

# **Developing Partnership between National Bank of Romania and Universities**

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## *Abstract*

*Since May 2009, National Bank of Romania (N.B.R.) initiated an educational project under the name „Open days for economists students”. The main objective of the project is improving knowledge and understanding, in the academic area, of the central bank activity, the role, functions and implications of its decisions in the romanian economy, thereby creating and strengthening channels of communication needed to ensure adequate financial education. The specific objectives of the operation aiming knowledge aspects of the European System of Central Banks, of the basics about the objectives and role of N.B.R. in the Romanian economy, the strategy, the monetary policy and financial stability mechanisms. The target audience consists of students of economic faculties of major universities, school teachers and students of doctoral universities. In 2010, the project has developed in a new format, which took into account the experience gained, the signals received from participating students and teachers involved in running the pilot project initiated in 2009. The new format will be presented in the following article.*

**Keywords:** *finance, banks, universities, partnership, reorganization*

**JEL classification:** G21, H52, I21.

## **Introduction**

National Bank of Romania (NBR) has undergone a transformation process, in the last years, manifested primarily under the action of three factors: the reorganization of the central bank through the transition from the system of "monobank" centralized, to the central bank model specific for the market economy, adopting the "acquis communautaire" and efforts to achieve the nominal and real convergence criteria, in the perspective of our country integration in the European Union (EU) and euro adoption; the adaptation of NBR operation to international requirements and agreements.

With the removal of the communist regime, the transition to the market economy supposed extensive transformations at institutional level. Two-tier banking system reorganization assumed that NBR will regain its traditional functions typical of a genuine central bank. To this end, specific commercial bank activities have been abandoned and were taken over by another newly created

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entity - Romanian Commercial Bank. In this way, the new institution, the central bank would work on the principles of market economy, the single plan directives being abandoned.

According to National Bank's organizational structure it is composed by : the NBR Chancery, two Compartments, 20 Directions and Training Program for Young Professionals.

Starting May 2009, National Bank of Romania initiated an educational project known as "NBR - open days for economics students. The project is part of external communication activities of the National Bank of Romania for the promotion of projects / financial education activities that contribute to a better understanding and a correct assessment of economic and financial aspects for the public. The main objective of the project is to improve knowledge and understanding, in the academic environment , regarding the central bank activity, the role, functions and implications of its decisions in the Romanian economy, thereby creating and strengthening the communication channels needed to ensure an adequate financial education. The specific objectives aimed to know the issues related to the functioning of the European System of the Central Banks, of the basics about the objectives and role of NBR in the romanian economy and the monetary policy strategy, mechanisms and financial stability. The target audience consists of students of economic faculties of major universities, teachers and students of doctoral schools.

In the first place, the central bank had four universities as partners in Romania, namely: West University of Timisoara, Babes Bolyai University in Cluj Napoca, "Alexandru Ioan Cuza University in Iasi and Bucharest Academy of Economic Studies. The project was developed over two stages in May and during November-December 2009.

### **1. Carrying out the project “Open days for economics students in 2009”**

First step from 2009 was conducted in three modules, involving a total of 75 university students and seven teachers. Selected students by each partner university attended and made presentations and discussions moderated by faculty lecturers (economists from the specialized departments, advisors, NBR chief economist) and representatives of NBR Management Board. The program also included visits to: State Mint, NBR Printing Facility, NBR Centre for Processing and Destruction of Banknotes, the Thesaurus Vault, NBR Museum and Library.

First module was conducted May 10-12, 2009, in partnership with Timisoara West University and the Academy of Economic Studies from Bucharest.. In the module were conducted visits to NBR Library, to the State Mint and Printing Facility, held an interactive seminar on "The Functions of NBR", were presentations on various topics: " „NBR, emblematic landmark of the modern Romania”, "Romania's economic policies for euro adoption," dialogues were held

with NBR representatives: with Lucian Croitoru, advisor to the Governor on monetary policy issues, Valentin Lazea, chief economist and academician of the National Bank, Mugur Isarescu, NBR Governor.

Second module was held 24-26 May in partnership with Babes-Bolyai University from Cluj Napoca and Bucharest Academy.. In addition to the first module has been made visits to the NBR Museum, Archives, Thesaurus NBR Centre for Processing and Destruction of Banknotes, were held dialogues with Michael Copaciu, Chief Economist and Monetary Policy and Macroeconomic modeling Department , Amalia Fugaru, adviser to the vice-governor Eugen Dijmarescu; a new presentation on "Monetary Policy - Democracy Policy Anchor" was held.

Third module was held from May 27 to 29, in partnership with the Alexandru Ioan Cuza University and the Academy of Economic Studies Bucharest. In this module were held the same activities as in the previous modules.

After conducting the first phase of the project, partner universities have organized seminars, conferences and other events where students presented and shared with fellow participants their views, impressions and accumulated knowledge. At the same time, participating students have developed, based on themes set by the central bank experts, works, essays, articles, which were assessed in October 2009. As a thematic, reference was made to: monetary policy, financial crises and developing countries, inflation targeting in Romania and EU countries.

In the second phase of the project were presented papers, selected during special sessions, organized in the residence cities of the participating universities. On this occasion, members of the Management Board of central bank gave presentations, and for participants were organized visits to the NBR branches in the territory. According to the activities program, November, 20, was devoted to Alexandru Ioan Cuza University Iasi, 26 November – Timisoara West University, December 8 - Babes-Bolyai University - Cluj-Napoca and December 15 - Academy of Economic Studies - Bucharest. The best papers presented in the final sessions were posted on the websites of participating universities and NBR site.

Involvement and interest shown by teachers, and many signals received from participating students were reasons to continue and develop this project into a new format in 2010.

## **2. Project development in 2010**

In 2010, the project has developed in a new format, which took into account the experience gained, the signals received from participating students and teachers involved in running the pilot project initiated in 2009. The main adjustment of the project consisted in developing the activities (seminars and interactive presentations) in NBR Branches, with NBR lecturers participation, the partner university is conference host for NBR officials.

The project was developed over two stages (March-April and October-November), in partnership with 12 universities, with a number of target groups of 25-30 students, 10-20 teachers (junior, assistant, lecturer) and, optionally, 30-40 doctoral students from each partner university. Partner universities were: Timisoara West University, Transilvania University - Brasov, Pitesti University, Craiova University, Ovidius University - Constanta, Bucharest Academy of Economic Studies, Lucian Blaga University - Sibiu, December 1, 1918 University - Alba Iulia, Al . I. Cuza University – Iași, Oradea University, Babes-Bolyai University - Cluj Napoca, Petru Maior University- Targu Mures, Bucharest Polytechnic University.

Interactive seminars and presentations had topics such as: "Milestones in the history of NBR", "The future of the financial regulatory policy and internationally and nationally financial stability", NBR-functions - "From the cash issue to the monetary policy" and "Regulation and banking supervision in order to ensure financial stability", "Central banks external communication activities".

BNR representatives have held conferences on topics such as: "Eugeniu Carada - the true founder of NBR- Money and their history in Romania", "Inflation in 2009: the need for economic policy mix", "Romania's economic policies for euro adoption", "Strategic development or frequent adjusting?" Market failures and hopes – The economic science is in crises?", "The role of Romania's banking system in restoring economic growth", "National Bank of Romania reserves mirage", "Economic crisis as an change opportunity. What do we understand? How we solve? How to get involved?", "Adopting Euro: the case of Romania."

During the project developed in partnership with Transylvania University, NBR Human Resources Director Cristian Paunescu, launched the book "The bank, money, and bankers."

The partnership also included the presentation of NBR branches in Timis, Brasov, Arges, Dolj, Constanta, Sibiu, Iasi, Cluj, Mures, the headquarters of BNR, BNR Library and Processing Centre.

### **3. The role of educational materials in NBR - universities partnership**

Educational project promoted by National Bank of Romania in cooperation with the universities can develop in the future starting with the existing educational materials on the website of the European Central Bank (ECB). For the moment these materials are not promoted in the universities.

The teaching materials are designed to present the relationship between interest rates, inflation and the Eurosystem's main mission, namely to maintain price stability. Teaching materials are addressed both students: games and teachers: presentation slides.

Monetary policy game - "ECONOMY" shortly explains how monetary policy works. The game does not necessarily reflect the views of the European Central Bank or of any other eurozone central banks. The game starts with

questions like, "You can keep inflation under control?", "Inflation should remain low - slightly less than 2% - and stable?". If you've ever wondered what, exactly, the monetary policy is? Or how is affected the inflation by the representative interest rate? "ECONOMY" helps you understand the basic aspects of central banking system. The objective is to maintain inflation at a low level, slightly below 2%. Player decisions on the interest rate can moderate or intensify the inflation, or - ideally – inflation stable development. Achieving such a balance between those two extremes is not an easy task. In order to simplify playing the game and in order to take the best decisions, anyone can study in advance the educational materials and videos related to "the ECB's monetary policy strategy" or "monetary policy instruments" and presentation slides on the ECB's monetary policy.

Part of the interactive study methods, also can be "Inflation Island - The effects of inflation on the economy" game. With the game you can discover what inflation is and what are the advantages of a low and stable inflation rate for the economy and society. You can also see, the adverse effects of deflation, high inflation and hyperinflation. With the game you can see how people react to inflation and deflation and how the landscape change. You can also test your knowledge and to try to identify the various scenarios of inflation. At the cinema from the island you can watch videos and see photos showing how different countries were affected by inflation and deflation - over the years. In support of the students come presentations on topics such as: "What is Inflation, How is it measured?,, "How can the ECB to affect inflation?", "When is a country prepared to join the euro area?"

As teaching materials there are a series of videos that provide an insight into the work of the European Central Bank. At the same time you can find more information about the Euro system, the ECB's monetary policy, history, role and tasks of the ECB, monetary policy instruments, decision-making structures, independence, accountability and international relations, euro banknotes and coins, euro area enlargement.

Section "FACTS" on the NBR site contains four sets of slides and handouts.. The first set describes the process of European integration during the past 50 years. The second set, which is the largest, consists of 19 slides and present the organization of EU central banks. The last two slides, divided into two sections, are dealing issues related to monetary policy and the euro banknotes and coins. The section is useful in preparing teachers and other speaker's presentations. Data and information contained in this section provides an overview of central banking in the European Union and are addressed to an audience that has basic knowledge in the field.

#### **4. Partnership development through training programs and internships**

NBR initiated in 2001 "The training program of young professionals" but it is not promoted in doctoral and post-doctoral schools. NBR Partnership - Universities may develop by presenting, on university sites, the participating conditions to the program and the candidate selection process. The program is designed for students with a solid preparation which can be exploited successfully in NBR activity. Young people with solid preparation can be selected by teachers, project coordinators, dissertation or PhD coordinators. The training program provides the opportunity of learning NBR operations and policies, from practice, to those selected and the necessary experience in the central bank.

Participation conditions:

1. Degree in economics, law or mathematics.
2. At least 2 years professional experience in a financial institution, government, research or further study at masters or doctoral level.
3. Maximum 32 years old at submission date of the registration questionnaire.
4. Good command of English.
5. Other international language, is an advantage.
6. No relatives among bank employees: spouse, parents, children, siblings, other relatives and in-laws up to second degree inclusive.

Candidate's selection includes the following steps:

1. Documents registration for pre-selection. At this stage applicants will submit the registration questionnaire, an extended CV and a presentation of the reasons for seeking employment in the National Bank of Romania.
2. Candidates preliminary selection based on studied questionnaires, CVs and submitted presentations.
3. Detailed applications transmission. These will include copies of degrees obtained, references to professional experience gained by the date of questionnaire enrollment, famous teachers / professionals recommendations and two essays on topics specified by the program management. The topics will be displayed after the preliminary selection of candidates.
4. Final interviews. This will be held with a representative of the executive management of the bank and will be made by the Program Management Committee.

The selection for the mentioned program is carried out by a Program Management Committee that is responsible for choosing candidates, tracking and development program and assist those admitted for the duration of the program (12 months). The Committee will also be responsible for organizing meetings, training courses and social events to ensure proper development of program participants and create a framework for learning.

Selected persons for participate in this program will be employed on fixed-term contract (12 months) and at the end of the program they must pass an complex exam in order to test the acquired knowledge and skills. After the program ends, for the people who have successfully passed the final assessment, the labor contracts will be extended, if there are available jobs, in similar conditions to those of NBR employees, with all rights and obligations under the collective work agreement.

Starting July, first 2003, National Bank of Romania gives the possibility, to people who meet eligibility requirements, to pursue a short-term internships to the headquarter. Like the training programs, these internships are not promoted in the universities, there are no bank representatives to promote those, inside the universities. Each year there are organized two sets of internships, for maximum 4 weeks, with maximum 6 persons. The number of people who can participate is small compared to the number of students from universities with economic profile. The starting data for the internships are July, 1 and August, 1. Collaborating with universities, especially during the school year, may be held several internships with a higher participation from the students' category.

Internship activity is carried out in four central bank Directions, namely:

1. Monetary policy and macroeconomic modeling;
2. Financial stability;
3. Economic studies;
4. International relations.

Each of the four lines involved in the program sets its fields of interest within which applicants will propose specific research topics. These areas are communicated to Human Resources Department by the end of each year for the next year, and published on the NBR site as an annex to Internships Regulation.

Eligibility conditions promoted by the central bank:

1. Student or participant in a masters or doctoral program in an institution of higher education with economic, financial, banking or business profile.
2. Good command of English.
3. No other internship to NBR, in the previous years.

Required documents for registration are:

1. Registration Form.
2. Extended CV
3. Originals and copies for official documents: degrees, recommendations from the management of higher education institutions, from teachers and tutors that coordinate the elaboration of bachelor, master or doctorate papers.

Candidates selection is done by a management committee which is responsible for: candidates selection, distribution according to the Directions involved in the program, monitoring and supporting them during the internship, assessment of final works.

If the number of requests is greater than available seats, the main elements that are taken into account in selecting candidates are:

1. The results obtained during college, and - if any - of the masters or doctoral program.
2. Research theme and the subject for the paper that will be finished during the internship in NBR.

Request for participation in such a program will be given at least a month before the intended date of internship commencement.

For the participants to the practical training, NBR will provide adequate space in which to operate, computers for exclusive use during practice and access to the Internet. Each participant will have a personalized account for internal e-mail, available throughout the program.

Participants have access to the documentation point, NBR library and they can inspect books and other publications only in the institution. Participants will be able to apply for meetings with specialists from the central bank and for public information, other than those contained in the NBR publications and the Bank's website.

Each participant will prepare a research paper based on the individual training program. Papers will be presented to the Director of the direction in which the participant has worked, the National Bank may redeem, in its own activity and, possibly, in the publication Study Findings, the results of such work. If those works or related research will be published later by the participants and will be presented in conferences, seminars and debates it is required that the central bank to be mentioned as the place where the internship and final paper was developed.

Research papers prepared by the trainees will be held at the NBR Documentation Point.

National Bank of Romania does not give financial support for the internship participants. The quality of participant to the practical training from National Bank of Romania does not provide employment to the institution.

## **Conclusions**

The article intended to highlight that since 2001 the National Bank of Romania has initiated training programs for young professionals as well as internships. Although these programs are mainly addressed to graduates in economics, law or mathematics, were not promoted in universities, doctoral and post-doctoral schools. Since 2009 the central bank started the "Open Days for economics students" in collaboration with several Romanian universities. NBR approach helped the financial education, intended to open doors for the academic area, to have a fruitful exchange of ideas between students, teachers and NBR representatives. According to NBR goals, it is developed the cooperation between prestigious universities from Romania and the banking environment, on specific

issues, opening new horizons for the economic research. Young people can benefit from the knowledge and experience of the largest romanian banking professionals.

This project may be a common platform for new projects, with the final goal the partnership development between universities and financial environment. Although the goal of the "Open Days for economics students" is not recruiting students for a job in NBR, it is possible that current participants, in a few years, when they become professionals, can aspire to a job in this institution.

In the future, the project could focus on partnership developing between the National Bank of Romania and private colleges and universities and on its expansion in neighboring countries: Moldova, Ukraine, Bulgaria or Hungary.

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