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**The Youth of Today –  
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**Transparency of Financial Communication of Banks in Relationship with  
Customers**

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**Abstract:** The article is part of a topic imposed within the Ethics in Commerce, Tourism and Services discipline, bringing into debate a recent phenomenon, namely, how transparent is the communication of banks in the relationship with consumers, providing detailed, clear and precise information. Although there is legislation in the field, transparency is not always found in the case of banks' financial communication in the relationship with customers, the process being essential to ensure their trust and to avoid any misunderstanding or dispute. The article highlights the usual methods by which the transparency of financial communication of banks in relation to customers is achieved, as well as the degree of sustainability of banks in relation to the environment, with examples from the banking system in Romania.

**Keywords:** banking; financial products and services; online tools; customer financial education

**JEL Classification:** G21; M21; P46

## **1. Introduction**

The history of the transparency of banks' financial communication dates back to the beginning of the 20th century, with the development of the banking industry. At that time, banks had begun to raise funds from investors and provide loans and credits to customers, and the need to provide clear and accurate financial information became increasingly important.

In 1933, in the United States of America, the Glass-Steagall Act was passed, (*it prohibited bankers from using depositors' money to pursue high-risk investments* (<https://ro.royalmarinescadetsportsmouth.co.uk/glass-steagall-act>), which imposed strict regulations on banks and established transparency standards in financial reporting. *This law required banks to provide detailed information about their activity and to be subject to strict financial reporting rules.* ([https://ro.frwiki.wiki/wiki/Glass-Steagall\\_Act](https://ro.frwiki.wiki/wiki/Glass-Steagall_Act)).

For several decades, the idea that a company has responsibilities not only to its owners, but also to its employees, to consumers and to the local communities in which it operates, has gradually been imposed. *The number of legal and moral obligations or responsibilities that the private business environment*

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must assume is increasing. The scope of groups to which companies must assume responsibilities is broadened (Gheorghe, 2010).

*Companies are becoming more morally burdened. Some assume these new obligations, others use the moral discourse only as a pretext in corporate messages. And some adopt a language full of catchy terms: interest groups, corporate citizenship, social investments, social responsibility (Oancea & Deaconu, 2007). Abused, the moral discourse loses its credibility. Transparency becomes a necessity. Transparency and rigor are the only tools that give consistency to corporate ethical discourse. Ethical responsibilities oblige corporations to do what is just, fair and equitable even if they are not forced to do so by the existing legal framework.*

*Transparency is a condition of effective communication between the company and the stakeholders. More than transparency in communication, credibility presupposes an agreement between the company's statements and actions (Crețu, 2020).*

In Europe, financial transparency standards are imposed by the European Banking Authority (EBA) which was established in 2011 in the context of the global financial crisis that began in 2008 and affected the European economy. The EBA was created to ensure more effective supervision and regulation of the European banking system and to contribute to increasing financial stability in Europe. EBA was created by means of Regulation (EU) no. 1093/2010 of the European Parliament and of the Council, which established the structure and responsibilities of the authority.

*The EBA's main responsibilities include banking supervision, regulation and financial stability in Europe. The Authority works together with other European and international bodies to promote consistent banking supervision across Europe and to improve cooperation and coordination between regulators* ([https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/institutions-and-bodies-profiles/eba\\_ro](https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/institutions-and-bodies-profiles/eba_ro)).

Over time, the EBA has had to manage a number of important issues in the European banking system, including the implementation of regulations on bank capital, increasing the level of consumer protection, creating a banking system more resistant to financial shocks, managing to strengthen its role within the European banking system and contribute to increasing transparency and financial stability in the region.

At the same time, the evolution of information technology has transformed the way banks communicate with customers and investors. Nowadays, most banks provide financial information and other services through the Internet and other digital channels, which allows for quick and efficient communication with the general public.

## **2. Ways to Achieve the Transparency of Financial Communication of Banks in the Relationship with Customers**

The transparency of banks' financial communication in relation to customers is essential to ensure their trust and to avoid any misunderstanding or dispute. In the following lines, the most relevant ways are presented, through which banks can achieve transparency of financial communication in the relationship with customers.

## **2.1. Ensuring Clear and Concise Communication**

Banks should ensure that information given to customers is clear and easy to understand, avoiding technical language or financial jargon that can be confusing to many customers.

*“Banking financial transparency refers to banks’ ability to communicate relevant financial information in a clear, concise and accessible way for customers and other interested parties”.* (OG 52/2016). To ensure clear and concise communication, banks should provide relevant financial information in a simple and accessible format, explain terms and conditions clearly and provide concrete examples to illustrate the costs associated with banking services. Banks should also make available to customers information on fees, interest, commissions and other relevant costs and provide online tools for calculating the costs associated with banking services. It is important that the financial information provided by banks is easy to understand so that customers can make informed decisions about the banking services they need and understand the costs associated with them.

At the same time, the relevant financial information must be found in a simple and accessible format, explain the terms and conditions clearly and provide concrete examples to illustrate the costs associated with banking services.

*Also, banks should make available to customers information on rates, interest, commissions and other relevant costs and provide online tools for calculating the costs associated with banking services .,* ([https://www.anpc.ro/galerie/file/proiecte\\_acte/Proiect\\_de\\_Ordonanta\\_14jan2016\\_160115.pdf](https://www.anpc.ro/galerie/file/proiecte_acte/Proiect_de_Ordonanta_14jan2016_160115.pdf))

**Banca Transilvania** provides its customers with detailed and easy-to-understand information on the costs associated with bank accounts and banking services offered through its website and mobile application.

The bank provides an electronic brochure with the costs associated with each type of account, including maintenance costs, transaction fees, money transfer fees and other costs. This e-brochure is regularly updated so that customers can be sure that the information they receive is the most up-to-date.

Banca Transilvania provides its customers with *“a cost estimation tool, which allows them to get an overview of the costs associated with their accounts and to compare the costs between the different types of accounts offered by the bank”.* ([https://www.bancatransilvania.ro/Manual%20Educatie%20Financiara\\_.pdf](https://www.bancatransilvania.ro/Manual%20Educatie%20Financiara_.pdf)).

In terms of real-time communication, Banca Transilvania sends notifications to its customers via the mobile application and SMS messages when unexpected charges appear on their accounts or when important transactions are made.

Through these tools, Banca Transilvania demonstrates its commitment to provide its customers with clear and transparent communication regarding the costs and banking services offered.

## **2.2. Providing Complete and Relevant Information**

Banks provide customers and other interested parties with complete and relevant information about the services and products offered, including the associated costs and fees. This should include information about interest, fees, charges and other relevant costs, as well as the terms and conditions that apply to banking products and services.

Providing complete and relevant information about their financial situation is an important step in assessing the risks associated with using their financial services. This should include information about

assets, liabilities, income and expenses, as well as the risks associated with investment and banking activities. It is important that this information is easy to understand so that customers can make decisions about the financial products and services they want to use.

Providing customers with online banking costing tools to benchmark financial products and services against other banks helps customers make informed decisions by finding the best deals and banking products and services for their needs.

*“ING Bank provides its customers with complete and relevant information through its website and mobile application. This information includes the costs associated with bank accounts and the banking services provided, as well as information about investment products and their performance”* ([https://www.ingwb.com/binaries/content/assets/support-content/compliance/legal-and-privacy-statements/channel-conditions/channel\\_conditions\\_ro-ro-1.pdf](https://www.ingwb.com/binaries/content/assets/support-content/compliance/legal-and-privacy-statements/channel-conditions/channel_conditions_ro-ro-1.pdf)). The concrete example refers to the provision of an updated fee guide for each type of bank account offered by ING Bank, which includes detailed information on opening costs, maintenance costs, transaction fees and other costs associated with each account. This guide is easily found on the bank’s website and can be downloaded in PDF format for reference at any time. In addition, ING Bank provides its customers with complete and relevant information about the investment products offered, their planning, including the associated risks and their historical performance, so that they can make decisions regarding these investments.

### **2.3. Promoting Access to Information**

Banks make efforts to make it easier for customers to access financial information, including by providing informative materials, brochures or websites with useful information. Most provide public access to relevant financial information so that customers and other interested parties can have a clear picture of business and financial statements. It also provides contact information to enable customers to get answers to their questions, information available both online and through other channels such as bank branches or customer service. Financial education available in an easy-to-understand format should include information about relevant costs, conditions, terms and policies.

*Raiffeisen Bank promotes access to information through its website, mobile application and Customer Contact Center. The bank provides detailed information about its products and services, as well as the costs associated with them”* (<https://cdn.raiffeisenonline.ro/portal/raiconnect/>).

The bank provides an up-to-date and easy-to-access fee guide for each type of bank account offered. This guide can be found on the bank’s website and customers can download or consult it online. In addition, the bank offers a cost calculator that allows customers to calculate the exact costs associated with their bank accounts.

In order to promote access to information, Raiffeisen Bank also provides its customers with a Customer Contact Center, where they can obtain additional information about the banking products and services offered, as well as the costs associated with them.

Through these tools and the promotion of access to information, Raiffeisen Bank demonstrates its commitment to providing its customers with transparent and informative communication regarding the costs, banking services and investment products offered.

## 2.4. Making Policies Transparent and Easy to Understand

Banks should create transparent and understandable policies, written in clear and accessible language, so that customers and other interested parties can easily understand the terms and conditions of the financial products and services offered by the bank, such as protection policies data, terms and conditions.

Also, the banks' policy on customer data privacy includes personal information collected by the bank, how it is used, customer access and control of personal information, or information security policies.

Fees and commissions should also be transparent. This should include information about the costs associated with the financial products and services offered by the bank, as well as information about any hidden fees or additional costs.

*“ING Bank has developed a transparent and easy-to-understand policy for its customers through the “Terms and Conditions” section on its website and through the information brochures available in branches”* (ing.ro/persoone-fizice/terms-and-conditions).

The document explains in detail the terms and conditions associated with the banking products and services offered, including information on costs, interest and fees. In addition, it highlights the advantages and disadvantages of each product and service so that customers can make an informed choice.

ING Bank has also created clear policies on personal data protection, respect for consumer rights and complaint handling. These policies are easy to access.

## 2.5. Providing Prompt and Efficient Responses to Customer Inquiries

Banks need to respond quickly and efficiently to customer inquiries so that they feel confident and informed about banking services and products. Providing them with the information they need to understand the financial products and services offered, as well as related fees and commissions, is a basic rule of thumb regarding transparency and how to effectively manage customer inquiries.

The availability of communication systems provides a certain speed regarding customer access, such as telephone, e-mail or online chat. Not always this need for fast communication is fully achievable.

**Raiffeisen Bank** offers its customers multiple communication channels to answer their questions quickly and efficiently, but, these channels include dedicated phone lines, online chat and e-mail, as well as support in the bank's branches. In a press release of the bank regarding the rapid solution of customer interaction - the bank represents *“the remote interaction solution - Interactive Voice Response - Natural Language Understanding (IVR-NLU) - is based on the most modern technology that allows quick access to information , the bank's products and services, over the phone, 24 hours a day, 7 days a week. The IVR-NLU solution complies with the security requirements necessary for fund transactions, being easy to use by customers”* ([https://www.bancherul.ro/stire.php?id\\_stire=16367&titlu=la-call-center\\_ul-raiffeisen-bank-iti-raspune-acum,-immediat,-un-robot-cu-voce-de-femeie](https://www.bancherul.ro/stire.php?id_stire=16367&titlu=la-call-center_ul-raiffeisen-bank-iti-raspune-acum,-immediat,-un-robot-cu-voce-de-femeie))

Moreover, Raiffeisen Bank has a special section on its website dedicated to frequently asked questions (FAQ), where customers can find answers to the most common questions related to the bank's products and services.

Raiffeisen Bank has also developed a special training program for its employees so that they are well prepared to provide quick and efficient answers to customer questions. Raiffeisen Bank employees are

trained to communicate in a clear and accessible way, to provide relevant information and to adapt their approach according to the level of financial knowledge of each client.

## **2.6. Informing Customers about their Rights**

Banks must inform customers about their rights regarding the services offered and how they can be exercised. This includes providing detailed and easy-to-understand information about the financial services offered, as well as the costs and fees involved.

Customers must also be informed of their rights in the event of unpleasant situations such as bank fraud or breaches of personal data rules. Banks should provide a clear channel of communication through which customers can report any breach or problem. Banks do not always inform customers about the violation of rules regarding personal data.

Consequently, in a negative example, *“Raiffeisen Bank Romania was sanctioned with three fines, in the total amount of 138,572 lei (28,000 euros), because it allegedly violated several times the provisions of the General Data Protection Regulation, announced the Authority National Supervisory Authority for the Processing of Personal Data (ANSPDCP)”* (<https://www.profit.ro/stiri/raiffeisen-bank-romania-a-fost-amendata-cu-28-000-euro-pentru-mai-multe-incidente-privind-securitatea-datalor-clientilor-20923023>).

In addition, customers should be informed of their options if they wish to change their financial service provider. This should include information regarding the account transfer process, the fees involved and any other relevant details.

## **2.7. Banking Transactions and Sustainability**

Banks should be aware of the level of banking transactions and their impact on the environment. Is there a sustainability that banks see in the future?

Most consumers today manage their personal finances online. This expands opportunities to deeply understand their buying, investing and saving habits. Customers in the digital age typically use multiple accounts and financial services at multiple banks. Payment transaction data allows issuers to make accurate lifestyle estimates. This is done by tracking consumer transactions and assigning carbon footprints.

**Raiffeisen Bank** has launched a solution for calculating the carbon footprint of customer transactions through the Smart Market application. The technical solution used is internationally certified. The carbon emissions of each user will thus be calculated based on the transactions made with the card or through their Raiffeisen account and displayed in their profile in Smart Market, to help them know and reduce their impact on the environment.

## **3. Conclusion**

The transparency of banks' financial communication in the relationship with customers is an essential aspect for creating a reliable and sustainable relationship between the two parties. Good financial communication involves providing complete and relevant information, promoting access to information, creating transparent and easy-to-understand policies, providing quick and efficient answers to customer

questions, informing customers of their rights, publishing periodic financial reports, informing the public about risks and vulnerabilities and making information available to all users.

A high level of transparency in financial communication can not only strengthen the trust of customers and the general public, but can also help banks to improve their financial performance, optimize their costs and develop a strong brand image and trustworthy.

In conclusion, the transparency of banks' financial communication is essential for creating a trusting and sustainable relationship with customers and the general public, and the implementation of concrete measures to ensure this transparency can bring significant benefits to both banks, their customers and the economy in general.

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