

**TRAINING NEEDS  
ASSESSMENT REPORT FOR  
MUNICIPAL CREDIT MARKET  
DEVELOPMENT IN ROMANIA**

**FINAL REPORT  
APRIL 2 MAY 30, 1998**

Prepared for

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# TRAINING NEEDS ASSESSMENT REPORT FOR MUNICIPAL CREDIT MARKET DEVELOPMENT IN ROMANIA

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## I. ASSESSMENT METHODOLOGY

The primary focus of the training needs assessment has been on banks that would participate in the training program. However, the information gathered from banks was complemented by interviews with the Romanian National Bank, the Ministry of Finance, and expert observers to obtain their views on the current capacity of banks to perform municipal credit analysis and the priorities for future training.

Information was collected from the five largest banks expressing an interest in lending to municipalities and regii: Bancorex, Romanian Commercial Bank, Romanian Development Bank, Bancoop, and Savings Bank. At each of these institutions, the assessment team first met with top management to explain the training needs assessment process and to gauge the bank's interest in developing municipal lending capacity. A follow-up meeting was held with personnel designated by top management as responsible for continuing contacts with the assessment team. These contact teams were responsible for organizing responses to the training needs questionnaire. Each of the banks sent the questionnaire to its headquarters Credit Department and to the credit departments of the principal branches outside Bucharest.

As of May 30, 1998, we have received responses to the training needs questionnaire from four of the five banks. Bancoop has undergone a complete change of management at the top and middle levels. The original contact team has been unable to distribute the questionnaire until new management decides whether it will pursue municipal lending as a priority and until it has decided which individuals within the bank will be charged with this responsibility.

Both before the distribution of questionnaires, and after receiving the filled-out questionnaires, focus-group meetings were held with the contact team to discuss their perceptions of the bank's capacity in municipal lending, future training options, and the significance of various questions included in the questionnaire and the responses received from the field. The contact group typically was headed by the Director of the Credit Department or the Vice President for Credit, and included the director of a bank's training programs as well as a senior officer responsible for the preparation of credit methodology manuals.

### ***Banks Interviewed***

Table 1 provides information on the seven largest Romanian banks, including the five banks covered by the training needs assessment. The two banks not included in the survey, Agriculture Bank and Bankpost, are small-saver banks active primarily in rural areas or small towns.

Several basic facts stand out from Table 1 about Romania's banking structure. First, *all of the banks are quite small by international standards.* The largest bank, Bancorex, specializes in export financing rather than the domestic market. Second, *the banks do relatively little lending, relative to either their deposit base or assets.* Aggregate net loans outstanding for all banks at the end of 1996 were approximately equal to aggregate customer deposits. This phenomenon is explained by the fact that Romanian banks to date have invested largely in national government short-term paper. As a result, the banking system has relatively little experience in credit analysis of any kind. Third, *all of the banks (with the partial exception of Bancorex) have large numbers of employees relative to the volume of business they conduct.* All of the banks for which information is available in Table 1 are currently state owned banks [Bancoop is the only private bank listed in the table], which may explain the size of staffing. In all, the banking sector in Romania is estimated to have 54,000 employees. Banks indicate that they expect to double the number of employees in the next four years. However, if the banks are privatized as presently planned, there undoubtedly will be pressure for rationalizing the employment structure.

**Table 1**  
**Characteristics of Largest Banks in Romania**

Bank (Ranked by 1996 Asset Size)	Total Assets (Billion Lei)	Net Loan (Billion Lei)	Customer Deposits (Billion Lei)	Branches	Employees
Bancorex*	3.21	1.79	1.24	36 + 5*	3,500
Romanian Commercial Bank	2.15	1.11	1.44	212	11,000
<i>Agriculture Bank</i>	1.49	0.89	0.88	210	11,500
Romanian Development Bank	0.93	0.47	0.54	182	4,200
Bancoop				42	
Savings Bank	0.38	0.18	0.32	2,233	12,684
<i>Bankpost</i>	0.31		0.25		

Banks in italics were not surveyed

\*Bancorex has an equity position in foreign banks with five branches



## Questionnaire Responses

The four banks participating in the first round of the survey were very active in distributing the questionnaire and organizing responses. Each bank sent the questionnaire to seven to nine branch offices in addition to the headquarters credit department in Bucharest. Some of these were regional headquarters that reported for several individual city branches. The proportion of total credit department personnel covered by the responses is shown in Table 2. In general, since the branches covered are the largest bank branches, the personnel covered by the questionnaire are likely to be better educated and better trained than the rest of the credit department staff working in smaller locations. The banks indicated that their normal training strategy would be to provide training first to the larger branches covered in the survey.

As noted, the questionnaire response from Bancoop has been delayed due to management change within the bank. The training needs assessment team plans to follow up in gathering information from Bancoop, but it is impossible at this time to predict a schedule for questionnaire completion. It is possible that new management will decide that municipal lending is not a priority for the bank and choose not to participate further in the training needs assessment.

**Table 2**  
**Coverage of Training Needs Questionnaire**

Bank	Total Number of Employees in Credit Department	Number of Branch Offices Surveyed	Number of Credit Department Employees Covered by Survey
Bancorex	500+	8	141
Romanian Commercial Bank	N/A	9	294
Romanian Development Bank	600+	9	201
Savings Banks	800+	10	208

## II. BANKS CURRENT CAPACITY IN LOCAL CREDIT ANALYSIS AND TRAINING NEEDS

Based on the assessment team's own observations, and its discussions with financial sector experts, the need for bank training in municipal credit analysis and other aspects of municipal lending is very high. None of the banks has any experience in making municipal loans, except for a few very short-term bridge loans. The bank

officials interviewed acknowledged that they did not understand well the structure of municipal finances, or the types of information that should be used to assess creditworthiness in municipalities or regii. In the face of such uncertainty, their normal inclination would be to secure municipal loans through a Government guarantee or to demand substantial, liquid collateral. However, the Government has stated that it will not provide general guarantees for municipal loans, and it is unclear (both as a legal and practical matter) what collateral local authorities could offer to secure loans.

Banks lack of familiarity with municipal credit analysis is evident from the proportion of credit department personnel described as having experience with local credits (see Table 3.) In fact, Table 3 is likely to overstate relevant experience, since it includes experience with any type of local public or parastatal lending, even for very short term cash-flow loans. There have been no intermediate-term or longer commercial bank loans to municipalities or judets.

**Table 3**  
**Banks Experience with Local Lending**

Bank	Number of Credit Department Personnel with Experience in Local Lending
Bancorex	6 (4 percent)
Romanian Commercial Bank	30 (10 percent)
Romanian Development Bank	27 (13 percent)
Savings Bank	1 (0.5 percent)

The survey revealed that there are large differences in banks exposure to commercial lending of any kind. While Bancorex reported that more than 90 percent of its credit department staff had experience with commercial credits, the Savings Bank indicated that less than five percent of the credit department staff had experience with commercial credits. Table 4 shows these differences.

**Table 4**  
**Banks Experience with Commercial Credits**

Bank	Credit Department Employees with Experience with Commercial Lending
Bancorex	134 (95 percent)

Bank	Credit Department Employees with Experience with Commercial Lending
Romanian Commercial Bank	258 (88 percent)
Romanian Development Bank	113 (56 percent)
Savings Bank	10 (5 percent)

There are equally striking differences in the educational level of credit department staffs. All of the banks except the Savings Bank report that between 90 percent and 100 percent of credit department employees have a university education primarily in economics. At the Savings Bank, only 26 percent of credit department employees have a university education. These differences in preparation are relevant both to the kind of training that should be designed for different institutions and to decisions about where to start the training process.

One unexpected finding is that a high proportion of bank staff have participated in formal training courses while on the job. This reflects the large volume of bank employees being trained under programs provided by the Romanian Banking Institute (see Section III of this report), as well as active training programs that are provided by individual banks at their own training centers. None of the training programs involved municipal credit analysis.

**Table 5**  
**Percentage of Credit Department Employees Attending Training Courses**

Bank	Percent of Credit Department Employees that Have Attended Training Courses
Bancorex	70 percent
Romanian Commercial Bank	75 percent
Romanian Development Bank	85 percent
Savings Bank	100 percent

### III. BANKS DEMAND FOR TRAINING IN MUNICIPAL CREDIT

The term demand is used here in contrast to externally judged need for training. Banks demand for training in municipal credit analysis reflects their own assessment of their training needs and their judgment as to how significant a priority such training is in the bank's overall development. Moreover, banks were asked how they thought training should be paid for. Their expressed willingness to pay for

training, in the form of a fee or shared costs, is an additional element in demand assessment.

Overall, banks revealed a demand for training that was much higher than expected. Table 6 summarizes the results obtained from the five banks questionnaires and discussions with each bank's senior contact team. In total, the five banks believed that between 620 and 1,700 of their staff members needed to receive training. [The response for Bancoop is based on the Contact Team's estimate]. All of the branch credit departments of all the banks, as well as the headquarters credit department of each bank, responded "Yes" to the question of whether they wanted to receive training in municipal credits.

Each of the banks expressed the intention to enter the credit market for municipalities and local regions. However, all pointed out that even intermediate-term loans to local authorities were infeasible until a) the Local Public Finance Law was passed and implemented, b) the Law on Patrimony was passed or municipalities' ability to pledge real property as collateral was otherwise clarified, and c) inflation rates came down and stabilized. Of the banks, Savings Bank was most emphatic about its desire to enter the local credit market. The law passed in October 1997 defining Savings Bank activities specifically authorized it to provide credit to both central and local Public Administration Units, up to 20 percent of total lending.

**Table 6**  
**Banks' Estimates of Demand for Training in Municipal Credit**

Bank	Number Proposed for Training
Bancorex	40-200
Romanian Commercial Bank	80-400
Romanian Development Bank	200-400
Savings Bank	240-400

### ***Type of Training***

The volume of training demand is even higher than would appear from Table 6, since the banks expressed a preference for training programs of either 3-5 days or up to three weeks. It appears that this preference for lengthy training is influenced in part by the practice of the Romanian Banking Institute of offering three-week training sessions (see next section). It also reflects a desire to have field staff trained in the actual steps they need to carry out in processing a municipal loan application.

Notably, all five banks expressed the intention to enter the municipal credit market in the future, providing that Romania's legal and intergovernmental financial framework was clarified and remained stable. [In the case of Bancoop, this policy was expressed by the management team in place at the time of the original interview]. Several bank officials pointed out that the first bank to enter the field on a significant but financially prudent scale would have an advantage in subsequent competition for market share. This should be a consideration in any USAID decision about how training will be provided.

The demand for training can be further broken down, using three categories of potential participants in training sessions. Several bank officials made this distinction on their own initiative when discussing training options. First, upper-level management could benefit from training in the principal issues and risks associated with municipal lending, as well as in the management of municipal credit as a bank activity. Such training could consist of a one day seminar. Second, department heads and those responsible for developing a bank's municipal credit manual or lending guidelines form a potential training group. The preparation of internal bank guidelines and credit manuals on how to assess municipal loan applications is a critical step in institutionalizing municipal credit analysis. It was suggested that 3-5 days was the appropriate time for training of this type. Finally, demand was expressed for training of credit department field staff, primarily including those who handle loan applications at the branch level or are responsible for collections and other day-to-day administrative activities.

This division of the potential clientele group suggests that USAID should make a strategic decision as to the most cost-effective way to introduce training in municipal credit analysis. Clearly, the total demand for training exceeds USAID's capacity to provide training. Moreover, some of the training requested may more appropriately be the responsibility of individual banks. This suggests that a training-of-trainers approach may be feasible within individual banks.

### ***Willingness to Pay***

Almost all of the bank respondents indicated a willingness to share in the costs of bank training, either in the form of fee payments or by covering in-kind costs (such as provision of the training facility and absorbing the travel and overnight costs of out-of-town employees attending the training sessions.) Respondents were not asked to specify an acceptable fee level, but several volunteered that the fee structure for training should be consistent with that normally charged by the Romanian Banking Institute.

### ***Training Content and Methodology***

Respondents were asked to indicate whether they wanted training in each of eight different areas, and were encouraged to rank-order their preferences. Although there was strong across-the-board demand for training in all of the areas listed, there were also clear priorities. The following areas emerged as having the strongest demand:

Clarifying the legal rules surrounding municipal lending, the use of collateral, legal recourse in the event of non-repayment, etc. Applying these rules to real-world management of municipal credits.

Analyzing a municipality's ability to repay loans, based on its financial statement, balance sheet and other information, as well as its entitlement to transfers and revenue sharing from the central level.

Reducing risk through the use of collateral and other forms of security for local loans.

Realistic assessment of a community's capital needs and the process of prioritizing investments through preparation of a local capital plan and local capital budget.

Understanding the linkage between municipal finances, municipal loans and municipal investments on the one hand, and the investments of the to-be-privatized local regions responsible for delivery of capital-intensive local services.

In describing the style of training they wanted, all of the banks emphasized three themes. They wanted more case-study discussion and more emphasis on real-world applications of the training. They wanted detailed discussions that would show trainees how to actually perform various steps rather than general discussions or general guidelines. They wanted to integrate the use of computers into the training in ways that could then be used in their work.

#### **IV. TRAINING INSTITUTIONS OPERATING IN THIS FIELD IN ROMANIA**

All of the banks reported that they have active, ongoing training programs. Most of these are conducted either through the Romanian Banking Institute (RBI) or by each bank individually, utilizing its regional training centers.

RBI is remarkable for the scale of its training. Since 1991 it has trained 22,000 people in banking-related subjects. This total includes 1,500 students who have been trained through distance learning involving live video presentations. The RBI was founded jointly by the Romanian Bankers Association and the Romanian National Bank. The Bankers Association now offers training courses of its own, and views itself as something of a competitor with RBI. However, the banks have much greater experience with RBI training courses.

RBI is opening a new, three-story training building in September 1998 where it can easily accommodate all training needs of the size we anticipate. They also have reasonably good computer facilities (three computer rooms with 38 computers), and a regional training center in Sinaia with capacity for up to 50 trainees. Both sites have lecture rooms, plus smaller break-out rooms.

RBI has its own staff of trainers. It cooperates with international organizations in the design of training programs and in actual instruction, but prefers to have a strong component of its own staff involved in instruction. They also have their own staff of interpreters.

RBI takes marketing and sustain ability seriously. It prepares a 5-10 page draft prospectus describing new course offerings, including substantive coverage, instructional methods, and instructors, sends this to the Human Resources department of each of about 30 banks, then convenes a meeting with bank representatives to get feedback which it uses to modify course content.

Their break-even cost for a standard 5-day RBI training course using staff trainers only is 800,000 lei per person. Costs go up from there, depending on computer usage, materials preparation, etc. Their minimum fee is 700,000 lei (for shorter courses).

The banks generally evaluated the RBI training programs as competent, although they stated that the programs were better designed and better focused when RBI operated with a foreign partner in presenting a particular course. A number of the banks noted that RBI's own programs were too general or did not use case studies effectively to show how the training would apply to actual work situations. Banks thought the courses were more successful for introducing material, less so for more advanced material or managers. RBI has collaborated with the Know-How Fund, ASK Europe Ltd., PHARE and organizations from Luxembourg and Switzerland in providing past training programs.

As reported in the monthly report for April, all of the banks maintain their own regional training centers which are surprisingly well equipped for training seminars as

well as for overnight stays by trainees. The banks also have their own trainers, but emphasized that none of these trainers has experience or knowledge about municipal lending. They could be important elements in an institutionalization strategy, however. Table 7 summarizes the banks' regional capacity for training centers.

**Table 7**  
**Banks Training Capacity**

Bank	Training Centers	Notes
Bancorex	Snagov (Bucharest area)	Distance Learning Program has been a real success
Romanian Commercial Bank	Bucharest Brasov	Capacity for 80; 72 overnight Capacity for 100; 85 overnight Well equipped
Romanian Development Bank	Bucharest	Well equipped center
Savings Bank	Bucharest Sovata Sibiu	Capacity for 80; 35 overnight Capacity for 60; 60 overnight
Bancoop	Snagov Constanta Iasi	

Finally, all of the banks interviewed have received direct training assistance from one or more foreign institution, as shown in Table 8. The banks without exception rated their experience in this type of training highly.

**Table 8**  
**Foreign Training Assistance**

Bank	Foreign Training Collaborator
Bancorex	ABN AMRO Bank
Romanian Commercial Bank	EBRD
Romanian Development Bank	Institute of Finance and Banking, Luxembourg Arthur Andersen ANEVAR*
Savings Bank	Carmen Schuster Foundation (German Savings Bank Foundation)

\*Romanian Association for Evaluation

## **ANNEXES**

ANNEX I

**QUESTIONNAIRE**

**For Training Need Assessment**

1. How many employees do you have which handle the credit activities in this moment?
  
2. Briefly describe their activities.
  
3. Specify what university education (professional background) they have in order to accomplish these tasks.
  
4. How many from these employees have experience in local credit activities. (credit of local authorities, Regia, etc.)
  
5. How many from these employees have experience in commercial credit activity?
  
6. Choose (circle) the main training needs from the main fields of expertise that you consider necessary to the bank personnel for accomplishing the local credit activities:
  - 6a. Previous and present Financial Statement Analysis for Local Authorities and Regia;

- 6b. Credit request analysis especially for reimbursement capacity of the client
- 6c. Legal and administrative aspects regarding the activities of Local Authorities and Regias
- 6d. Methods for analysis of the investment projects.
- 6e. Determining the future capital needs for Local Authorities.
- 6f. Data analysis for the social and economic local development based on which is built the local policy for infrastructure and public service development.
- 6g. Which fields above-mentioned your institution staff is already prepared in?
  
- 6h. Which fields above mentioned your institution staff needs training for?
  
- 6i. Specify other fields for training that you consider important.

7. If will be an offer for training of municipal credit market:

7a. Would you like to participate in municipal credit market training?

Yes  
No

7b. If yes, what length of the training program you prefer?

1 day

3 5 days

2 weeks

Other (specify how long)

7c. Training program should be organize:

Especially for your institution

For more institutions at the same time

7d. How do you cover the expenses for this program?

Participation taxes paid by your institution

Donor organizations and other sponsors

Mixed

Other ways (specify)?

8. Specify the training programs on municipal credit in which your staff participated.

For the training programs on municipal credit you participated, please specify:

8a. Who provided the training program? (institution, contact person)

8b. Program length

8c. Main subjects

8d. Training methods

Case study

Presentation

Questions/answers

Role play

Interactive exercises

Computer using

8e. How useful do you consider these training programs?

1            2            3            4  
5

Unsatisfactory

Satisfactory

8f. What improvement would you like to propose for the future?

9. How did you cover the expenses for previous training programs?

Participation taxes paid by your institution

Donors organizations and sponsors

Mixed

Other ways (specify)

10. If you have any other comments, please describe them in brief.

## **ANNEX II**

### **QUESTIONNAIRE RESPONSES FROM BANCOREX**

We received responses from the head office of Bancorex in Bucharest and from the major branches elsewhere in Romania which represent around 25.7 percent of the network. The major branches are: Brasov, Craiova, Iasi, Cluj, Oradea, Neamt, and Constanta (including Tulcea, Calarasi, Slobozia, and Constanta). There are 500 total persons involved in the Credit Department of Bancorex.

#### **Responses to Questions 1-5**

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Branch Location	Number of Personnel	Major Activities in Credit Department	University Education	R.B.I College or Economic High School	Experience in Local Lendings	Experience in Commercial Credits
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Bucharest  
(Lipscani)

28

Credit analysis  
Reimbursement  
Accounting

26 economic  
+ technical

2

0

28

Bucharest  
(Victoria)

10

Credit analysis  
Reimbursement

10 economic

4

10

Brasov

9

Creditworthiness, Credit  
analysis and collateral s 9 economic  
Reimbursement

0

9

Craiova	21	14 Clients analysis Credits Collateral's 7 Reimbursement and delays	21 19 economic 2 technical	0	21
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lasi

8

Credit activity  
Reimbursement Credits  
plan

8

7 economic  
1 technical

8 partial

8

Cluj

10

6 Credit analysis  
5 Reimbursement

6  
4 economic  
2 technical

4 economic

2

9

Oradea

4

3 Credit analysis  
1 Technical expertise

4  
3 economic  
1 technical

0

4

Constanta Tulcea Slobozia Calarasi	42	Credit analysis Reimbursement	36 economic	6 economic	0	36
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Timisoara

9

Credit analysis  
Reimbursement

9 economic

0

9

Total	141	Credit analysis Technical expertise Reimbursement plan and delays	129 representing 91.48 percent	12 representing 8.52 percent	14 representing 10 percent	134 representing 95 percent
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**Question 6 New fields for training proposed:**

- Evaluation of the assets
- Risk evaluation methods for Municipal Credit and Commercial Credit
- Provision of the amount of the treasure for public societies
- Collateral Analysis for Local Authorities and Regia Credit activity
- Recovering of the unperformant credits
- External impact of credits
- Restructuring of the bank (state ownership) and of the Regis providing public services

All respondents to the survey recognize the need to be trained in all six categories of the activities listed in the questionnaire (at question 6 from A to F) in different degrees depending on their own experience. Some of them had the experience as follows:

**Question 6a:**

55 percent in the financial statement analysis for local authorities and Regia

**Question 6c:**

100 percent of them need the accent on the legal and administrative aspects regarding local authorities and Regis activities

**Question 6d:**

66 percent methods for analysis of the investment projects

**Question 6e:**

Determining the future capital needs of local authorities

**Question 6f:**

89 percent data analysis for the social-economic local development based on which can be made policy for the infrastructure development and of public services

**Question 7a:**

Yes, 100 percent of survey respondents desire to be trained for the Municipal Credit Market Development in the training courses.

**Question 7b:**

Survey respondents desire to be trained for the Municipal Credit Market Development in training courses in the following length depending on the structure of the training module:

- 10 percent desire both types of lengths two weeks and five days
- 40 percent desire two weeks
- 40 percent desire three to five days
- 10 percent had no answer

**Question 7c Training course organized for Bancorex personnel:**

- 30 percent special
- 70 percent for multiple institutions

**Question 7d How do you cover the expenses for this program?:**

- 55 percent be the fee if it is acceptable for Romanian standards:
- 45 percent sponsorship and mix which means in-kind contribution like transport accommodation and meals for trainees and trainers in their own Training Center.

**Question 8:**

Specify the training programs on municipal credit in which your staff participated for training programs on municipal credit please specify the following:

**Question 8a Institution Name:**

- 10 percent of them with Treasure Bank (linked with the Minister of Finance)
- 25 percent only with Romanian Banking Institute
- 15 percent with Bancorex Training Center
- 10 percent Romanian National Association for Evaluation (ANEVAR)
- 10 percent. Have experience with Distance Learning System (DL)
- 10 percent master degree
- 20 percent no answer

**Question 8b Length:**

- 5 days for RBI

**Question 8c Major topics for RBI:**

- Credits analysis especially economic and financial analysis
- Risk evaluation

Credit Management

Follow-up for the credits

How to deal with unperforming credit

Guaranties and collaterals

Methods and techniques for credit activity

**Question 8d Training methods:**

20 percent mentioned case-studies and lecturer presentation  
10 percent distant learning system  
17 percent no mention

**Question 8e Degree of satisfaction for past training experience:**

20 percent are 80 percent satisfied  
80 percent no mention

**Question 8f The proposal for future improvement of the training program:**

Formulating the continuum training like strategic objective  
Using more case-studies

**Question 9 Who will pay for the training program:**

25 percent sponsorship  
30 percent fee if it is acceptable for the institution  
45 percent mix (sponsorship and in kind contribution)

**Question 10 Other comments are the following:**

Setting criteria for Central and Local Credit activity related to municipal credit  
Credit specific norms and methodologies including case-studies

## **ANNEX III**

### **QUESTIONNAIRE RESPONSES FROM ROMANIAN DEVELOPMENT BANK**

We received responses from the Romanian Development Bank in Bucharest and from the major branches elsewhere in Romania territory which represent around 30 percent of the network. The major branches are: Brasov, Cluj, Caras-Severin, Timis, Craiova, Iasi, Constanta, Arad, and Timis. The total persons involved in the Credit Department are more than 600 persons.

**Responses to Questions 1-5 from Romanian Development Bank**

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Branch Location	Number of person	Major Activities in Credit Department	University Education R.B.I RDB	Experience in Local Credits	Experience in Commercial Credits
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Region:	Total	Credit analysis	47 economic	17	13
Constanta	47	Collateral s		from Constanta	
Calarasi	7	Credit Management			
Ialomita	9	Improvement of the credits portfolio			
Tulcea	8	quality			
Constanta	23				

lasi

8

Credit analysis  
Reimbursement

8 economic  
RDB

0

7

Region: Brasov	36	Credit officers Technical. Expert Referents for Reimbursement Accountants	36 economic	3	3
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Region:  
Cluj

41 Clients analysis  
Credits  
Reimbursement

41 economic

limited

41

Caras Severin

15

Credit activity  
Reimbursement  
Credits plan

15 economic  
technical

3

15

Hunedoara

17

Credit and  
Risk analysis

17 economic

1

14

Arad

9

Credit analysis  
Risk analysis

9 economic  
technical

0

0



Timis

16

Credit analysis Reimbursement  
Accounting

16 economic

3

16

Unirea  
Bucuresti

6

Credit analysis  
Risk analysis

6 economic

0

4

Total	201	Credit analysis	201 representing	27	113
		Technical expertise	100 percent	representing	representing
		Reimbursement plan and follow-up	High education	13.43 Percent	56.21 percent
		Risk analysis			
		Accounting			

### **Question 6:**

All respondents to the survey recognize the need to be trained in one of the six categories of activities listed in the questionnaire at (the question 6 from A to F) in different degrees depending on their own experience. Some of them (55 percent had experience as following):

- (6a) in the Financial Statement Analysis for Local Authority and Regia
- (6b) in the Credits request analysis, especially for reimbursement capacity of the individual client
- (6c) Legal and administrative aspects regarding Local Authorities and Regis activities
- (6d) Methods for analysis of the investment projects
- (6e) 20 percent in determining the future capital needs of Local Authorities

Despite the degree of experience, 80 percent of them want detailed questions:

- (6c) Legal and administrative aspects regarding Local Authorities and Regis activities
- (6e) Determining the future capital needs of Local Authorities
- (6f) Data analysis for the socio-economic local development based on which can make the policy for the infrastructure development and public services
- (6i) New fields for training proposed are:

- Methods for diminishing of the risk for Municipal Credits
- Collateral Analysis for Local Authorities and Regia Credit activity
- Finance-analysis in Local Authority activity
- Municipal credit legislation in the Romanian context
- Municipal bond issues

### **Question 7a:**

Yes, 100 percent of survey respondents desire to be trained for the Municipal Credit Market Development in the training courses

### **Question 7b The length, depending on the structure of the training module:**

100 percent three to five days

**Question 7c Training course organized for Municipal Credit personnel:**

30 percent special  
70 percent for multiple institutions

**Question 7d Who will pay for it?:**

80 percent by the fee if it is acceptable for Romanian standards and RDB policy

20 percent sponsorship and mix which means in-kind contribution like transport accommodation and meals for trainees and trainers in their own Training Center

**Question 8 Past training experience:**

**Question 8a Institution name:**

10 percent of them with "Arthur Anderson"  
75 percent only with Romanian Banking Institute (RBI) and RDB Training Center

**Question 8b Length:**

3 days RDB  
5 days RBI  
Two weeks for RBI

**Question 8c Major topics:**

For RBI "Arthur Anderson" and RDB (two weeks have 100 percent satisfaction degree)  
Credits analysis especially economic and financial analysis  
Risk evaluation  
Recovering unperformant credits  
For RBI short terms courses have a degree of satisfaction 60-80 percent

**Question 8d Training methods:**

80 percent of the response present all methods listed (case-studies, lecturer, questions and answers)  
20 percent no mention

**Question 8e Degree of satisfaction for past training experience:**

30 percent are total satisfied  
16.6 percent are just satisfied  
53.4 percent no mention

**Question 8f The proposal for future improvement of the training program:**

New aspect to present like:

- Credit Collaterals
- Balance Sheet Analysis
- Factoring
- Tectonics for export financing
- International trade payment system

**or**

- Organizing the seminar for a group of branch in the territory
- Using more case-studies
- Developing RDB Methodology for each field of expertise based on the training program and spreading all around in the territory

**Question 9 Who will pay for the training program?:**

- 10 percent sponsorship
- 40 percent fee
- 50 percent mix (sponsorship and in kind contribution)

**Question 10 Other comments will include the following topics:**

- Credit activity using preferment computer software
- Credit specific norms and methodologies including case-studies
- Management of assets and liabilities of a bank
- Workshop with future clients
- Including all Credit Officers in the training program based on the specify methodology and case-studies
- Waiting for legislative new aspect for municipal credit and regis and hoping it will be soon

## **ANNEX IV**

### **QUESTIONNAIRE RESPONSES FROM SAVINGS BANK**

We received responses from the head office of Savings Bank (SB) in Bucharest and from the major branches elsewhere in Romania which represent around 25 percent of the network. The major branches are: Brasov, Bihor, Bistrita-Nasaud, Botosani, Cluj, Miercurea Ciuc, Neamt, Olt, Suceava. The total persons involved in the credit department of SB are more than 800 persons.

#### **Responses to Questions 1-5**

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Branch Location	Number of Personnel	Major Activities in Credit Department	University Education	R.B.I College or Economics	Experience in Local Credits	Experience in Commercial Credits
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Bucharest	36	Credit analysis Reimbursement Accounting	16 economic 4 technical	16	0	0
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Brasov

31

Credit analysis  
Reimbursement  
Accounting

6

25

0

3

Bistrita

15

Credit officers  
Technical Expert  
Reimbursement  
Accountants

6 economic  
1 technical

8

1

1

Bihor	14	Clients analysis Credits Reimbursement Accounting	7	7	0	0
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Botosani	18	6 credit activity 4 reimbursement 1 credits plan 5 accountants 1 chief of Department 1 secretary	3	15	0	0
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Cluj

41

17 Credit Department  
6 RISC analysis  
18 Accountants

15 economic

16 economic

0

4

Miercurea Ciuc	6	3 Credit analysis 3 RISC analysis	4	2	0	0
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Neamt

30

Credit analysis  
Reimbursement  
Accounting

6

24

0

0

Olt

10

Credit analysis  
RISC analysis

5

5

0

0

Suceava

9

Credit analysis  
Reimbursement  
Accounting

4

3

0

2

Total	208	Credit analysis	55	153	1 representing	10
		Technical expertise	representing	representing	0.48 percent	representing
		Reimbursement plan and follow-up, RISC analysis	26.44 percent	73.56 percent		.8 percent

**Question 6:**

All respondents to the survey recognize the need to be trained in all six categories of the activities listed in the questionnaire (at question 6 from A to F) in different degrees depending on their own experience. Some of them had experience as following:

**Question 6a:**

58 percent in the Financial Statement Analysis for Local Authority and Regia

**Question 6b:**

75 percent in the Credits request analysis, especially for reimbursement capacity of the individual client

**Question 6d:**

25 percent Methods for analysis of the investment projects

For 100 percent of them the accent must be put on the questions:

**Question 6c:**

Legal and administrative aspects regarding Local Authorities and Regia activities

**Question 6e:**

Determining the future capital needs of Local Authorities

**Question 6f:**

Data analysis for the socio-economic local development based on which can be make the policy for the infrastructure development and of the public services.

**Question 6i New fields for training proposed are:**

- Risk evaluation methods for Municipal Credits and Commercial Credit
- Collateral Analysis for Local Authorities and Regia Credit activity
- Finance-accounting in Local Authority activity
- Small Medium Enterprise financing in the Romanian context of legislation
- Municipal bond issues

**Question 7:**

**Question 7a:**

Yes, 100 percent of survey respondents desire to be trained for the Municipal Credit Market Development in the training courses.

**Question 7b The length depending on the structure of the training module:**

25 percent both type of length two weeks and five days

41.66 percent two weeks

16.67 percent five days (one proposal is for a series of four each month one week)

11.67 percent 7-8 days

**Question 7c Training course organized for Savings Bank personnel:**

50 percent special

50 percent for multiple institutions

**Question 7d Who will pay for it?:**

25 percent by the fee if it is acceptable for Romanian standards

75 percent sponsorship and mix which means in-kind contribution like transport accommodation and meals for trainees and trainers in their own Training Center

**Question 8 Past training experience:**

**Question 8a Institution name:**

75 percent of them with "Carmen Schuster" Savings banks Foundation for International Cooperation Germany-Romanian branch from Bucharest and Romanian Banking Institute

25 percent only with Romanian Banking Institute

**Question 8b Length:**

7 weeks for German Foundation

3 to 5 days or two weeks for RBI

**Question 8c Major topics for German Savings Bank Foundation:**

Financing Small and Medium Enterprises (SME)

Collateral's

Financial Statement  
Market and Competition Evaluation  
Balance Sheet Analysis

**Major topics for RBI:**

Credits analysis especially economic and financial analysis  
Risk evaluation  
Credit activity follow up  
Credit activity for corporate person  
Credit Management

**Question 8d Training methods:**

80 percent of the response present all methods listed (case-studies, lecturer, questions and answers, role-playing, interactive exercises, instructions using computer)

20 percent mentioned case-studies and lecturer presentation

**Question 8e Degree of satisfaction for past training experience 96.4 percent:**

83.4 percent are total satisfied

16.6 percent are just satisfied

**Question 8f The proposal for future improvement of the training program:**

Better formulating the training objectives  
A better structure of the training objectives  
Organizing the seminar for a group of branch in the territory  
Using more case-studies

**Question 9 Who will pay for the training program:**

10 percent sponsorship

40 percent fee

50 percent mix (sponsorship and in kind contribution)

10 Other comments are to include the following topics:

Credit activity using preferment computer software  
Management of assets and liabilities of a bank  
Credits for SME's  
Banking Marketing

Also to present new products or training methods:

New banking products

Workshops for Top and Middle Management of the Bank

Organizing on-job training in similar bank abroad

Workshop with future clients

Guest trainer from Minister of Finance and Board of Control

Guest trainer from savings Bank with performant experience

Elaborating of the credit specific norms and methodologies including case-studies

Elaborating or purchasing performant software for Credit analysis and Credit Accounting

Including of all Credit Officers in the training program based on the specific methodology and case-studies

Distance learning method for Municipal Credit Market Development in Romania

**ANNEX V**  
**QUESTIONNAIRE RESPONSES FROM THE ROMANIAN COMMERCIAL BANK**

The Romania Commercial Bank (RCB) developed rapidly in the Romanian banking market during the last eight years. The portfolio of the credits supported a range of activities like exports, raw materials, technology, stock, building. The foreign auditor is Price Waterhouse.

**Responses to Questions 1-5**

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Branch Location	Number of personnel	Major Activities in Credit Department	University Education R.B.I College	Experience in Local Credits	Experience in Commercial Credits
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Bucharest

36

Credit analysis  
Reimbursement  
Accounting

36 economic  
and technical

4

32

Bacau

24

Credit analysis  
Reimbursement

24 economic

24

Brasov

32

Creditworthiness  
Credit analysis  
collateral s  
Reimbursement

32 economic and  
technical

6

32

Craiova

28

Clients analysis  
Collateral's  
Reimbursement

28 economic

2

26

Iasi

36

Credit activity  
Reimbursement  
Credits plan

36 economic

6

32

Cluj

42

Credit analysis  
Reimbursement

42 economic

8

36



Constanta

38

Credit analysis  
Reimbursement

38 economic

4

34

Timisoara

34

Credit analysis  
Reimbursement

34 economic

32

Total	294	Credit analysis Reimbursement plan and delays	special training efforts representing 100 percent	30 representing 10.2 percent	258 representing 87.75. Percent
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**Question 6:**

All respondents to the survey recognize the need to be trained in all six categories of the activities listed in the questionnaire (at question 6 from A to F) in different degrees depending on their own experience. 75 percent have experience as follows:

In the credit request  
analysis, especially for reimbursement capacity of the individual client

In the Financial  
Statement Analysis for Local Authority and Regia

For 100 percent of them the accent must be put on the questions:

aspects regarding Local Authorities and Regia activities	Legal and administrative
the investment projects	Methods for analysis of
capital needs of Local Authorities	Determining the future
socio-economic local development based on which can be make the policy for the infrastructure development and of the public services	Data analysis for the

**Question 6i New fields for training proposed are:**

Local Authorities and Regia Credit activity	Collateral Analysis for
	Municipal bond issues

**Question 7a:**

Yes, 100 percent of survey respondents desire to be trained for the Municipal Credit Market Development in the training courses.

**Question 7b The length depending on the structure of the training module:**

100 percent five days

**Question 7c Training course organized for Savings Bank personnel:**

100 percent special

**Question 7d Who will pay for it?:**

is acceptable for Romanian standards	25 percent by the fee if it
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and mix which means in-kind contribution like transport meals for trainees and trainers in their own Training Center	75 percent sponsorship accommodation and
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**Question 8 Past training experience:**

**Question 8a Institution name:**

T.C. and Romanian Banking Institute

75 percent R.C.B own

25 percent no mentioned

**Question 8b Length:**

5 days for RBI or R.C.B

**Question 8c Major topics for R.C.B:**

Credit activity  
Treasure  
Marketing/management  
and Competition Evaluation  
Accounting  
Internal and external  
Payments for RBI:  
Credits analysis especially  
economic and financial analysis  
Risk evaluation  
Credit activity for corporate  
person  
Credit Management

**Question 9:**

50 percent sponsorship, 50 percent mix (sponsorship and in-kind contributions) will pay for the training program:

**Question 10:**

Other comments is to wait until legislation in Romania is put in place for Municipal Credit

## ANNEX VI

### RECOMMENDATIONS BY FDLSP FOR TRAINING IN MUNICIPAL CREDIT MARKET DEVELOPMENT

The results, from the survey done in the five banks selected, show a real need for training in the municipal credit market development in Romania. One hundred percent of participants answered yes to the question about participation, even though the legislation aspects are not clear or will not be set by Parliament before September 30, 1998. The plan for a municipal credit training program (MCTP) should be prepared before the proposed conference takes place.

#### *Fundamental Topics:*

Credits request analysis,  
especially for reimbursement capacity of the individual client

Financial Statement  
Analysis for Local Authority and Regia

For 100 percent of them the accent must be put on the questions:

Legal and administrative  
aspects regarding Local Authorities and Regis activities

Methods for analysis of  
the investment projects

Determining the future  
capital needs of Local Authorities

Data analysis of the  
social-economic local development in relation to the infrastructure development  
and public service.

#### *Optional Topics*

Each bank can establish the number of their participants in the MCTP but it must be done in advance for a semester or trimester. New fields for training proposed are depending on the request so it can be possible to include the suggested topics:

Collateral Analysis for  
Local Authorities and Regia Credit activity

Credit activity using  
relevant computer software

Credit specific norms and

methodologies including case-studies  
and liabilities of a bank

Management of assets  
Credits for SME's  
Banking Marketing  
Municipal bond issues

New products or training methods:

middle management of the bank  
training in similar bank abroad  
clients  
Minister of Finance and Board of Control  
Bank with relevant experience  
and a Library  
consultants and trainers for the program which can multiply for another field or country

New banking products  
Workshops for top and  
Organizing on-job  
Workshop with future  
Guest trainer from  
Guest trainer from a  
Organizing a Info-Center  
Creating a network of

### ***Training Objectives***

knowledge, skills and attitude of the participant in the Municipal Credit  
Credit market in Romania  
trainers for this new fields  
base for municipal credit in Romania  
development and quality of public infrastructure  
decision for improvement of the public expenses

To increase of the  
To develop the Municipal  
To realize a network of  
To develop case-studies  
To ensure a relevant local  
To decentralize the

The differences are in special training needs for each institution, the length of the course and the major topics. My suggestions for solving the complex problem are in the designing of the set of training activities, module, methods, TOT program, materials, other new activities, and products adapted to the specific needs.

### ***Training Activities***

The differences are in need for special training for each institution, the length of the course and the topics. It must take care about the level of the experience of participants and of their background (university degree or medium). It would be helpful to have a mixture of training sessions (conference, workshops, training module). It can be opened by a special national event, organized by USAID.

### ***Conference for Romanian Municipal Credit Market***

Organizing a conference to create a better environment for the future development of the Municipal Credit market, using the past experience in Europe or USA. The list of the participants could include:

Authorities	Central and Local
professional associations	Legislative bodies Banking sector and
organization (Association of the Presidents of County Councils)	Non-governmental Municipalities Federation Media and experts
Czech, Poland and Italy and so on	Honor Guests from

This event include a Workshop for top and middle bank management to present the future MCTP in Romania.

### ***The Training Module***

It will be helpful to have different training modules to give the participating institutions a choice based on (beginners, medium and advanced) past experience.

RDB and Bancorex are much more experienced than Savings Bank personnel. On the other hand, the desire to participate in the Municipal Credit Training program and diversifying the strategic portfolio is stronger in Saving Bank.

Alternatives for training modules are:

First and last stage can be organized inside RBI which can offer a competitive environment for the institution involved responding to the needs to have a mix participation.

The medium stage (specialized) for each bank can use in-kind contribution of each bank and the

different location of T. C. In that way it can be decrease the cost of the program with a third of expenses.

It can be use all kind of mixture of stages according to the request of the bank, but the option must be done in advance for the combination for special training: like medium and last stage or first and medium stage etc.

The length and number of participants:

The length and the topics of each module can be adapted to the special needs. Most often the session will last five days.

The number of participants can be 15-18, working with 3-5 trainers. A new successful style for training session works with parallel module in the same time which it means to have at least two groups of trainers.

### ***Training Materials***

The major aspect is linked with the preparation of the case-studies before the program would start. It can use a Romanian-American team for the base case-studies according to the Romanian environment.

A set of Marketing materials with an offer with a Municipal Credit. training program must be prepared before the Conference .

## ***TOT Program***

Special attention must be paid to the TOT for this program. It could use past experience of RBI. To have a mixed team which mean trainers and experts from each banking field. In this case it can be realized a Romanian-USA.

The team can be with a stable core and a variable poll with guest experts from USA. The TOT can be:

2-3 days TOT before of  
each module for a short session or  
ten days workshop (long  
stage) for TOT for all modules depending on the level of background (beginners,  
medium, advanced)

## ***The Length and Number of Participants***

The length and the topics of each module can be adapted to the special needs but most often, the session will last five days.

The number of participants can be 15-18, working with 3-5 trainers. A new successful style for training sessions work with parallel modules at the same time. It means to have at least two groups of trainers.

## **WORKSHOP WITH FUTURE CLIENTS**

### ***Training Methods***

Experience shows that we must use all ranges of training methods:

- Case studies
- Role playing
- Trainer presentation
- Inter-active exercises
- Computer multimedia application

It is important for the program to include all Credit Officers for Municipal Credit in the training program based on the specific bank methodology and case-studies.

The second idea is to use the training methods "learning from experience". It can be inviting guest trainers from the Minister of Finance and Board of Control, or from the bank with excellent experience.

For a masters degree or some special request a distance learning system can be used.

### ***Other Training Activities***

- Organizing on-job training in a similar bank abroad
- Organizing an Info-Center and a Library
- Creating a network of consultants and trainers for the program which can work for another field or another East European country

### ***Potential suppliers for training activities in Municipal Credit Program***

Information about Romanian Banking Institute (RBI), created in 1991, increases the professional competence on national and international levels. The structure of the training offer is a very complex one:

- Short course for 3-5-8 days organized by the Center for Professional Banking and Special Training
- Intensive information banking technologies course organized by the Department for Banking IT
- Distance Learning (month or 9 month) organized by Center for Documenting Research and Consulting
- Banking college organized by University Banking College (UBC) and RBI (daily, evening and without frequency)
- Foreign languages for finance-banking with CFSB-UBC

In past experiences, the activity is delivered 9 month a year. The list of base training courses include:

- ABC for banking
- Accounting for the firm
- Financial Analysis for credit
- Relationship between bank and clients
- Payments systems
- International trade methods
- PC utilization (A, B, C)

List of courses for medium level contents:

- Financial analysis using computer
- Credits Management
- Risk in credit activity
- Collaterals
- International trade finance
- Management and finance in Small and Medium Enterprises (SME)

Capital Markets  
Banking Marketing  
Legal framework for banking

For the advanced level, there are the following:

Management of services for clients  
Assets management  
Credit cards systems  
Basic of the banking gestation  
Computing and training in banking

In other words the experience in this field is completed by a training base with all facilities: 3 lecturer rooms (one big and two medium size), 8 seminar rooms (15-18 places), 3 computer rooms (15-20 places), and a library, all well-equipped.

Starting from September 1998, RBI will have a new three-level building. Even with a strong competence expertise RBI must increase the level of training performance in the future, and must be developed to improve the customer degree of satisfaction.