

THE ANALYSIS OF THE EVOLUTION OF THE LEASING MARKET IN ROMANIA – CASE STUDY: ROMSTAL LEASING COMPANY

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Abstract: In the current conditions existent in Romania, financing has become a necessity for the small and medium sized enterprises and for large companies. In the last years, our country has recorded significant growths for the weight, role and contribution of leasing for the business' development and expansion.

In this study we set to analyse the Romanian leasing market, the place of Romstal Leasing Company within this market, as well as the directions the company should head towards, given the present economic context. Romstal Leasing is one of the largest leasing companies in Romania, therefore, an in depth analysis of the products and the market of this company would be very relevant, giving us a whole perspective over the evolution of the Romanian leasing.

Keywords: Leasing Romania, leasing market, leasing companies

Introduction

From an epistemological perspective, the paper is mostly circumscribed to the targeted fundamental research, the research methodology being mainly confined to the appropriate methods and techniques for collecting and processing empirical data and information, and to observing, ranking, correlating, organizing, comparing and analysing data, so that the approached theoretical relevancies may be substantiated. The information basis of the paper is represented by the results of the researches, of the conducted studies and other editorial sources exposed in periodical publications and in the monographs of foreign and local authors.

The first leasing company in Romania was founded in 1994 and was called Mister D Leasing Company. In our country, the first legal frameworks regarding leasing were phrased in 1995, and the first Leasing Law – OG 51/1997 – was issued in 1997. The Romstal Leasing Company emerged on the market in a favourable moment; right after the legal framework of the leasing operations was licked into place.

Leasing is a complex operation, which must be looked at from a legal point of view, as well as from an economic perspective. Regarding its legal aspect, leasing is considered as being a procedure that fairly circumscribes the rights and the obligations of the parties from the very start, through a leasing contract. "Regarding the economic aspect, leasing is defined as being a modern form of exterior commerce, of import-export, an original financing system, under the shape

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of renting goods or as an agreement through which the lessee grants the lodger the right to use a good for a stipulated amount of time in return for a fee"[11].

In the Leasing Law, the leasing is defined as being "a procedure in which one side, called lessee/investor, grants the right to usage for a good, whose owner he is, to the other side, called user, at his request, in return for a periodical payment, called leasing installment". At the end of the leasing period the lessee/investor is bounded to respect the right of the user to buy the good, prolong the leasing contract or to freeze the contractual account.

The leasing procedures actually represent a package of services offered by the leasing company to their partners, the goods' manufacturers.

The study took into account only the financial results and the data made public by the companies mentioned by this analysis, observing the confidentiality of certain information.

The strategic positioning and the concept of the products belonging to a financial institution must be laid down after an analysis of the products and services existent within the institution and within the market as a whole.

Since being founded until now, Romstal Leasing Company has faced very complex and uncertain situations within its market. Taking an optimum position, using a fair strategy and an adequate product policy were the only viable solutions in order to survive and to have the success it currently enjoys.

The Romanian leasing market and the position of Romstal Leasing Company within this market

Currently, the Romanian leasing market is represented by 250 leasing companies, which are recognized by the National Bank of Romania. The leasing market is structured as follows:

- leasing companies affiliated with banks (subsidiary to banks);
- leasing companies affiliated to product manufacturers or suppliers (servile companies);
- independent leasing companies (independent companies).

This type of structure leads to differences between the offered leasing services depending on the strategy of each company, on the apprehension of the risk, on the structure of a transaction. Therefore, price differences can occur for the provided services, as can differences for the availability and flexibility of the transactions' structure occur. Romstal Leasing belongs to the independent leasing companies.

From Figure 1 we can see that the financing of the leasing companies affiliated with banks have recorded a yearly growth. It's not a big growth, but it's a constant one. In 2005, the banks' subsidiaries have increased their financing with 6% in comparison to 2004. In the following two years the financing has increased with 4% in relation to the previous years, from 55% (in 2005) to 59% (in 2006) and 63% (in 2007). In 2008, the financing for the leasing companies affiliated with

banks remained to the standstill of 63% of the total market. This may be mainly due to the introduction of the pollution tax, which replaced the vehicle first registration fee at July 1st 2008. The first consequence of this tax was slowing down the sales growth for new vehicles in favour of second-hand cars. Changing the vehicle first registration fee didn't significantly influence the existing trend on the leasing market for equipments and real estate, which have seen an important rise in recent years at the expense of auto leasing.

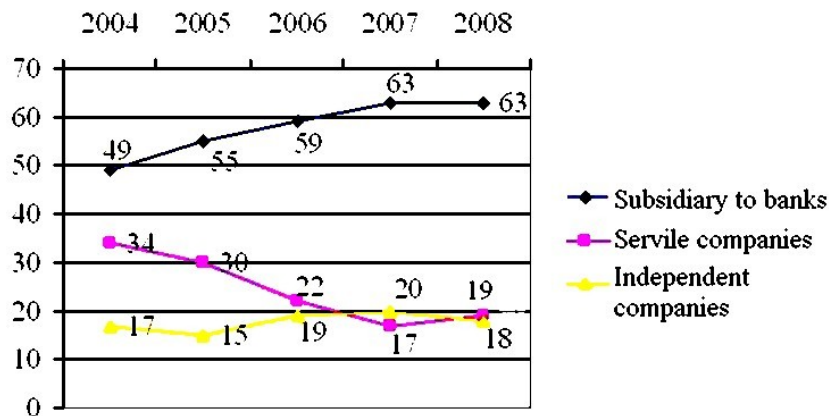


Figure 1. The Romanian leasing market according to the category of the leasing company 2004-2008

Source: *The Financial Companies Association – ALB Romania*

Leasing companies affiliated to product manufacturers or suppliers, servile companies, have lost ground in favour of the banks' subsidiaries, while the independent companies kept a relatively constant market share, with slight oscillations. The servile companies recorded an average loss of 6% per year, and only in 2008 their financing grew from 17% to 19% of the total market share. The financing of the independent companies hovered between 15% and 20%, with the largest market share being recorded in 2006 (19%) and in 2007 (20%).

The dynamics of the evolution for the leasing market during the years 2004 and 2008, regarding the financing volume, can be observed in the following chart. A sustained growth of the market can be noticed, with the exception of 2008, a year which marked the start of the financial crisis. The largest growth was recorded in 2006, which saw a 62.14% increase of the numbers of products financed in the leasing system in comparison to the year 2005. The volume of financing in 2007 had a growth of 51.33% from the year 2006, while the 2008's financing recorded a slight drop of 2.59%. 2008 is the first year when the leasing market registered a decrease. Regarding the Romanian leasing market in 2009, it fell by 72% compared to 2008 to 1.33 billion euros. This happened in accordance to the value of the financed goods and it was also due to a weaker auto market. Thus, the numbers

show that the dynamics of the leasing market is closely related to the evolution of national economy, which, in 2009, recorded a decline of 7% compared to 2008.

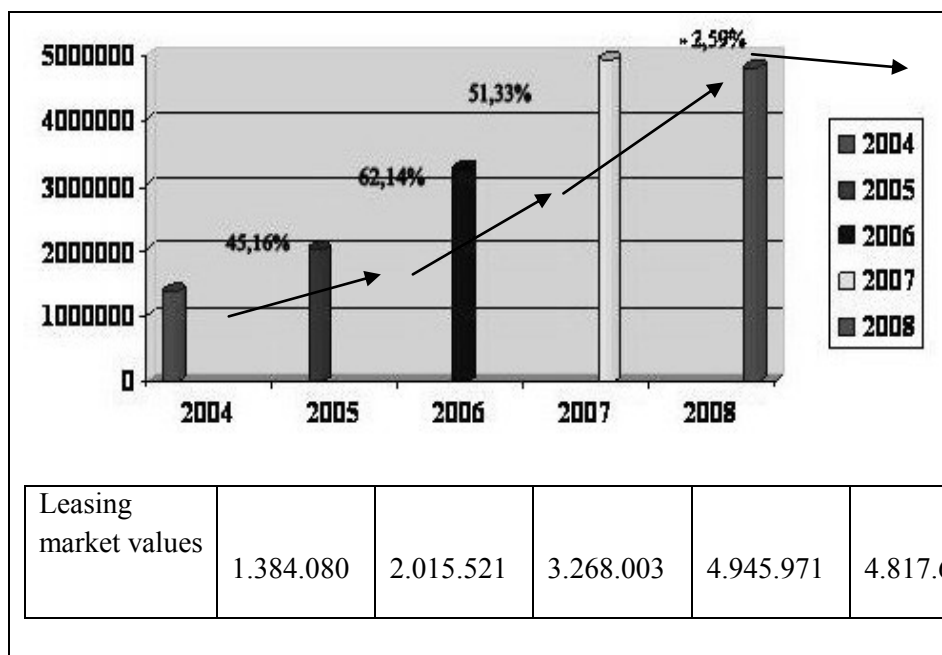


Figure 2. The Romanian leasing market 2004-2008 (thousands euro)

Source: The Financial Companies Association – ALB Romania

Although, there is a substantial and constant evolution of the leasing market in Romania, the leasing companies face a series of problems that blocked an even stronger development:

- the legal framework is not sufficiently structured – many laws are written ambiguously, such as: the leasing law, the non-banking financial institutions law, the pollution law (which was changed almost monthly);
- the lack of interest in information of the potential clients about the leasing procedures (here is included the physiological preference of owning a good, than signing a leasing contract, in which the ownership goes to the user only after full payment);
- the current state of the national economy's development;
- the low level of foreign investments in Romania.

As mentioned before, the leasing market is also divided in accordance to the financed goods, as follows: the motorcar market, the hardware market and the real estate market (these are the most important segments of the market). The percentage of each of these segments from the total market can be seen in chart no. 3.

The analysis of these data shows that the most important segment of the leasing market continues to be the motorcar market, even if it dropped an average

of 5% each year. Only in 2008 it recorded a growth of 3% in comparison to the year 2007, from 68% to 71%. Thus, in 2008, auto leasing reached a level of 3.38 billion euros. Regarding the weight of the financing for hardware, in 2006, there was a 5% increase in comparison to 2005; in 2008, funding for equipment totalled 1.082 billion euros, 1% lower than the same period of 2007; but, overall, the general trend was upward. Real estate leasing recorded the biggest growth in 2007, at a value of 461.381.000, representing 9% of the total leasing market. The general trend was up. Only in 2008 the financing for hardware had a 1% drop. The real estate leasing recorded the highest growth in 2007, for a 461.381.000 value, which represents 9% of the total leasing market. In 2009, real estate leasing dropped by 33.9%, reaching 232.65 million lei, compared to 351.84 million lei in 2008. In the previous years, the financing evolution for this segment was not spectacular. At the start of the crisis period, the real estate leasing and the hardware leasing dropped in favour of the auto leasing. The most significant decrease – in 2009 – namely 81% than during the same period of 2008, was seen for heavy commercial vehicles. Regarding the financing of the equipment sector, constructions represent 22% - down by 87% compared to 2008 – IT equipments and software represent 8%, equipments for the metallurgic industry represent 8%, 4% for the food industry, 5% for medical equipments, 9% for agricultural equipments, 3% for the wood processing industry, 4% for the chemical industry and other fields represent 37%[11].

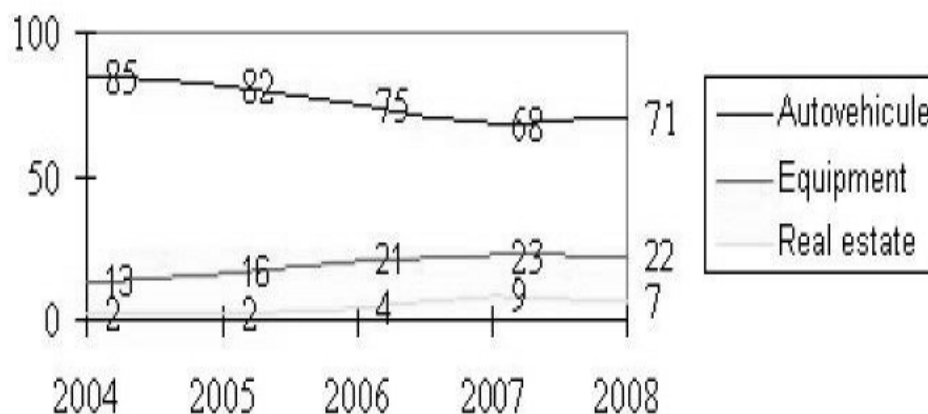
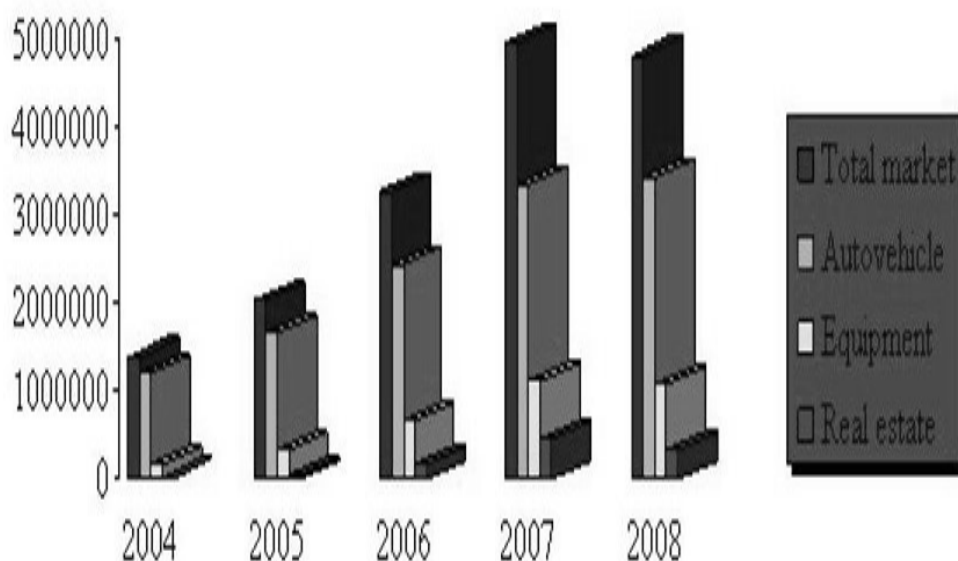


Figure 3. The Romanian leasing market in accordance to the good's type

Source: The Financial Companies Association – ALB Romania

The structure of the leasing market in Romania in accordance to the volume of the financed goods between 2004 and 2008 is shown in chart no. 4.



2004	2005	2006	2007	2008	
1.384.080	2.015.521	3.268.003	4.945.671	4.817.654	Total market
1.184.272	1.653.819	2.448.505	3.358.057	3.420.534	Autovehicle
179.179	314.077	672.010	1.126.233	1.059.884	Equipment
20.629	47.625	147.468	461.381	337.236	Real estate

Figure4. The Romanian leasing market and the financed goods 2004-2008 (thousands euro)

Source: *The Financial Companies Association – ALB Romania*

The table below the chart includes the value of the financed goods on segments. It can be seen that in 2008, there was a decrease of the financed goods on all the segments. The year 2007 was the year with the highest financing for all the leasing segments.

Depending on the type of the financed motorcar, the leasing market for this segment can be divided in: the car market, the light commercial vehicle market (with an authorized weight under 3.5 tons), the heavy commercial vehicle market (an authorized weight over 3.5 tons) and the market for other types of vehicles (motorcycles, ATV, etc.). In 2008, from the total financing for the motorcar segment, the car micro-segment has held the highest position, with a 55 percentage, as the chart below shows. Next are the heavy commercial vehicle segment – 27% of the motorcar market total - and the light commercial vehicle – 15% of the total market.

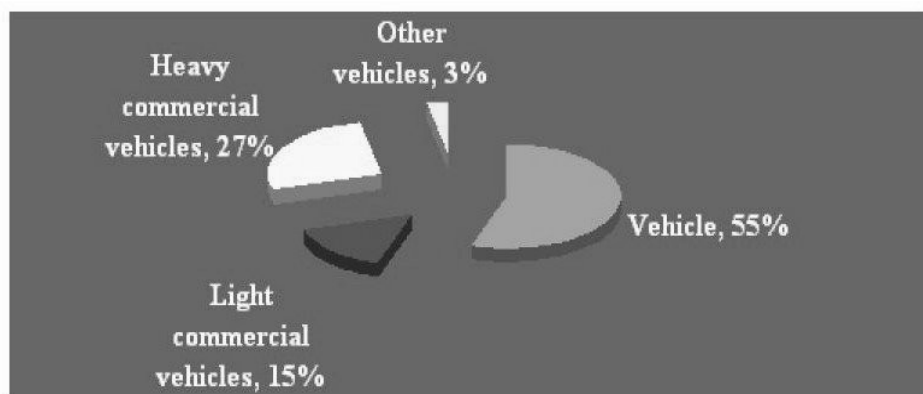


Figure 5. The Romanian leasing market – Motorcar financing

Source: *The Financial Companies Association – ALB Romania*

The most common financing is done in the private sector, because business corporations are the most interested in acquiring a good in the leasing system. Therefore, in 2008, they held an 89% of the total leasing market, as can be seen in chart no. 6. Only 10% of the financing total belonged to the private persons. The lowest level of financing was done for the public sector (1%).

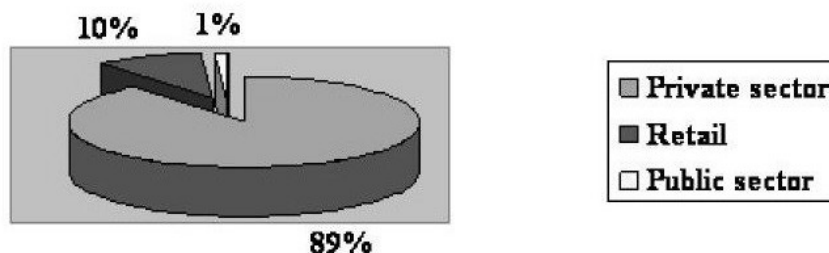


Figure 6. The Romanian leasing market (2008) in accordance to the user category

Source: *The Financial Companies Association – ALB Romania*

Until the mid of 2008, the Romanian leasing market evolved as expected, but in the second semester, the growing started to slow down, thus, the goals of the leasing companies have become unachievable in the context of the international financial crisis. The president of the Financial Companies Association in Romania (ALB), Jean-Claude Boloux, explained: “The real estate segment entered a blockage; therefore there was no demand for construction hardware. This trend was also doubled by the lack of infrastructure projects financed by the government, which could have compensated the drop in the private sector”.

Regarding the evolution of the market in 2010, the general manager of Raiffeisen Leasing, Mihaela Mateescu, believes it will probably reach the level of 2004 and 2005 as business volume, but the most important thing for companies right now is to stabilize portfolios. The players on the leasing market think that

predictability in the economic environment and the support of the government would be the required conditions for a favourable evolution of the leasing market. Other players say that the Romanian leasing market has developed “without control” in recent years, given that many leasing companies have targeted only the market share, without carefully analysing the risks. On the other hand, the officials of the leasing companies claim that auto dealers are not confident about 2010, expecting a more difficult year for the auto market compared to 2009.

The General Secretary of ALB Romania, Adriana Ahciarliu, predicted recently that the Romanian leasing market might be at a standstill in 2010, with a volume of financed goods of 1.25 billion euros, which is the estimated level for 2009. The decline of the leasing market in 2009 compared to 2008 was 74%. After the leasing market fell by more than 70% in 2009, other representatives of the companies believe that in 2010 the market will grow by 10% due to political stability and the slight improvement of the economic climate.

Boloux also expressed his opinion in the same interview given to Wall Street Journal about the number of the existent players on the market. The 250 leasing companies registered with the National Bank of Romania are way too many. The president of the Financial Companies Association in Romania said he isn't convinced that all these companies are active, because ALB, which represents 93% of the market, has only 35 registered members. In conclusion, the other companies are small and will disappear. In the future, there will be a reseating of the Romanian leasing market and a maturation. The small companies will disappear and the market will have only large companies with potential. This will also occur because of the international crisis.

Many sectors of the economy recorded losses due to the financial crisis, among them are also segments of the leasing markets: transports, construction and the auto sector. The Romanian government should try to compensate this by launching big infrastructure projects. In this case, the leasing companies will be ready to financially sustain these projects.

The year 2009 was a difficult year for the Romanian economy and for the leasing companies. They will have to be very careful at managing the expenses (in order to cut down costs) and will have to be careful at the investments made in this unstable period. The companies will also have to be cautious to the risk they expose themselves when financing. A major problem of 2008 was fraud. A worrying increase of the fraud phenomenon was noticed in the Romanian leasing market for the car segment (especially for the heavy commercial vehicles), but especially for the construction hardware segment. The authorities have already taken measures in partnership with ALB to support the leasing companies.

The leasing market will come to a standstill in the following period, but it will launch again after the other economic branches will tilt up. This evolution will be seen on the Romanian market, but also at a global level.

As a matter of fact, starting with 2009, the leasing market accurately reflected the temporary decline of the emergent economy, with mechanisms that were still

fragile. Claudiu Stănescu, BCR Leasing, emphasized that: “The areas of pronounced decline have been the ones that recorded significant increases year after year: the auto industry, constructions and real estate”. He also stated that, globally, are estimated decreases by 76% for auto leasing, 77% for equipment leasing and 40% for real estate leasing. In these circumstances, all the leasing companies have had poor performances in terms of the volume of new contracts.

The market of Romstal Leasing Company – a non-banking financial institution

The market of Romstal Leasing Company recorded a yearly sustained growth; many times the company even surpassed the goals set at the beginning of each year. The quality of the services provided to the business partners has led to the recognition of the company on the leasing market, as well as to a continuous growth of the business, thus, Romstal Leasing is currently on the 9th position within the Romanian leasing market according to a study of the Ziarul Financiar journal. The growth of the company is also owed to the extension of the territorial network to 38 branch offices, but is also owed to the improvement of the financing conditions for the most important product categories.

Romstal Leasing has signed in the year 2005 over 2800 leasing contracts for a value of 72 million euro, which is a growth of 78% in comparison to the year 2004. The value of the contracts surpassed the forecasts of the company, which targeted a 24% growth. The territorial development of the company in the previous year (2004), launching the instant leasing product, providing competitive offers and the overall growth of the auto-market have determined the great evolution of Romstal. The chart below shows the evolution of the contracts’ number, regarding their value and their percentage.

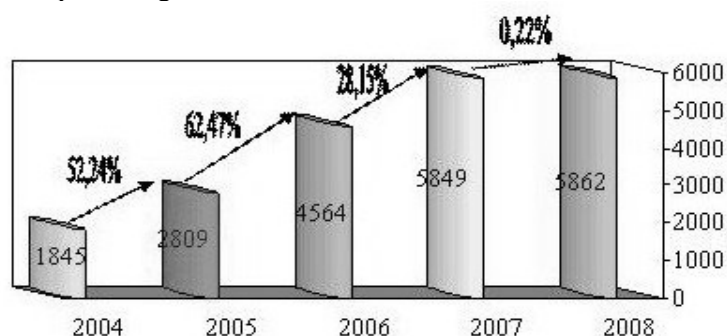


Figure 7. The number of total contracts and their growth in percentages for Romstal Leasing Company 2004-2008

Source: *The Financial Companies Association – ALB Romania*

Regarding the number of contracts signed in 2005, it grew in comparison to the year 2004 with 52.24%, from 1845 to 2809 contracts. Romstal Leasing Company financed in 2006, 4564 leasing contracts for a value of 130 million euro, an increase of over 90% in comparison to the year 2005. The year 2006 was the

year when the company launched the real estate leasing, which had a remarkable evolution. It was launched in March 2006 and the real estate leasing represented 6% of the total financing, with 48 contracts representing a total value of 9.5 more than in 2007.

In 2004, the total value of the contracts reached 40.3 million euro, which is an increase of almost 40% in comparison to the previous year. In 2005, the rise of the total value for the company's contract was strong, reaching 72 million euro, with 78.75% more than in 2004. The year 2006 marked the highest rise in the history million Euros. The highest rise of the contracts' number was recorded in 2006, when there was a 62.47% increase in comparison to the year 2005. In 2007, Romstal Leasing Company financed 5849 contract for a total value of over 211 million euro, 53.17% more than the results recorded in 2006.

In 2007, Romstal Leasing has made a few essential changes to the products in their portfolio: the financing period for the real estate leasing grew to 20 years, for the commercial vehicles and hardware it grew to 7 years and for the auto leasing for private persons it grew to 10 years. Romstal Leasing IFN S.A. financed in the first four months of 2008 1.850 contracts, totalling 77.5 million euros, an increase of 44% compared to the same period of last year. In terms of the final balance sheet, 5.862 contracts were signed in 2008, a small increase of the number of contracts compared to the previous year, namely 0.22%; in 2008 were signed 13 more contracts than in 2007.

In the portfolio of the company, cars hold a share of 32%, commercial vehicles represent 45%, equipments 17%, real estate 5.5% and motorcycles represent 1%. The biggest increase was recorded for cars and equipments. Over 60% of all financed equipments were for the constructions sector. The main reason behind this evolution is a very solid financing offer – a financing period up to 7 years, with a minimum advance of 5% and a grace period of 3 months. The evolution of real estate leasing was in the same parameters as in 2007. In the first four months of 2008, Romstal Leasing signed contracts for real estate leasing worth 5.9 million euros, covering mainly residential buildings and land.

Given the increased potential of these markets in 2008, Romstal Leasing continued to rely on equipments and commercial vehicles. Regarding the level of the interests, Romstal Leasing revised the policy of the practiced interests and started to grant funds at a minimum interest of 7.25% per year.

In 2008, 5862 contracts were signed, representing an increase of 0.22%, which is very low in comparison to the previous year. In 2008, there were signed only 13 contracts of Romstal Leasing Company, when the company almost doubled the value of the signed contracts in comparison to the previous year (a growth of 91.22% in relation to the year 2005). The remarkable growth can be seen in chart no. 8.

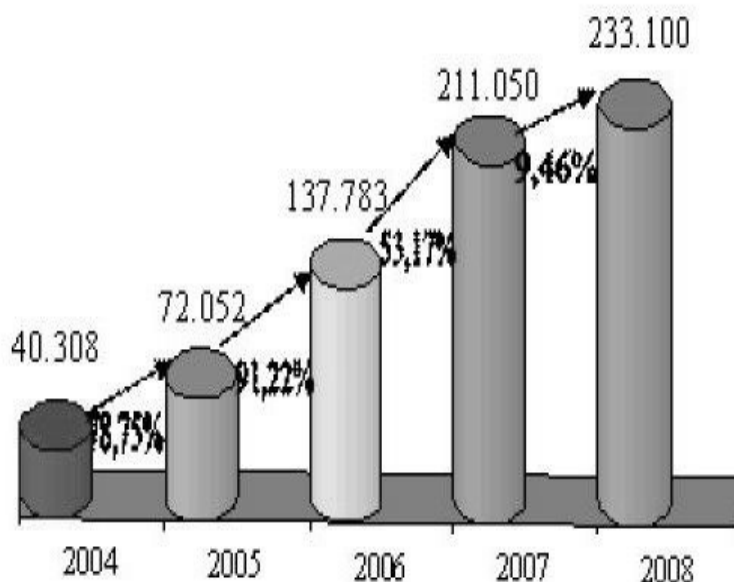
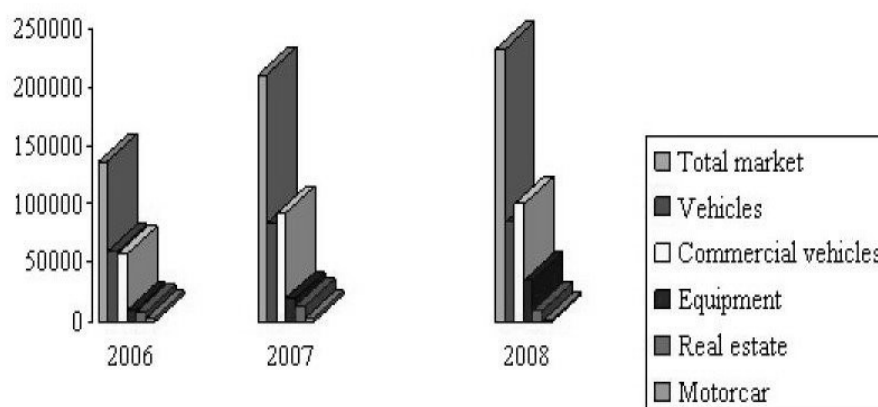


Figure 8. The financing of Romstal Leasing Company 2004-2008 (thousands euro)

Source: Romstal Leasing Company

In the first semester of 2008, Romstal Leasing financed contracts for a total value of 130.5 million euro (3050 contracts), an increase of 53% in relation to the same period of the year 2007. The leasing segments for hardware and commercial vehicles have contributed with almost two thirds to the financing total for this semester. In the first six months, the company financed contracts for hardware for a total worth of 19 million euro, over three times more than in the same period of 2007.

At the end of 2008, the company recorded a total value of 233.1 million euro for its contracts. The rise of this year was pretty low in comparison to the increases of the previous years. In 2008, the value of the financed contracts grew with only 9.46% in relation to the year 2007. This slowing trend is due to the start of the global financial crisis. 2008 was a very important year for the company because it celebrated 10 years of activity. Romstal Leasing Company wanted to mark the event alongside its clients, therefore, in the last months of the year (starting with October) it run a promotional campaign in partnership with Alliantz Ţiriac.



2006	2007	2008	
137.783	211.050	233.100	Piața totală
59.247 → 43%	84.420 → 40%	85.315 → 36,6%	Autoturisme
57.868 → 42%	92.862 → 44%	101.631 → 43,6%	Vehicule Comerciale
8.956 → 6,5%	18.994,5 → 9%	34.732 → 14,9%	Echipamente
8.267 → 6%	12.663 → 6%	9.790 → 4,2%	Imobiliar
3.445 → 2,5%	2.110,5 → 1%	1.632 → 0,7%	Moto

Figure 9. The market of Romstal Leasing and the financed goods 2006-2008 (thousands euro)

Source: Romstal Leasing Company

The motorcar market represents the most important segment of the Romstal Leasing market, holding a percentage of 87.5 of the total market in 2006, 85% in the year 2007 and 80.9% in 2008. Within this market, the car segment held 43% of the total market in 2006, 40% in 2007 and 36.6% in 2008, while the commercial vehicle segment look as follows: 42% of the total market in the year 2006, 44% in 2007 and 43.6% in 2008. The financing within these market segments has increased yearly, but in 2008 in relation to the year 2007, the level of these two segments recorded a drop of 3.4% - the car segment – and 0.4% - the commercial vehicle segment. Chart no. 2.9 shows the values for each segment and their percentage from the financing total of the Romstal Leasing Company. Regarding the value, the leasing market for the car and commercial vehicles has recoded a

growth in 2008 too. For cars, it grew from 84.4 million euro to 85.3 million euro, while for the commercial vehicles it grew from 92.8 million euro to 101.6 million euro. The motorcycle leasing holds the smallest percentage within the Romstal Leasing Company: 2.5% in 2006, 1% in 2007 and 0.7% in 2008.

The next important segment is represented by the hardware segment. It recorded a spectacular growth in the last three years. Romstal Leasing has acknowledged the importance of this segment and started to provide competitive services, therefore this sector holds an average weight of 10% of Romstal's total financing. It is the only segment that improved its percentage in 2008 in relation to 2007, recording a rise of 5.9%. In 2007, the hardware segment represented 9% of Romstal's total financing, with a total value of the contracts of almost 19 million euro, and in 2008, the value grew to 34.7 million euro, which represents 14.9% of Romstal's total market.

Another important segment is real estate. The company launched this type of leasing in 2006. The following year, real estate leasing grew from 48 contracts to 69 contracts, from a value of 8.2 million euro to 12.6 million euro, holding 6% of the company's financing. In 2008, real estate leasing recorded a decrease regarding the value and the percentage in relation to 2007. In 2008 were signed contracts for a real estate that was worth 9.76 million euro, with 1.8% less than in the year 2007.

The most significant boosts were recorded for the hardware segment. In 2007, the rise on this segment was 112%, while in 2008, the rise was 5.9%. The second segment regarding the level of the growth is the commercial vehicle segment, which improved in 2007 with 60.47%. The real estate sector followed the same ascendant trend, with the highest growth in 2007 (53.17% more than in 2006).

Romstal Leasing Company had an excellent evolution within the Romanian leasing market. It was on the 11th place in 2006 regarding the value of the financed goods, and on the 12th place in 2007. In 2008, the company reached the 9th spot in the top 10 of the leasing companies. This hierarchy established in accordance to the value of the financed goods is shown in Table no. 1.

In 2008, because of the crashing vehicle and real estate markets, half of the first ten players on the leasing market recorded drops in the value of the financed goods, as did the global market.

The first three companies on the leasing market are the same as in the year 2007: UniCredit Leasing Corporation (with a value of 555 million euro in 2008 for the financed goods), BCR Leasing (462 million euro) and Porsche Leasing (308 million euro). The first two companies recorded increases regarding the value of the financed goods of 11% and 15.5% respectively, while Porsche Leasing recorded a 7.5% drop. But it must be taken into account that Porsche Leasing is based only on motorcar financing, and this market has dropped dramatically (this company is included in the category of the servile companies).

Top 10 leasing companies - 2008

Table nr.1.

Company	Financed goods value (mii Euro)		Growth/ Decrease	Market share	
	2008	2007		2008	2007
	UniCredit Leasing	555.000		500.000	11%
BCR Leasing	462.000	400.000	15,5%	9,6	8,1
Porsche Leasing	308.000	333.000	-7,5%	6,4	6,7
Afin Leasing	299.000	n.a.	n.a.	6,2	n.a.
BRD Sogelease	230.000	225.000	2.3%	4,8	4,5
Țiriac Leasing	218.000	224.000	-2,7%	4,5	4,5
Impuls Leasing	205.000	127.000	61,4%	4,3	2,6
Raiffeisen Leasing	191.000	261.000	-26,8%	4,0	5,3
Romstal Leasing	190.000	174.000	9,2%	3,9	3,5
Piraeus Leasing	176.000	195.000	-9,7%	3,7	3,9

Source: Ziarul Financiar

Impuls Leasing and OTP Leasing entered the market in the middle of 2007 and had a fast ascension. Impuls Leasing, which is based on motorcar leasing, reached the 7th position on the market in 2008, with a value of 205 million euro for the financed goods, a 61.4% increase in relation to 2007. OTP Leasing did not enter top ten, but is very close, with 160 million euro finances.

Regarding the analysis at the Afin Leasing, Raiffeisen Leasing and Piraeus Leasing companies, the data was assessed by the Ziarul Financiar journal based on market information, because at that time, these companies didn't go public with their financial results.

The companies which recorded losses in 2008 in comparison to 2007 were: Porsche Leasing (-7,5%), Țiriac Leasing (-2,7%), Raiffeisen Leasing (-26,8% assessment by the Ziarul Financiar journal) and Piraeus Leasing (-9,7% assessment by the Ziarul Financiar journal).

Romstal Leasing Company holds a very good place within the Romanian leasing market, respectively the 9th spot from a total of 250 companies, among which 35 are majorly important (the number of registered companies with The Financial Companies Association, which represent 93% of the total leasing market in Romania). The market share of the company also grew, from 3.5% in 2007 to

3.9% in 2008. The chart below shows the market share of the first 10 companies within the Romanian leasing market.



Figure 10. The market share of the first 10 leasing companies in Romania (2008)

Source: Ziarul Financiar journal

Thus, Romstal Leasing Company holds a top position within the Romanian market, with a total value of 190 million euro for the financed goods in 2008. The most important segment of the company is the car segment, with 80% of the total financing. The company is aware that in the current situation it must turn the attention towards market niches, segments which have not been properly explored, like medical and industrial equipments. Considering the high potential of this segment, the leasing for equipments should draw in 30% of the granted financing in 2009. 40% of the financing is recorded in Bucharest, and the rest of 60% in the rest of the country.

Most financing is done in the private sector, because business enterprises are the most interested in acquiring a good in the leasing system.

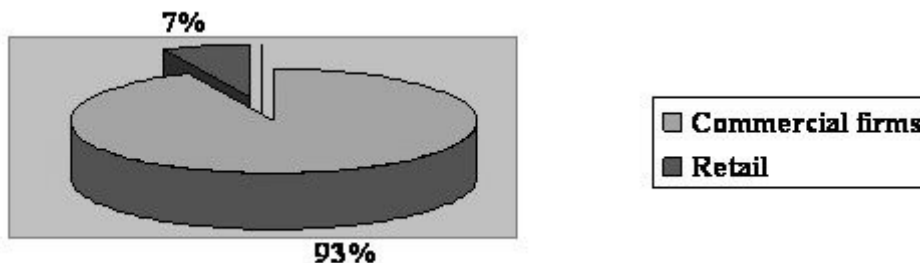


Figure 11. The Romstal Leasing market (2008) in accordance to the user category

Source: Romstal Leasing

Thus, in 2008, Romstal Leasing Company signed 5459 contracts with legal persons. They hold 93% of the total contracts signed by a leasing company, as seen in chart no. 11. Only 7% of the financing is contracted by private persons.

This amazing evolution of the company is the proof of the company's maturity, which was strongly influenced by the acquiring of the company by a powerful international company, KBC Lease.

However, starting with 2009, the leasing market has changed its configuration. Transformations took place both within leasing companies and at macro level, Claudiu Stănescu, from BCR Leasing stating: "[...] at the level of the leasing companies we witnessed changes of the business strategies, in terms of taking measures to insure the sustainability of the business, focusing on actual clients, on collecting debts, on remarketing, refinancing and on cleaning portfolios. We are also talking about changes in the configuration of the portfolio as a result of changing the configuration of the demand. At macro level, we can already see the repositioning of some of the top 10 players".

Conclusions:

The leasing market had a growing trend from one year to the next and leasing evolved to become an important player on the financial market. But the year 2008 marked a change for the leasing market. Raising the credits on the inter-banking market for the euro area continues to make more expensive the financing of the Romanian leasing companies, which must also adapt to the impact of the pollution tax introduced in July, which sways the balance in favour of the second-hand cars' sector. The turning into account of the leasing companies has been obviously influenced by the rise of the refinancing values, because a part of this negative impact was taken by the leasing companies.

Until the middle of 2008, the leasing market in Romania faced a series of aspects or predictable trends. After this date, the leasing market felt the starting crisis. The economic crisis will cause small leasing companies to close their doors. In the current globalization context, the evolution of the conditions existent on the Romanian market will be definitely influenced by the evolution of the international parameters. A big growing potential is shown by the sanitation industry, collecting and recycling waste products, the infrastructure, constructions, the food industry and metal processing.

This general trend is also followed by Romstal Leasing Company. A slowing down of the car market in comparison to the previous years is noticed, and the hardware segment is receiving a more important in the company's portfolio. In any case, the growing rhythm of the company's market will be below the one recorded in 2007, and a drop in comparison to this year was also noticed in 2008. Currently, Romstal Leasing enjoys a good position within the leasing market, holding spot number nine.

The research conducted by experts, who work in marketing departments, proved that the most efficient course of action for 2009 is to "attack" the hardware

segment. This is a very good decision, because the motorcar market is declining. The most financed hardware was the one used in constructions. In the future, we recommend approaching other segments, such as: medical equipment, equipment for the processing industry, for sanitation and for the processing of waste products.

Regarding the product seen as the most profitable on the leasing market during 2010. Claudiu Stănescu thinks that it is necessary for this product to be characterized by “a dynamic component, associated to a growing market. Let’s hope that at the end of the year that just started, we will be able to rightfully assign this concept to at least one of the leasing products. Under current conditions, determined both by the existence of an oversupply for second-hand cars and by the (re)introduction of the pollution tax, leasing for this type of second-hand goods will become a requested and used product. Nevertheless, I think that at global level we’ll talk only about a modest volume of the demand for all leasing segments”.

In the context of the current crisis, we recommend high protection against the risks of financing. Many companies have problems and are unable to pay; furthermore, the leasing market faces many frauds. An additional attention should also be paid to the management of the present contracts that face different problems. These clients should be helped and supported in order to overcome this difficult time.

Another solution to hold out to the effects of the crisis would be to diversify the supply in the direction of the operational leasing, to have promotions on limited periods of time, but especially to provide quality services and to develop client loyalty.

Romstal Leasing Company must also be careful at the made investments. In a market where the level of the growth is low, the certainty of a profit or of maintaining a profit consists in cutting the costs. Romstal Leasing must cut down the exploitation costs and to turn its investments towards more profitable sectors.

Regarding the products portfolio, it must be managed very carefully. The attention must be turn towards the products that bring in money (vehicle leasing, commercial leasing, hardware leasing). The company can maintain the profitability rate in the context of the global crisis by diversifying the supply, but also by directing the businesses towards niche products, destined for the dynamic sectors of the economy. The niche segments can be equipments for the gas or oil industry. The real estate leasing should take a supporting role until the real estate market and the prices stabilize. At this time, approaching this segment would cause losses for the company.

From the given data, it can be noticed that Romstal Leasing Company wanted to draw in clients and to develop the business through client loyalty. The products and services of Romstal Leasing are complex and varied, because the company wants to reach a high degree of flexibility in order to provide the quality desired by its clients. Quality is an essential element for the products of the company. Through openness and client orientation, Romstal Leasing managed to develop long term relationships.

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****Guvern Ordonance no:51/1997 (modified), about leasing operation and leasing societies*

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**ANALIZA EWOLUCJI RYNKU LEASINGU W RUMUNII - CASE STUDY:
FIRMA LEASINGOWA ROMSTAL**

Abstrakt: Warunki, jakie występują obecnie w Rumunii przyczyniły się do konieczności finansowania małych i średnich przedsiębiorstw, a także dużych firm. W ostatnich latach, w naszym kraju nastąpił znaczący wzrost wagi, roli oraz wkładu leasingu w rozwój i ekspansję biznesu.

W niniejszym badaniu analizie poddano rumuński rynek leasingowy, pozycję przedsiębiorstwa Romstal Leasing na tym rynku, a także kierunki, jakie przedsiębiorstwo powinno obrać w kontekście obecnej gospodarki. Romstal Leasing należy do największych przedsiębiorstw leasingowych w Rumunii, dlatego szczegółowa analiza produktów oraz rynku tego przedsiębiorstwa ma bardzo duże znaczenie i zapewnia całościową perspektywę ewolucji leasingu w Rumunii.

在羅馬尼亞分析的租賃市場的發展 - 案例研究：ROMSTAL租賃公司

在罗马尼亚的现存条件下，融资已成为中小型企业 and 大型企业生存的必要手段。在过去的

几年中，我国记录租赁业务在商业的发展和扩张中的比重以及所起的作用和贡献的显著增长。

在这项研究中，我们分析罗马尼亚的租赁市场，Romstal 租赁公司在这个市场中的地位、

发展方向，以及当前的经济形势。Romstal

租赁公司是罗马尼亚最大的租赁公司之一，因

此，深入分析研究这家公司的产品和市场将是非常有意义的。这将使我们对整个罗马尼亚

租赁市场的演变有一个全局的视角。