

THE FIRST SIZED PLAYER MARKET ON THE ROMANIAN FINANCIAL ADVISORY MARKET

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Abstract: *Organizations confronted with complex financial difficulties, those about to engage in merges or acquisitions and those expanding to other markets often require special expertise to better uncover evidentiary matters, find assets, develop claims, value and restructure their business. Nevertheless, financial advisors identify and analyze relevant business records, reconstruct books and records and interview parties to determine if fraud has occurred and to quantify its financial impact. On the Romanian financial advisory market a few big financial actors operate, who share the market.*

Key words: *business, financial advisory, financial adviser, player market.*

1. Introduction

Europe, like many other parts of the world, is currently experiencing the fall-out of the worst financial crisis since the 1929 crash. The downturn is severely affecting national economies, banks, companies and individual households alike. But it has also triggered an unprecedented response, as the world's 20 major economies pledge to work together to tackle the causes of the crisis. Its roots lie mainly in a collective failure by financial institutions to fulfil their basic mission of serving the real economy by funding companies and their projects.

To meet these challenges and place Europe's economy back on track, more comprehensive rules, covering the entire scope of financial activities, are needed. The European Union has a clear roadmap: implementing the G20 commitments on

financial reform. The European Commission is proposing to the European Parliament and Council of Ministers legislative measures to prevent any repetition of the present economic and financial crisis. This reform programme is based on four key principles: transparency, responsibility, supervision and crisis prevention and management.

The Union is working to reach a global agreement on accounting standards that would not destabilise sound businesses by intensifying economic trends, while guaranteeing an accurate view of finances. This is the EU's main concern with the 'fair value' concept.

It will ensure that accounting standards, which are primarily intended to provide useful information to users for their decisions, better reflect the fundamental value of a company. This will link in with

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other public policy objectives, including prudential regulation ~~financial~~ stability. [1]

2. The first sized player market on the Romanian financial advisory market

A player market is a company or financial institution involved in a particular *market*. [2]

On the Romanian financial advisory market a few big financial actors operate, who share the market.

The Body of Chartered and Certified Accountants of Romania (CECCAR) is the autonomous, non-governmental, non-profit and of public interest organization representing the Romanian accountancy profession. Having a remarkable development at national level, CECCAR is represented in all Romania's 42 counties, by its territorial branches.

CECCAR members are represented by more than 50 000 accountancy professionals. About 10 000 of these professionals work in public practice, and the others in industry, trade, education etc.

CECCAR, as professional, autonomous public interest organization, responsible of the fate of Romanian accountancy and economy, seeks to look after and to take action in order for accountancy professionals to meet the requirements of the market by quality services offered to third parties. CECCAR acts in determination for the understanding and application of International Financial Reporting Standards in order for the capital markets of Romania to have a high standard reporting in a European language.

CECCAR has become, in time, a solid institute, organized according to European models, recognized as being the organization which has the force and the ability to take and to transpose the

International Accountancy Profession Standards in the national regulation.

The actions established by CECCAR's National Conference regarding the conversion of each International Accounting Standard into professional Guides has meant a step forward for each accounting professional who had the chance of better understanding how to develop the professional reasoning, how to apply standards in accounting practice and how to test its professional abilities in exercising in the fairest way possible his duties to accounting information users. By opening up to all accounting practitioners, regardless of the economy branch in which they work, the Body has fulfilled one of the major roles it has as member of the global organization of accounting professionals, IFAC. Also, the publication of IFRS 2005 Bound Volume, issued by IASB, in the Romanian language by CECCAR is a statutory obligation of IFAC and FEE members; that is to fight for the application of International Financial Reporting Standards. Being responsible of the education and professional development of accountants, the Body carried forward its mission through the National Continuous Professional Development Program, in order to update all accountants' knowledge, for increasing the quality of the work of accountants, to make it meet public interest requirements. Of course, this was and still is a difficult task that our professional organization must fulfill because the fourteen years from the Revolution have not been enough for the mentalities to change. The professional training of each accountant, regardless of the fact he is a member of the Body or employee in a Romanian economy branch, demands from professionals both the will to update their knowledge and the

certainty that only by developing their achieved professional abilities can they rise up to the current requirements of the economy where the best people are "on the wave". [8]

Chamber of Tax Consultants (CCF) is a professional organization of public, non-profit, legal entity with its own heritage and budget. Tax Consultants Chamber is made up of tax consultants, active and inactive members, enrolled in the register of tax consultants and tax consulting company. Chamber of Tax Consultants provide access to the profession of tax consultant, tax advisory work authorization as well as its organization and coordination. The legal framework for the organization and pursuit of self-employment tax advice that is regulated by Government Ordinance no. 71/2001 approved with amendments by Law 198/2002, as amended by Government Emergency Ordinance nr. 53/2007. Rules of organization and functioning of the Chamber of Tax Consultants Nr. 5/2007 is approved by the Superior Council of the Chamber of Tax Consultants, published in the Official Gazette of Romania, Part I, No. 700 din 17 octombrie 2007. 700 of 17 October 2007.

Tax consultancy activity is exercised by individuals or companies. Tax consultancy activity is exercised only by persons who have passed an exam. The title of tax consultant shall be recorded to the "active people" within 60 days of the examination result.

Tax consultants can pursue independently the profession only if they meet the following conditions:

- a) act as tax consultants;
- b) are active members of the Chamber;
- c) fulfill the requirements of Regulation Chamber.

In practicing tax consultants obey the law, the code of ethical conduct and the professional tax consulting.

The independent activity is carried out only considering legal, civil and commercial individuals or legal entities; professionals are advised not to have any direct or indirect material interest, except for fees due for work performed in that capacity. [9]

The Chamber of Financial Auditors of Romania is coordinated by a Superior Council composed of the representatives appointed by the main institutions with regulating attributions in the field of accounting and auditing or by the professional bodies in these fields, namely the Ministry of Public Finance, the National Bank of Romania, the Romanian National Securities Commission, the Insurance Supervisory Commission, the Supervisory Commission of the Private Pensions System, the Ministry of Justice, the professional bodies in the field, as well as representatives of the academia and of the Romanian business environment.

The mission of the Chamber of Financial Auditors of Romania (CFAR) is to build on the identity and the public recognition of the financial audit profession in Romania, having as a main objective the sustainable development of the profession and its strengthening, in accordance with the Auditing Standards and with the Code of Ethics and professional conduct, by fully assimilating the International Standards on Auditing and the Code of Ethics issued by the International Federation of Accountants (IFAC), which will allow the Romanian financial auditors to provide high quality services, for the public interest, in general, and for the business community, in particular. [7]

The National Union of Practitioners in Insolvency of Romania was founded in 1999. The Union's purpose is to build a complex identity and public recognition of the insolvency profession practitioner, with the main objective of continuing professional development, enabling Union members providing high quality services to the business community first line. The members provide assistance for insolvency proceedings and the management of the liquidation. [14]

The Appraisers National Association of Romania (ANEVAR) was founded in 1992 as a professional, non-profit, non-governmental, independent organization, acting in the public interest (which is supported by its recognition as a public utility by HG 1447/09.09.2004) and promotes methods and techniques through specific assessment. Currently, the Association comprises about 4,000 members and over 280 corporate members. The association's business is conducted in 40 centers in the counties and 11 regional centers in Bucharest. The ANEVAR matrix is divided into four sections:

- **Business Valuation Section** which presents the information required for business training expert evaluators;
- **Property valuation** which presents information necessary for the evaluation of real estate (buildings and landings);
- **Valuation of movable section presents the information necessary for the valuation of the machinery, equipment, vehicles, office equipment;**
- **Valuation of financial instruments.** [6]

The Big Four Group means the global advisory giants, PricewaterhouseCoopers, KPMG, Deloitte and Ernst&Young, each operating on the Romanian market through several firms, a total of 15, covering the main lines of business.

KPMG provides **audit, tax and advisory** services and industry insight to help organizations negotiate risks and perform in the dynamic and challenging environments in which they do business. It assist firms and organizations in meeting their compliance requirements and help them develop, adding value to the clients' business. It has specialized staff with many different skills and backgrounds, and it is flexible – the firm adapts its services and develops new ones to meet the needs of clients as market conditions change. [12]

PricewaterhouseCoopers has been present on the Romanian market since 1991 and has developed a broad range of services which it continues to expand. With its in depth knowledge of Romania's business environment, PwC provides professional services to international and Romanian enterprises. Overseen by eighteen partners and employing over 650 specialists and support staff, PricewaterhouseCoopers operates in Romania and Moldova from a network of five offices in Bucharest, Timisoara, Cluj-Napoca, Constanța and Chişinău. [13]

“Deloitte” is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, and tax services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and each DTTL member firm are separate and distinct legal entities, which cannot obligate each other DTTL and each DTTL member firm are

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The Ernst & Young 's business units, almost all of which are purposely not single countries, are grouped into geographic Areas across the Americas; Europe, Middle East, India and Africa; Asia-Pacific; and Japan. Each business unit's leadership team works directly with their Area and global leaders to ensure flawless execution. This structure is streamlined - it allows the company to make decisions quickly, and ensures that it executes the planning strategy and provides high-quality service all over the world. Since 2007, Ernst & Young has been servicing Audit Framework Contracts for the European Community An Audit Framework Contract is an agreement with an audit firm that sets out terms and conditions under which specific audits can be launched. It is a way for the European Community to rationalize and harmonize relationships with professional services firms. Ernst & Young currently manages

five Audit Framework Contracts and has been working closely with the European Community to improve the quality of audits, guidance and training — the three pillars of Audit Framework Contracts. [11]

3. Conclusions

The first sized actors on the Romanian financial advisory take action in order to meet the requirements of the market by quality services offered to third parties. They have become the partners of the Administration. Central State institutions, together with international experts in Romania. In practicing, financial advisors obey the law, code of ethical conduct and professional tax consulting. The exercise of independent activity is carried out only on the basis of legal, civil and commercial individuals or legal entities and professionals are advised not to have direct or indirect material interest, except for fees due for work performed in that capacity. The mission of these organizations is to build on a solid ground, the identity and the public recognition of the financial advisory profession in Romania, having as a main objective the sustainable development of the profession and its strengthening. The financial advisors set to make people aware about the role of the financial consultancy and to promote the cooperation with the Ministry of the Economy and Finance and with other public institutions, professional bodies in the area, with the objective of developing their profession in Romania.

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