumes the obligation to repay, on request, amount of deposits. Business potential offered by bank customers there for a viable business, banks need customers.

Different types and categories customers have different requirements, in accordance with their business or personal needs, offering great potential for development banking. Requirements and customer needs may change after a period of time, according to the new conditions existing in the economy and society.

The customer needs and offer advanced services, banks will keep their customers and will be able to offer new services. In a market economy is a long established fact that specialized banking products are more easily developed and used by existing customers than new ones. It is, shoulder important to identify different types of customers and their specific requirements. Companies will have different needs depending on the nature and volume of business. A small company, for example, may need a short term loan to cover the needs for services and manufacturing. Great investors may want to borrow money for investment so as to expand and diversify its business.

Needs of individuals who open their personal accounts may differ, depending on income level and lifestyle. Currently, this type of customers have a small share in

Romania, but in perspective, the number of those who open their personal accounts should increase considerably.

"The market economy is a modern monetary economy (a money). Most trade is done by means money, money. All economic transactions are influenced in one way or another, money. Monetary Economics organic blends real economy, affecting a positive or negative, depending on the nature of prices and monetary measures". (Heyne, 1991, p. 8.) "Thus, customers choose based on their needs and will choose a particular bank, depending on the services and benefits. This criterion takes you a while, the banking industry developed according to demand". (Ionescu, 2009, Cap. I) Pressure from customers with different needs, the existence of services and by other financial institutions, will lead to changes and improvements in the banking system. While, due to the fact that banks are beginning to improve strategies, will be introduced new banking products and services in accordance with international banking practice.

## **2. CATEGORIES OF CUSTOMERS**

Category of customers expressed groups of individuals with similar properties that are identified with those who do business with a bank. They are diverse and differ with different interests and needs. For a banker is particularly important: [7]

- To recognize categories of customers that come in direct contact;
- To identify the transactions necessary for each category;
- Know the law, existing for different types of customers.

Customers can be divided mainly in legally, into two categories:

- Legal and
- Individuals.

Legal entities may be, in turn, grouped by type of ownership, legal form of organization and type of economic activity (business). For example, in Romania, most accounts are held by legal persons.

### **2.1. Corporate customer**

Method of establishment of companies is regulated by law. "In terms of corporate bank accounts should be noted that each bank based on the law on banking has developed its own regulations (rules) to open and operate such accounts. These regulations are constantly improving to meet the demands of market economy development. Laws and regulations are published in our country in the Official Gazette. At the same time, it is important to know the internal regulations of banks". (Ionescu, 2009, Cap. I)

It is also important for banks to know whether a person is a client company, the right of legally constituted, before doing business with him, each type of company is subject to certain regulations.

In Romania, there are several forms of organization of companies, defined by the Law no.31/1990.

*Features companies as clients of the bank [7]*

Are established in some specific forms that determine both the organization and their activity;

- Have obtained, by law, the status of legal person;
- In case of termination payments are subject to bankruptcy.

In their capacity as bank customers, these companies must meet requirements set by the bank, on the opening and operation of their bank accounts. Thus, companies who open bank accounts are asked a series of documents showing their form of legal organization, company name, type of work, the company's capital, specimen signatures for persons to operate the account etc..

*Types of companies that operate in Romania* Legal persons may carry out business in a variety of forms, according to Law. 31/1990. (Monitorul Oficial, 1990, nr. 126-127) The law defines various types of companies that can be formed.

These companies will be in the following forms: (Monitorul Oficial, 1990, nr. 126-127)

- SNC;
- Limited partnerships;
- Company limited by shares;
- Joint stock companies;
- LLC - Limited liability company.

Each of these must be established by law, each category of companies, in part, having to meet certain requirements. So there:

a) SNC

The law defines this type of company as the company whose social obligations are guaranteed by its social heritage and unlimited joint and several liability of all partners.

Features of this type of company are:

- Minimum number of associates is 2 - to be able to conclude the company;
- Capital can be as small and consists of members contribution (cash and / or kind), divided into shares, which generally are not transferable (except in cases where the contract of association, agreed that can be assigned);
- Liability of members for social obligations, shall be joint and unlimited;
- All associations were considered as traders and usually they have given another mandate to manage, one for the other company;
- Each pair can be declared bankrupt as a result of errors of them, as a consequence of the solidarity clause of the associates;
- Their association gives them the opportunity to trade in partnership.

Name of such companies must have at least one name and the words associated CNS opening bank account on the company name. The signature list are designated as persons to operate the account.

b) limited partnerships

The law defines this type of company as the company whose social obligations are guaranteed by social heritage and unlimited joint and several liability of general partners, limited partners liable only up to their intake

When setting up this type of society prevailing mutual trust between partners. The main feature of this type of company is that it has two categories of partners: general partners and limited partners.

Comanditates

- Have the sole right to participate in company management;
- Unlimited and severally liable for company obligations;
- Their name is included in the name of the company;
- Is the active element of society;
- Have the quality merchants. partners are

Comanditars

- Contribute equity, their liability limited to its level;
- Not a trader, they can not intervene in trade of the company to third parties and banks;
- Not allowed to participate in corporate governance only in special cases, by proxy, in this case responding, jointly and unlimited fortune, like the partnership;
- Their names not be included in the company name;
- Have the right to exercise acts of surveillance, to know the balance sheet, profit and loss account, commercial records etc.

It is not necessary that all partners are present name Bacar account and checks issued by a company.

Obligations of members:

- Obligations are backed social heritage;
- Comanditates respond unlimited joint and several, for the debts of the company, their present and future assets;
- Partners are liable only up to their capital contribution. Thus, creditors may recover their debts not only of assets (properties) company, if they remain unpaid after all properties have been exhausted, they may, in legal terms, to take possession of personal property belonging to one order.

c) companies limited by shares

The law defines this type of society as society whose capital is divided into shares and social obligations are guaranteed with social patrimony and unlimited joint and several liability of general partners, limited partners are required only to pay actions.

“Not everyone wants to start a business have unlimited liability for datoririle made. Such people will be attracted to form a company limited by shares”. (Ionescu, 2009, Cap. I) The decisive element of such a company is capital, not individual members. Capital is divided into shares of equal value. This form of society has common features with limited partnerships and with the stock.

Associations are controlled and limited partners, indicating that in this case, partners are liable for the debts and obligations to society only within the subscribed capital in shares.

Capital is represented by shares. The contribution may be in cash and / or nature, but evaluated and taking the action.

Obligations, liabilities company limited by shares are secured by:

- Assets of the company;

- Joint and several unlimited liability limited partnership;
- Partners are required only within the subscribed capital in shares.

d) joint stock company

The law defines this type of society as society whose social obligations are guaranteed with social patrimony, shareholders are obliged only to pay their actions.

These companies are companies whose capital is divided into equal shares and marketable securities (including stock exchanges). This form of society is the typical company, it allows the accumulation of capital for development of large companies - industrial, commercial, banking. Capital contribution of officials may be in cash or kind, but was evaluated and taking the action.

Training requirements of joint stock companies are more stringent than the formation of other types of companies, established by law as a set of requirements for setting up and functioning.

Management companies stock is made by the Board of Directors and General Meeting of Shareholders.

e) Limited Liability Company – LLC

The law defines this type of company as the company whose social obligations are guaranteed by social heritage, associations are required only to pay shares. In this case, the company's capital is divided into shares which, under contract societies and as set forth in the statute, not negotiable on the stock exchanges. The members of this type of society are responsible for social liabilities only to the amounts deposited as shares and the assets of the company.

f) individual comerciants (Monitorul Oficial, 1990, nr. 126-127)

Although the dominant role they have companies in the market economy, individual traders continue to show presence and be part of bank customers. From this point of view can be distinguished:

f.1) free tradesmen and professionals

They operate under an operating authorizations issued by local city and pay a flat tax on income, the financial department of belonging. They can open bank account as an individual, being bound by law I have a bank account "the company" as a legal entity.

f.2) family associations

Works under Decree no. 94/1990, (Monitorul Oficial, 1990, nr. 20) where opening a bank account is made in the same manner as any body.

*Opening bank accounts* for the activity of its specific economic any agent should have opened a bank account through which to conduct operations of receipts and payments. In this respect, the company must provide the bank the following documents:

- Request to open an account - if accounts currency, currency;
- Articles of association / society operating status;
- Final court decision;
- Registration with Directorate General of Finance and State Financial Control;
- Operating license / certificate of registration in the Trade Register;
- Excerpt from the minutes of the General Assembly of Shareholders approving the nominal signature of persons authorized to right;

- Sheet specimen signatures of persons authorized to order the operations account with the bank and company stamp;
- Banking and stamp tax code;
- Evidence of operating space. With the opening of accounts, bank cards issued company checks to bearer and / or limit the amount necessary for payment efecuearea current operations.

## **2.2. Individual clients**

“A customer - an individual can be defined and described as a person holding a bank account for personal use. Such customers must comply with existing regulations and bankers must ensure that they do not open and use bank accounts for illegal purposes”. (Ionescu, 2009, Cap. I)

Individual customers still have a low share in overall banking. In Romania there are types of accounts specifically for this category of customers. For individuals, opening a bank account requires only:

- Request for account opening
- Presentation of an identity - identity, Romanian individuals or passport for foreign individuals.

Only individuals can open accounts in their names, with the possibility of account holders and empower others for signature in mind. In other countries, joint accounts - open two names - are common, for example, family, husband and wife can open an account with both names.

In Chapter individuals, the only consideration that banks should consider it is old people who want to change an account. It is envisaged that the very young may not fully know the consequences of making certain transactions with banks and therefore, such persons are protected to not be manipulated to benefit from them.

Also, it would be unwise for banks to engage in complex loan agreements with people too young. Even if the law is not explicit in this regard, banks may have their own regulations regarding the minimum age of clients. In Romania, as in many other countries, starting from the age of 18 years, individuals have full legal capacity and as such, can exercise their rights and assume obligations related to provision of legal relations which they conclude.

*Conditions for maintaining Clients* who have been admitted by the bank, following the fulfillment of criteria and enter into normal relations and current affairs will be followed always, the purpose of determining to what extent they maintain, want or reduce their performance original. Thus, during the course of business and various links with the bank, where customers can see the following possibilities: [7]

1. Their customers maintain or increase their overall quality were tested by the acceptance criteria. These customers are recommended to be very good, with high performance in these conditions, the bank and its territorial units will continue to actively address.

2. Customers change their performance in that record low profitability, assets are in a situation not too good - too much - to equity and long-term sources, it uses

fewer banking products and services, customers will be accepted indicators still passive and will be carefully monitored and supported to improve the overall situation is.

3. Customers no longer meet the criteria for which have been accepted, not a profitable place, liquidity and are below the permissible level of debt, work and their products are received in the market and generally have a situation determined which promises to be improved in future. This category of customers will be transferred to competition, so that, through a suitable attitude, not harm normal relations recommended in general, but must be firm, the bank will not promote new business with companies in this category.

### 2.3. Types of customers with whom the bank is working frequently [7]

- The driver of change - money provides the means to change reality in order to meet their own values and high standards;
- Caring - money is the means by which to show care and concern for others, leading to dependence and customer awareness, that is important for the bank;
- Competitor - money provides the means for overcoming self affirmation and competitors observed;
- Creative artist - money supply prompting the medium of creative and artistic aspirations of satisfying emotional needs,
- Innovator - money provides the means to explore new ideas and of finding new and better ways to do certain things;
- Bureaucracy - money is the means of ensuring economic security, social and psychological;
- Hedonistic - money provides the means of achieving personal goals and enjoy life;
- Creator of empires - money provides the means of modeling the environment, controlling the destiny of others and establishing a dynasty;
- Peace - money is the means to preserve the status quo, keeping people happy, accept that everything is subordinated to achieve what is best in the best of all possible worlds.

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