



ALEXANDRU IOAN CUZA
UNIVERSITY of IAȘI



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Jean Monnet Chair EUFIRE
Research and Teaching Activities on European Union Financial Regulation

PROGRAMME & ABSTRACTS

EUFIRE

**International Conference on
European Union Financial Regulation**

May 18-20, 2017
Iasi - Romania



UNIVERSITATEA
„ALEXANDRU IOAN CUZA”
din IAȘI



FEAA
FACULTY OF ECONOMICS
AND BUSINESS ADMINISTRATION
“ALEXANDRU IOAN CUZA” UNIVERSITY of IAȘI



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PROGRAMME & ABSTRACTS

*INTERNATIONAL CONFERENCE ON
EUROPEAN FINANCIAL REGULATION*
EUFIRE

MAY 18-20, 2017

IASI - ROMANIA

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CONFERENCE PROGRAM

Friday, the 19th of May 2017

8.30 – 9.00	Registration: Aula Magna hall, Alexandru Ioan Cuza University of Iasi, Building A, bvd. Carol nr. 11, Iasi
9.00 – 10.30	Opening: Aula Magna Eminescu, Alexandru Ioan Cuza University of Iasi, Building A <i>Anniversary Conference – 10 years from Romania’s accession to the European Union</i>
10.30 – 11.00	Coffee break: Hall of Echoing Footsteps, Alexandru Ioan Cuza University of Iasi Exhibition and sale of books Partners: Hamangiu Publishing House, Solomon Publishing House, Universul Juridic Publishing House, University Alexandru Ioan Cuza Publishing House
11.00 - 12.30	Plenary Session <i>International Conference on European Financial Regulation EUFIRE</i> Senate Hall Alexandru Ioan Cuza University of Iasi Keynote speakers: Prof. Daniel DEAK, University Corvinus, Budapest, Hungary PhD. Florian Neagu – National Bank of Romania Chair: Assoc. Prof. Mihaela TOFAN, holder of the Jean Monnet Chair European Financial Regulation EUFIRE
13.00 – 14.00	Lunch – Akademos Restaurant Alexandru Ioan Cuza University of Iasi
14.00 – 15.45	Parallel Sessions Building R, Alexandru Ioan Cuza University of Iasi <ul style="list-style-type: none"> • Section 1 EU Financial Regulation and Financial Stability • Section 2 EU Financial and Banking Regulation • Section 3 EU Financial Regulation and Administrative Area • Section 4 EU Public Spending and Control • Section 5 EU Tax Law
15.45 – 16.15	Coffee break – Building R, cafeteria
16.15 – 18.00	Parallel Sessions Building R of Alexandru Ioan Cuza University, Iasi
19.00	Dinner – Panoramic Reastaurant, Hotel Unirea, 13 th floor

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Research and Teaching Activities on European Union Financial Regulation

Section 1 EU Financial Regulation and Financial Stability/R411

Chairs: Assoc. Prof. Alin Marius Andries, Alexandru Ioan Cuza University of Iasi

Lect. Simona Nistor, Babes Bolyai University, Cluj

Section 2 EU Financial and Banking Regulation/ R417

Chairs: Prof. Silviu Cerna, West University, Timisoara

Assoc. Prof. Angela Roman, Alexandru Ioan Cuza University of Iasi

Section 3 EU Financial Regulation and Administrative Area/ R502; R403

Chairs Panel A: Assoc. Prof. Ana Maria Bercu, Alexandru Ioan Cuza University of Iasi

Assoc. Prof. Rodica Crudu, Academy of Economic Studies of Moldova

Chairs Panel B: Assoc. Prof. Ada Iuliana Popescu, Alexandru Ioan Cuza University of Iasi

Lecturer Sandra Gradinaru, Alexandru Ioan Cuza University of Iasi

Section 4 EU Public Spending and Control/R407

Chairs: Prof. Simona Gherghina, University of Bucharest

Lect. Irina Bilan, Alexandru Ioan Cuza University of Iasi

Section 5 EU Tax Law/R402

Chairs: Assoc. Prof. Ciprian Paun, Babes Bolyai University, Cluj

Lect. Mihai-Bogdan Petrisor, Alexandru Ioan Cuza University of Iasi

Workshop for students: EU Law – Present Achievements and Demands/C810

Chairs: Lect. Elena Cigu, Alexandru Ioan Cuza University of Iasi

Asist. Prof. Dan Lupu, Alexandru Ioan Cuza University of Iasi

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Section 1 EU Financial Regulation and Financial Stability

Room R411

Chairs: Assoc. Prof. **Alin Marius Andries**, Alexandru Ioan Cuza University of Iasi

Lect. **Simona Nistor**, Babes Bolyai University, Cluj

Registered papers:

- MACROPRUDENTIAL POLICIES AND THEIR IMPACT ON SYSTEMIC RISK. EVIDENCE FOR G-SIBS

Florentina MELNIC, Faculty of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, 22 Carol I Boulevard, 700505 Romania, florentina_iesanmuntean@yahoo.com

Abstract

In this paper we investigate the effectiveness of macroprudential measures adopted during the financial crisis. In the first instance, we identified global systemically important banks from 21 countries, and afterwards, we run analysis regarding the impact of the adopted macroprudential measures on their bank risk-taking and on their contribution and exposure to systemic risk. Our results suggest that sector capital buffers, countercyclical capital requirements, DSTI lending criteria and risk weights on housing loans were effective in reducing individual risk taking as well as banks' systemic importance. These results strengthen the necessity to hold higher levels of capital as safety nets and the necessity to counteract the risks risen from housing sector because of excessive lending. Furthermore, to increase the stability for banks that hold important proportions of foreign assets, central authorities have to action through higher reserve requirements, loan loss provisions and capital requirements, while for large banks, central authorities should implement higher levels of loan loss provisions. In competitive banking systems, authorities have to recourse to higher levels of sector capital buffers, countercyclical capital requirements and of reserve requirements. In countries with higher degree of independence of supervisory authority, regulatory should add to the previous measures higher levels of loan loss provisions and risk-weights applied to housing measures.

Keywords: macroprudential policy, systemic risk, G-SIBs, financial crisis

JEL classifications: E85, G01, G21

- ON SYSTEMIC RISK AND CENTRAL BANK INDEPENDENCE. EVIDENCES FROM A GLOBAL SAMPLE OF BANKS

Nicu Sprincean, Alexandru Ioan Cuza University of Iasi, Faculty of Economics and Business Administration, 22 Carol I Boulevard, Iasi 700505, Romania, Telephone: +40 232 201435, E-mail: sprincean.nicu@uaic.ro

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In the last decade, after the global financial crisis, a lot of studies have been conducted in order to assess the determinants of systemic risk across banking system. In this study we extend this empirical analysis by considering other significant factors with a possible impact on systemic risk. Using a global sample comprising over 400 banks, we study how central bank independence influences systemic risk. Our dependent variables are the most relevant systemic risk measures developed in the last years, such as CoVaR or SRISK. We document a significant and negative influence of central bank independence to systemic risk, results that are robust to several controls.

Keywords: central bank independence, systemic risk, banking system

JEL Classification: G21, G31, E5

- ON BECOMING AN O-SII (“OTHER SYSTEMICALLY IMPORTANT INSTITUTION”)

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Simona Nistor, Babeş-Bolyai University of Cluj-Napoca, Faculty of Economics and Business Administration, Teodor Mihali Street, Nr. 58-60, Cluj-Napoca 400591, Romania, Telephone: +40 264 418652, E-mail: simona.mutu@econ.ubbcluj.ro

Steven Ongena, University of Zürich, Swiss Finance Institute, KU Leuven and CEPR, Plattenstrasse 14, 8032 Zürich, Switzerland, Telephone: +41 44 6342951, E-mail: steven.ongena@bf.uzh.ch

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Abstract

How do financial markets react to the disclosure of the list of Other Systemically Important Institutions by the European Banking Authority? With an event study of bank stock prices we document that the immediate reaction of the stock market is negative. However within a few days investors change their perception of stigma, both in the case of euro zone and non-euro zone banks. CDS spreads react similarly, increasing first before decreasing. Cumulative abnormal returns are not only driven by the event per se, but are also determined by distance to default, turnover and credit risk. (95 words)

Key words: Other Systemically Important Institutions, bank stock prices, CDS spreads, event study, abnormal returns.

JEL classification: G21, G32, G34

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- THE IMPACT OF POLICY INTERVENTIONS ON SYSTEMIC RISK ACROSS BANKS

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Abstract

This paper investigates the impact of policy interventions on systemic risk across banks by analyzing a comprehensive sample of European banks and bank-specific bailout events between 2008 and 2014. We find that guarantees have a limited effect in reducing the systemic risk contribution made by small, lowly-capitalized or -liquid banks in the long run and of liquid banks in the short run. Recapitalizations immediately decrease in banks' systemic importance, but the effect seems short-lived. Liquidity injections can provide immediate beneficial effects for risky or lowly-profitable banks, but in the long run increase these banks' contribution to systemic risk.

Keywords: systemic risk, policy interventions, risk strategies, systemically important banks

JEL classification: E58, G01, G21, G28, H81

- DETERMINANTS OF CONSUMER CREDIT DEFAULT IN THE ROMANIAN BANKING MARKET

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Abstract. This research assesses the role of FICO score in estimating the consumer credit default. Using a large dataset of a Romanian commercial bank’s consumer credit applications (over 11000 applications) we employ data mining techniques and OLS cross-sectional regression. Both methods show that clients with a younger age, a lower education or part of a family with few members are significantly associated with overdue (doubtful) loans. The results also indicate that FICO score provide useful information for credit analysts in assessing ex-ante the clients’ probability to not service the loans at maturity. The analysis has important policy implications for credit-screening decisions based on FICO, but also for designing a proper internal credit scoring measure.

Key words: consumer credit default, FICO score, credit scoring, data analytics

JEL classification: G21, G32

- FINANCIAL INTEGRATION AND FINANCIAL CONTAGION, A PROBLEM FOR FINANCIAL STABILITY?

Otilia-Roxana OPREA, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration, Iași, Romania, email oty_roxy21@yahoo.com

Abstract:

The aim of this paper is to highlight the relation between financial integration and financial contagion, with the desire of financial stability. For this purpose we reviewed the literature in this field and then we did made an analysis in order to draw relevant conclusions and to provide a clearer picture of the relationship between the two phenomena. For our analysis, we retrieved data from the Eurostat and World Development Indicators, including the EU 28 member states over the time span 2000-2014. Our results show that is a significant relationship between the variables considered, and also financial integration and financial contagion are inversely proportional, financial contagion having a negative influence on the financial integration. It is consensual that a higher level of financial integration in partner economies can promote a process of strengthening the domestic markets involved, which is essential for the domestic corporate environment and also contributes to capital accumulation and technological innovation, key elements for economic growth, and the crisis contagion poses a systemic threat to the stability of the global financial system. For these reasons, studies about financial integration and contagion are relevant.

Keywords: financial integration, crisis, financial contagion, financial stability.

JEL Classification: F15, F36, G01, G10.

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- THE IMPACT OF POLITICAL AND SOCIAL EVENTS ON THE STABILITY OF THE EU CAPITAL MARKETS

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CARMEN EMILIA PASCAL, University of Economic Studies, Bucharest, Romania,
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Abstract

Countries are becoming more and more interconnected through trade linkages and financial integration, which is constantly increasing. This is one reason why the financial crisis has spread so fast and was able to affect a significant number of countries and the majority of studies are focusing on how a financial shock on one market can lead to contagion on several other countries. In order to achieve or maintain financial stability and reach sustainable economic growth, we believe it is essential to evaluate whether markets also respond to political or social shocks that occur on other markets as these are becoming important factors in preserving a healthy and stable market. This theme is of great interest to economists, investors, researchers in the field and for the political sector. Our paper proposes an analysis using the representative stock market index of each of the 28 EU countries over the period 2010-present. In order to obtain a stability index which takes into account the evolution of each particular country we are following the methodology described by Diebold and Yilmaz (2009) by forecasting the error variance decomposition of a VAR model to see what fraction of the 10-step-ahead error variance in forecasting is caused by shocks to the same variable or shocks to another variable. We are setting 4 null hypothesis in order to see whether political or social shocks have a negative impact on the markets and we are considering 4 such events: the conflict in Ukraine, the main events that followed the Brexit announcement, ISIS intensified terrorist attacks and Donald Trump's election as US president. Our results show that indeed shocks such as terrorism or the UK's announcement to leave the EU or even the US election results have a negative impact and are generating high volatility on all studied markets.

Keywords: Financial stability, Spillover index, Stock markets, Political and social shocks

JEL Classification: G1, C1

- SPECULATION ON EAST EUROPEAN FINANCIAL MARKETS - HOW DO BUBBLES AFFECT MONETARY STABILITY?

Adelina DUMITRESCU – PECULEA, Lecturer, Ph.D, The National University of Political Studies and Public Administration, Romania, adelina.peculea@snsps.ro

Lingxiao WANG, Ocean University of China, Qingdao, China, lingxiaomiaolu@126.com

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After the fall of the Iron Curtain east European currencies have become attractive for speculators aiming high return rates on their financial transactions. The macroeconomic effects of such speculations are monetary instability, inflation and general decrease of well-being. This paper analyzes whether speculation has caused bubbles in the exchange rate of currencies in the five major economies of Eastern Europe namely Poland, Hungary, The Czech Republic, Romania and Croatia. By use of the Generalized Supremum Augmented Dickey Fuller (GSADF) test we examine the appearance pattern of such bubbles after the liberalization of financial markets in the region until today. Central Banks should actively recognise bubbles in order to be able to take appropriate counter measures which favor exchange rate stability. The results have important economic, financial and monetary policy implications for the regional monetary stability.

Keywords: exchange rate bubbles, monetary stability, speculation, GSADF test.

- THE EFFECTIVENESS OF CAPITAL CONTROL AS A MACROPRUDENTIAL POLICY TOOL: A LITERATURE SURVEY

Iulian IHNATOV, Alexandru Ioan Cuza University of Iasi, Faculty of Economics and Business Administration, julian.ihnатов@uaic.ro

Nicu SPRINCEAN, Alexandru Ioan Cuza University of Iasi, Faculty of Economics and Business Administration

Abstract

This work contributes to the ongoing debate regarding the use of capital controls as a policy tool. Our literature survey shows that capital control has been used both as an exchange rate management instrument, and an ex-ante tool to prevent financial crises, in combination with other instruments. The findings in the literature are controversial and need further investigation. Some of the main questions regard: long run versus short term capital controls, undefined or specific period for the controls, restrictions for speculative flows or long term investments, use of additional tools as part of a macroprudential policy mix.

JEL codes: F21, F32, F3

Keywords: capital control, macroprudential policy

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Section 2 EU Financial and Banking Regulation

Room R417

Chairs: Prof. **Silviu Cerna**, West University, Timisoara

Assoc. Prof. **Angela Roman**, Alexandru Ioan Cuza University of Iasi

Registered papers:

- THE RISK-TAKING CHANNEL OF MONETARY POLICY: DO MACROPRUDENTIAL REGULATION AND CENTRAL BANK INDEPENDENCE INFLUENCE THE TRANSMISSION OF LOW INTEREST RATES?

Ioana PLEȘCĂU, Faculty of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, 22 Carol I Boulevard, 700505 Romania, ioana.plescrau@yahoo.com

This study focuses on the risk-taking channel of monetary policy and its interaction with a supervisory-independence channel (Doumpou et al., 2015) for a sample of 132 commercial banks from Central and Eastern Europe, on the period 2005-2011. Our results support the existence of an inverse relation between expansionary monetary policy and bank risk-taking, meaning that very low interest rates lead to higher bank risk-taking. Also, results show that, in the presence of tight macroprudential regulation, this negative impact of low rates is reduced. Furthermore, we conclude that central bank independence exert the same beneficial effect on the bank risk-taking channel because results show a dampening effect of CBI on the relation between expansionary monetary policy and bank risk-taking. Moreover, our results demonstrate that the risk-taking channel of monetary policy is even stronger in times of financial crisis. The contribution of our paper is threefold. First, we offer new evidence on the existence of the risk-taking channel of monetary policy in Central and Eastern Europe. Second, our paper offers new insights into a more recently debated issue, especially after the 2008 financial crisis, which is the coordination between monetary and macroprudential regulation and supervision. Third, our paper contributes to the existing literature regarding the central bank independence by investigating its role in shaping the risk-taking channel of monetary policy.

Keywords: monetary policy, macroprudential regulation, financial crisis, bank risk, central bank independence

JEL Classification: E60, G01, G21, G28

- BEHAVIORAL APPROACH OF MARKET STRATEGIES. EMPIRICAL RESEARCH ON BANKING SECTOR

Veronica GARBUZ, Assist. Prof., PhD. Student, Alecu Russo Balti State University, Republic of Moldova

Ana-Maria BERCU, Assoc. Prof., PhD., Alexandru Ioan Cuza University of Iasi, Romania

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Abstract: Market strategies are important tools which, integrated into all the bank's activities, are able to develop it, to increase performance and to avoid risks. For banks, the concept of market orientation implies successful satisfaction of clients' financial and banking needs throughout marketing activities aimed in creating innovative products, remodeling existing banking products and services, personalized services and products. In order to get good results on the market, banks that act from the position of marketing are taking into account clients' needs and wishes, attracting new customer segments, increasing the market share, developing a profitable activity.

The basic purpose of the article is to develop a banking marketing approach focused on the need of a permanently adapting of market policies and strategies to rapid developments and to profound changes in consumer demand for individual and organizational banking products and services, being a result not only of changes in the internal environment, but also of the ones generated by the process of modernization and the current technological revolution.

The undertaken results of qualitative and quantitative marketing research provide primary data on the clients' attitudes, opinions and behavior on the Moldovan banking market and on the state and evolution of the banking marketing environment. These facts synthesized in form of conclusions and recommendations may be useful to bank managers in the process of designing and implementing marketing strategies.

- STABILITY OF THE BANKING SECTOR IN ROMANIA: RECENT EVOLUTIONS AND KEY CHALLENGES

Angela ROMAN, “Alexandru Ioan Cuza” University of Iasi, Iasi, Romania, aboariu@uaic.ro

Abstract

In Romania, banks are the most important financial intermediaries, so the financial stability of the banking sector is of major importance for both the financial system as a whole and the real economy. The paper aims to analyze the financial stability of the banking sector in Romania in recent years, based on some key indicators. The results of our investigation highlight the strengths and weaknesses of the Romanian banking sector and underline the need to focus the concerns of decision makers at both micro and macro levels in order to improve the financial stability of banks.

Keywords: banking sector, Z-score, financial soundness indicators, financial crisis

JEL Classification: G21, E44

- BANK COMPETITION AND RISK-TAKING IN THE EU28 COUNTRIES

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Abstract

The present study re-assesses the competition-risk link based on a sample of 1,930 commercial banks from EU28 countries during 2005-2015. We determine the bank-level competition for loans, deposits and securities using Lerner index and its efficiency-adjusted form, while Boone indicator shows how competitive these three markets are. Marginal costs (MC) are estimated with a translog and Fourier flexible form cost function with three bank products, that generate the largest portion of revenues, (i.e. loans, deposits and securities) and three input prices (i.e. labour, funds and physical capital). We use OLS regression to estimate MC for Lerner index, DFA for its efficiency-improved form and Generalized Method of Moments with one-, two- or three-year lagged values of marginal costs as instrumental variables for Boone indicator. New members of EU, Eurozone countries and non-systemically important banks display higher competitiveness than their counterparties. Competition varies across time following the business cycle. The risk measures offer a complete perspective since they are accounting- (Z-score) and market-based (Distance to Default). We control for bank (i.e. size, diversity degree and administrative expenses) and country specific factors. The results of difference and system GMM confirm U-inverted relationship between competition and risk.

JEL classification: G21, G28, D4, P34.

- ANALYSIS OF THE PERFORMANCE OF MOROCCAN BUSINESS THROUGH THE SUMMARY STATEMENTS

EL BOUAZZI MOHAMMED AMINE, BOUAYAD AMINE NABIL, ROUGGANI KHALID, University Hassan I, Polydisciplinary Faculty of Khouribga, Morocco, elbouazzi.med@gmail.com

Abstract

In an continuously changing economy, the uncertain became certain and the only constant thing is change. Therefore to ensure sustainability, companies need to ensure their market share by adopting a pertinent system of resource control and maintain proper financial management based on actual data to assess past and current situation of the company.

The objective of this work is to present a dynamic view of the financial analysis, offering a reflection on the existing methods to assess the financial situation and clarification of some basic concepts for assessing the financial structure of the company within the Moroccan general accounting plan.

The study of the subject led us to conclude that there are a multitude of financial analysis ratios and should therefore select the most relevant ones based on the company and its activity. And so financial analysis is not limited solely on financial

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statements (even if it is an important step) but should be extended to the study of the environment: the geographical area, market and customer analysis, changes in legislation, etc.

KEYWORDS : Financial analysis, profitability, summary statements, Ratios.

- IT IS NOT THE EURO THAT THREATENS ROMANIA'S FUTURE

Silviu CERNA, Faculty of Economics and Business Administration, West University of Timisoara, email silviu_cerna@yahoo.ro

Summary

The increase of populism in some European countries has favoured, in Romania, the relaunch of a public discourse embedding nationalist, demagogic, anticapitalist and anti-western hints. Beyond the immediate danger of political actions inspired by this type of discourse, it is necessary to intensify the constant efforts to bring Romania economically, politically and socially closer to the EU and the Eurozone. The perspectives of the Euro and the Eurozone are still uncertain, but the recent events that took place in Germany, France, at The European Central Bank and on the global financial markets show that it is not the Euro that threatens Romania's future. On the contrary, endlessly postponing the adoption of the Euro affects Romania's interest by excluding the Romanian authorities from the debates on the continuation of the EU and by encouraging the anti-reform forces within the Romanian society.

- INSURANCE CONTRACTS UNDER IFRS – EVOLUTION AND PERSPECTIVES

Costin Andrei ISTRATE, PhD Candidate, E-mail: istrate_costin@yahoo.com, The Bucharest University of Economic Studies

Abstract.

The development of the insurance market over the last decades, as well as the global financial market, has led to an increase in the complexity of the products offered by companies active in the field. At the same time, connecting with the other markets increased on the one hand, the complexity of the products by the insurance companies, and on the other hand, the approach of additional supervision measures by the competent authorities and institutions in order to ensure the stability and transparency of the insurance market. In parallel with this development, there was also an increase in the associated risks due to the increasing volatility of the financial markets, thus causing a significant importance in the risk management function at the level of the insurance companies.

The initiatives implemented in the supervision of insurance companies, both by the authorities involved and by the management of these companies, focused - besides monitoring the liquidity ratios and asset and liability management - by trying to standardize a solvency model through the adoption of the Solvency I Directive at European level since 1973, replaced by a new model, called Solvency II, in force starting 1 January 2016.

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Additionally, specific accounting and financial reporting standards have been adopted and applied through the adoption by the European Union of standards issued by the International Accounting Standards Board. Thus, in March 2004, the first financial reporting standard for the insurance sector was issued under the name of IFRS Standard 4 - Insurance Contracts, the reasons for issuing this standard being to bring improvements to the accounting of insurance contracts and to impose on the entities issuing insurance contracts to provide information on these contracts.

The adoption of IFRS 4 meant only the beginning of an analysis process to continuously improve accounting standardization, the conclusions being focused on a new standard - IFRS 17, under discussion, scheduled to be issued and published in the course of 2017, with applicability from 2021. The new standard aims to improve the comparability of the reported data and the quality of the resulting financial information.

Keywords: insurance contracts, IFRS, insurance market.

- THE ROLE OF THE REGULATIONS FOR ENSURING OF AN ADEQUATE TRANSPARENCY LEVEL FOR RISK MANAGEMENT

MARIANA VLAD, University “Stefan cel Mare”, Suceava, Romania,
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Abstract

The transparency of the bank became an important subject both for supervisors and for the market operators. The banking legal framework was traditionally used in order to force information disclosure with prudential purpose or for monetary politics reasons and less likely for an assessment of the financial risks. This paper aims at identifying the transparency degree for the commercial banks in Romania using their reports elaborated according to current regulations. The survey is based on a detailed analysis of the information available for the Romanian banks and intends to reveal to what extent the regulations have improved the transparency degree.

Keywords: risk, transparency, accountability, banks, disclosure

JEL Classification: M41, G31, G32

- THE NEW BANKING MODEL – BETWEEN INTERNET BANKING ERA AND STRICTLY REGULATORY/LEGAL FRAMES

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The internet banking technology represents nowadays for the financial institutions a great opportunity, but in the same manner a greater threat. Internal and external regulators (National Bank of Romania or Central European Bank) are analyzing these “new types of banking products” as a cyber risk - part of the global operational risk.

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So, they want to have in mind a new idea of how the banks can establish security programs and comply with related requirements – which are more traditional than exploring the new technologies.

There is an idea of a new department which must watch the prescriptive requirements, the testing of these new products, and their vulnerability sides – the internet is a huge door to a lot of good purposes but also to informatic hackers. These departments can be a part of the compliance or audit teams, but with higher skills on informational threats.

Apart from these threats, banks are in a “big problem”, if we speak about non financial institution which compete directly with banks for loans, payment products, financial investments and so on. So they are thinking about two ways of getting out of this - either they adopt strategies and tactics to compete with this institutions, nor to get in partnership with them, in order to serve their own “I@skilled” customers and grow that part of market share.

Compared to traditional banks, the new “internet banks” must demonstrate the ability to innovate in more creative ways, for the new partners that appears from the “internet era” – here we speak about the E-generation which is very familiar with internet stuff and are very often bored with the products of traditional banks.

In the last years, regulators reviewed the governance of the banks, they supervise that process and through this, to avoid negative perspectives such as managing the risks in business lines and how those risks are being managed.

These are the problems we want to discuss and in this domain we want to find new ideas and thinking of how the regulatory banking domain must go on within the new internet banking/commerce period.

- MIFID II KEY REFORMS, OPPORTUNITIES AND LIMITATIONS: FROM A COMPLIANCE TO A BUSINESS CHALLENGE

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Abstract

This paper is focused on MiFID II implementation and on the business challenge that this process represents. In order to understand this significant reform of the European regulatory landscape and the direct and indirect implications for financial activities, we'll summarize, as the legislative process nears its conclusion, the main impact areas of the reforms for buy-side firms: market structure, organisational requirements and conduct of business rules for firms. After an examination of the steps of the process provided by MiFID II, we will identify its key reforms and their implications, with special reference to actual operations and to conduct of a business rules for firms and financial operator like asset managers, private bankers and independent financial advisors. We will try to discover which conduct should be putted in the field in the transition from a pure compliance vision to a business challenge approach

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Keywords: MiFID II, buy-side firms, market structure.

JEL Classification: K20, L10

- BREXIT IMPLICATIONS OVER THE ENGLAND BANKING SYSTEM – AN EVENT STUDY APPROACH

Sabina Andreea CAZAN, Doctoral School of Economics and Business Administration, “Alexandru Ioan Cuza” University of Iasi, Iasi, Romania, sabinacazan@yahoo.com

Abstract The UK economic and political environment has been seriously challenged this year. The most significant event was the possibility of leaving the European Union. From February 2016, when the date of the referendum has been settled, the pro and cons of this scenario have been much debated on social media. The study aims to identify the BREXIT implications over the England banking system. In order to assess whether the referendums results have influenced in a positive or negative way the investors' behavior, we have conducted an event study on a panel of 11 financial institutions listed on the London Stock Exchange. The results have shown that in the post event window, the values of the abnormal and cumulative abnormal returns have dropped significantly, the market impact being negative. The outcome of the study has been completed by a quantitative analyses, revealing the short term implications over the banking system. Nevertheless, the BREXIT effects over the UK economy have been mostly negative, the investigation showing a decrease of the financial stability.

Keywords: BREXIT, UK banking system, event study analyses

JEL Classification: D53, G14, G21

- FINANCIAL AND BANKING REGULATION IN UKRAINE. WAYS TO IMPROVE STATE REGULATION OF BANKING ACTIVITIES IN UKRAINE

Andrii Rizov, Student of the Faculty of Management, ORIDU NADU in Prezidentovi of Ukraine

Kovalov G.I. Sciences Associate Professor Ta politiki finansovoï ekonomichna Chair, ORIDU NADU in Prezidentovi of Ukraine

Abstract:

This article gives an analysis of the current situation in Ukraine in recent years the economic situation identified some cause-and-effect relationships, resulting in changes in the economic situation, namely, the current problems of the banking system are not so much with a mix of credit-deposit and investment activity by using the "Pocket banks" to finance businesses of their owners, which leads to the concentration of risks involving banks in speculation, illegal export of capital abroad, the laundering of dirty money and, as a result, aggravate the "petty war."

Hence, before the Ukrainian banking system (in the context of the prospects of European integration) has the following objectives. First of all, it concerns the

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fundamental changes of the concept of development of the national banking system, which should move away from the classical (German) model universal banks and include elements of a system of specialized banks (the Anglo-Saxon model), such as the separation between deposit-lending and investment banking institutions (or *hujushhimi* types of universal banks). In addition, normative-legal documents in the field of banking should determine the status of backbone (systemically-important) of banking institutions to which higher demands on capital adequacy and other indicators of banking supervision. In parallel, it is necessary to accelerate fully implement the requirements of the Basel 2 "(standards of the Basel Committee on banking supervision) and the transition to ensure compliance with the requirements of Ukrainian banks" Basel 3".

Adaptation of the European norms and standards should facilitate the entry of Ukrainian banks on the world market, without which one cannot perceive the Ukrainian banking system as part of the global banking community. It is also important to remember that the banking system exists to serve the real economy, not the other way around. The main thing is that an effective banking system, ultimately making no banking institutions and their credibility.

Keywords : banking, government regulation, banking.

- SHADOW BANKING IN ROMANIA – THE IMPORTANCE OF FINANCIAL AND BANKING REGULATION

Constantin-Marius APOSTOAIIE, Department of Finance, Money and Public Administration, , Faculty of Economics and Business Administration, Alexandru Ioan Cuza University of Iași, Iași, Romania, marius.apostoaie@uaic.ro

Abstract

The discussions and studies around the topic of “shadow banking” have increased considerably in the last years, especially soon after the start of the most recent financial crisis. Current research confirms that institutions pertaining to the shadow banking sector are becoming more active and their share of their assets in the GDP is increasing. It is clear that the global non-banking loans have grown in size and complexity in the last years, either due to migration from banking activities or the establishment of new non-bank activities. Romania is not an exception from the global trend although the share in the total banking sector is rather small in this particular case. The paper seeks to identify and discuss some important determinants of credit demand from shadow banking institutions in the case of Romania. This paper contributes to the growing literature on the topic by providing an insight into the credit determinants provided by the shadow banking sector in Romania, with a particular focus on the importance of the existing financial and banking regulation.

Keywords: shadow banking, non-banking financial institutions, banking regulation

JEL Classification: G21, G23

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- THE ANALYSIS OF THE PUBLIC AND PRIVATE LAW CHARACTERISTICS FOR ROMANIAN BANKING REGULATION

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Dan Drosu Saguna, University of Bucharest, Faculty of Law, dansaguna@yahoo.com

Abstract

The division of regulation into public law and private law is nowadays under unprecedented challenges. The inclusion of a certain regulation in the field of public law or in the field of private law is intensely argued, especially in the area of interest for legal branches facing increased legal effervescence. Banking law, as an autonomous research discipline in the legal field, has emerged from the detachment from financial law, the branch of excellence belonging to public law. With the two-direction development of banking law, at the level of each country's internal legal framework, but also as a subdivision of EU law, bank law branch encompasses banking-related rules as a profit-making economic operation, as well as rules imposed by public law domestic legislator and by European institutions, to protect clients who use banking services. From a strictly legal point of view, the analysis we have made in this paper has taken into account both norms, which are related to the rigor of public law, but also to private law. In other words, starting from the analysis of the evolution of banking law, we can extend the investigation to the absolute and traditional character of the division of legal norms in public and private law.

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Section 3 EU Financial Regulation and Administrative Area

Panel A Room R502

Chairs Panel A: Assoc. Prof. **Ana Maria Bercu**, Alexandru Ioan Cuza University of Iasi

Assoc. Prof. **Rodica Crudu**, Academy of Economic Studies of Moldova

Registered Papers:

- THE IMPLICATIONS OF RISK MANAGEMENT FAILURES FOR FINANCIAL REGULATION

ANTON Sorin-Gabriel, Department of Finance, Money and Public Administration, Faculty of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, Romania, sorin.anton@uaic.ro

TERINTE Paula-Andreea, Doctoral School of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, Romania, paula.terinte@yahoo.ro

Abstract

The aim of the paper is to analyze the causes of risk management failures and to highlight how the lessons learned could be incorporated into the regulatory framework. Almost all risk management failures analyzed in our paper show a significant need to develop proactive regulations that can prevent a reckless behavior and limit the risk exposure at the micro level. As a consequence of the latest global financial crisis, several international organizations and professional associations have made some recommendations in order to improve risk management practices and regulatory framework. To the best of authors' knowledge, only a few changes in financial regulation address the cause of risk management issues.

Keywords: Risk management, failures, risk governance, lessons, financial regulation.

- THE SYSTEM FOR TRADING GREENHOUSE GAS EMISSIONS CAN REDUCE ENVIRONMENTAL IMPACT IN A TRANSBOUNDARY CONTEXT

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Abstract

Awareness is growing that stopping climate change requires a shift towards building a low-carbon society that would provide substantial opportunities and ensure continued economic growth and sustainable development.

The implementation of the system of institutions, legal and procedural instruments established for trading greenhouse gas emission will contribute to balanced decision-making at the macroeconomic level, thus contributing to protection of the environment and public health; to minimizing the environmental impact of economic activities (such

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as in energy sector, industrial production, operation of transportation, fossil fuel burning in the institutional, commercial, residential sectors, in agriculture, forestry and fisheries, in industrial processes and products use, in agriculture, land use, land-use change and forestry and in waste sectors). There is no doubt that expenditure for combating negative consequences is much greater than expenditure for prevention of environmental pollution.

The analysis of national legislation allows highlighting a number of its elements which, to some extent, are specific to more efficient monitoring, reporting and verification of greenhouse gas emissions; however, these elements, as separate items can't reduce greenhouse gas emission, do not allow assessment of their application taking into account the provisions of the UNFCCC, the Kyoto Protocol, the Paris Agreement and the EU decisions adopted thereunder.

Keywords: sustainable development, climate change, greenhouse gas emission.

- LIABILITY OF THE MANAGEMENT BODIES OF THE DEBTOR INSOLVABILITY

Olesea Plotnic, Doctor of law, Associate Professor, University of Chisinau

Ana ILANA, Ph.D. Candidate USPEE, Private Law

The legal relations between the director and the company have a double relation: contractual and legal, insofar as they refer to obligations arising from the mandate or to obligations incumbent to the director according to the law. The double legal nature of the civil liability of the directors expresses itself both against the company and against third parties. Contractual liability, mainly against the company is when it arises from breaching the mandate or the provisions of the articles of incorporation or, even more importantly, if it refers to breaching the law referring to the mandate of the directors, while the liability is delictual when it refers to breaching other binding provisions of the law (mainly against third parties). Besides the civil liability, the director can be liable under the criminal law for his deeds during the exercise of his duties. The civil liability does not exclude the criminal liability for deeds such as: crime of mismanagement, deceit by issuing uncovered cheques, dilapidation, simple or fraudulent bankruptcy, tax evasion, forgery. As sanctions against the persons found guilty for the insolvability of the debtor, the special law provides for the disqualification of the debtor if it is found that the debtor has contributed, by his fault or by negligence, to the occurrence of his own insolvability, the guilty may be deprived, by decision of the insolvability court on the cessation of the proceedings, of his right: to be elected or appointed in public office or to continue to hold such office

- LABOR RELATIONS EFFICIENCY IN CENTRAL AND EASTERN EUROPE

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Ana-Maria BERCU, Alexandru Ioan Cuza University of Iasi, Romania, Faculty of Economics and Business Administration, bercu@uaic.ro

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Abstract

This paper aims analyzing the relationship between labor market and economy competitiveness. The used variables describe both labor market flexibility and efficiency use of talents across Central and Eastern Europe. The analysis encompasses the character of employment relations, employment protection policies and flexibility in determining wage settings, effect of taxation on incentives to work, redundancy costs, professionalism of the management board as well as care about resources of appropriately qualified workforce and its use. Our research help determine what type of labor market regimes are most efficient in enhancing competitiveness.

Keywords: labor market relations, efficiency, competitiveness

JEL Classification: E020, J500, J850.

- THE ROLE OF INNOVATION AND CREATIVITY IN SHAPING THE FUTURE OF EU

Rodica CRUDU, Associate professor, PhD., Jean Monnet Professor, International Economic Relations Faculty, Academy of Economic Studies of Moldova, E-mail: rodikakrudu@gmail.com

Abstract

Today, the world economy is increasingly focused on innovative development, which contributes to a competitive economy of individual countries and the progress of the world community as a whole. All countries try to establish and implement policies that would foster the innovation, creativity and entrepreneurship activity. EU countries are not an exception. The research shows that even if many EU member countries strive to develop comprehensive innovation policies (called in the specialized literature holistic approach), the existent performances in this field prove that linear approach in developing innovation policies still prevails in most of the European countries. The present research aims to analyze the main approaches of policymakers and researchers towards holistic and linear approach, by identifying reasons why one or another prevails in a certain country. The paper focuses on assessing the innovation performances of EU member countries. Therefore, best practices in promoting holistic approach of innovation policy and creativity promotion will be researched and ways to overcome the challenges faced by EU countries in the field of innovation will be identified. Additionally, some critical insights on how to promote creativity will be elaborated.

Key words: innovation, innovation policy, holistic approach, linear approach, creativity, European Union member states.

- THE COMPATIBILITY OF THE THEORY OF THE REAL SEAT WITH THE EU LAW

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Abstract

In EU law there are two theories claiming to determine *lex societatis*. According to the first - the incorporation theory - a corporation is founded and operates based on the municipal law of the state where the registered office was declared, irrespective of the place its actual corporate activity occurs or its decision making bodies are situated. This theory is followed in countries as Great Britain, Netherlands or Ireland.

The second theory - the real seat theory or head office theory (*siege reel* or *Sitztheorie*) - is defended in its pure form in Germany and asserts that the law applied to a trading company is the law of the state where its central administration seat is situated. Hence, a state applying the real seat theory will recognize a trading company as falling into the scope of its own legal system if the mentioned company has its actual administration seat on its territory, irrespective of the circumstance that the registered office was declared to be on the territory of another state.

The real seat theory constitutes an extreme limitation of the freedom of settlement for trading companies within the common market.

Key words: trading companies, corporate seat, *lex societatis*, incorporation theory, real seat theory, European Court of Justice.

- THE IMPACT OF BOARD GENDER DIVERSITY ON CORPORATE SOCIAL RESPONSIBILITY: PANEL DATA EVIDENCE FOR LISTED COMPANIES IN ROMANIA

Liliana Nicoleta Simionescu, Department of Finance, Bucharest University of Economic Studies, Bucharest, Romania, E-mail: liliana.simionescu@fin.ase.ro

Ștefan Cristian Gherghina, Department of Finance, Bucharest University of Economic Studies, Bucharest, Romania, E-mail: stefan.gherghina@fin.ase.ro

Abstract

Gender diversity is a powerful source of competitive advantage for corporations, bringing a wider spectrum of perspectives and professional expertise. Likewise, women are stereotypically good communicators, being capable of empathy, thus providing support in the quest to develop a corporate social responsibility (CSR) vision that is at the core of a business goals and strategies. This study examines the impact of board gender diversity on CSR for listed companies at the Bucharest Stock Exchange, over 2007-2011. Even if the frequency analysis emphasizes that the number of companies adopting CSR has increased, the CSR in Romania is still at an incipient stage. The parametric investigation via independent samples t test reveals that there are significant difference as regards the number and the share of women on boards, as measures of board gender diversity, between CSR and no CSR companies, but only in 2007 and 2008. Further, by estimating logistic regressions, alongside mixed effects logistic regressions, the results provide support for a negative impact of the number, as well as the share of women on boards on CSR. The empirical evidence also shows that board size has a positive impact on CSR, whilst the link between the gender of CEO and

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CSR was not statistically validated. However, current investigation supports that women directors encounter barriers that limit their capacity to contribute to an effective decision-making process.

Keywords: board gender diversity, corporate social responsibility, parametric research, panel data, logistic regression, mixed effects logistic regression

- DISCRIMINATION IN TERMS OF REMUNERATIONS. THE PRINCIPLE OF EQUAL REMUNERATION IN ROMANIAN LAW

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Abstract

Discrimination consists in acts or deeds, which determine differences regarding the legal treatment of individuals for the purpose of affecting the use of their fundamental rights and freedoms.

The applicable criteria of discrimination acts are not expressly set out in the relevant law; they could be extended to the situation of seemingly neutral practices that, however, seek to limit, eliminate the recognition, the enjoyment or the exercise of fundamental human rights and freedoms.

The article discusses the legal manner of notification to institutions which have the powers to ensure protection of persons' rights who consider themselves victims of discrimination with reference to the competent courts, applicable law as well as the assessment of criteria underlying such actions.

- PROSPECTS OF UKRAINE'S ACCESSION TO THE EUROPEAN UNION: ECONOMIC AND PUBLIC VIEWS

Natalia Krasnostanova, Head of Management of Organisations Department, PhD in Economics

Natalia Akimenko, Associate Professor of Management of Organisations Department, PhD in Economics

In a modern global society, those countries that combine their efforts to achieve common economic and other interests tend to make a significant profit.

In this regard, the article examines the economic aspects of Ukraine's accession to the European Union. Such as: macroeconomic stability, new markets for national producers, new investments in the Ukrainian economy, lower customs tariffs and a positive trade balance, effective protection of human rights, opening borders for free movement of the population and expanding opportunities for education, work and leisure, ensuring a high standard of living for the population, broad access to the information potential of the European Union, the possibility of modernizing the economy, attracting foreign investment and innovative technologies, increasing the

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competitiveness of domestic producers and last but not least, the possibility of entering the single internal market of the European Union.

Based on the all-Ukrainian public opinion poll conducted by the Kiev International Institute of Sociology, the following data is analysed. Which direction of foreign policy should Ukraine have turned to over the past four years, across Ukraine as a whole and across the macro regions? The attitude of Ukrainians towards Ukraine's accession to the European Union. The dynamic of the population's readiness to join the European Union throughout the last three years.

Thus, the article identifies the positive and negative sides of Ukraine's accession to the European Union, as well as the result of a public opinion poll on this issue.

- THE HOLDER OF THE RIGHT TO RECOVER THE "POLLUTION TAX" AFTER THE SALE OF THE VEHICLE

Sandra Gradinaru, lecturer PhD., University Alexandru Ioan Cuza, Iasi, Faculty of Economics and Business Administration, Department of Finance, Money and Public Administration, email sandra.gradinaru@yahoo.com

Abstract

This paper aims to analyze the legal framework of the tax also known as "pollution tax" unlawfully paid nationwide, focusing on the holder of the obligation to pay said tax and the holder of the correlative right to redeem the tax collected in violation of European Union law.

The academic and practical importance of this approach lies in the fact at this point the jurisprudence of the national courts is still inconsistent from the point of view of the person who justifies an active procedural quality in proceedings for the recovery of pollution taxes.

The premise of this analysis is the payment of a pollution tax owed by a taxpayer, followed by the sale of the vehicle for which he paid the tax. The emphasis falls on the taxpayer's right to recover the unlawfully paid tax after the alienation of his property.

The purpose of this paper is to point out that the tax paid is inextricably linked to the person who paid that fee and is not automatically transmitted with the outflow of the asset from the patrimony. Thus, the basic idea of the paper focuses on the taxpayer's right to recover an unlawfully paid tax, although he no longer owns the vehicle for which he paid that fee.

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Panel B Room R403

Chairs Panel B: Assoc. Prof. **Ada Iuliana Popescu**, Alexandru Ioan Cuza University of Iasi

Lecturer **Sandra Gradinaru**, Alexandru Ioan Cuza University of Iasi

Registered papers:

- SIGNIFICANT CHANGES IN THE LEGAL RULES PERSPECTIVE ON FISCAL DECENTRALIZATION IN ROMANIA

Elena CIGU, Assistant Professor, Ph.D. at Alexandru Ioan Cuza” University of Iași Iași, Romania, e-mail: elenacigu@yahoo.com

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Abstract:

This paper focuses on the legislative changes regarding fiscal decentralization in Romania set within the EU fiscal surveillance framework. We chose this area because of the proeminence (and recurrence) of the field of fiscal decentralization in Romania after 1998. We attempted to look on fiscal decentralization in Romania from the perspective of regulation and some stylized facts, highlighting its significance to the present and future. We believe that the paper provides a sufficient depth and breadth of legal perspective and a starting point for further research.

Key words: fiscal decentralization, decentralization regulation, local government

- MICROECONOMIC DETERMINANTS OF FIRM INDEBTEDNES. EMPIRICAL EVIDENCE FROM ROMANIA

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Angela ROMAN, “Alexandru Ioan Cuza” University of Iasi Iasi, Romania, aboariu@uaic.ro

Abstract

The paper aims to analyze and evaluate empirically how the indebtedness of Romanian firms is affected by their specific characteristics during 2009-2014. Our research uses panel data estimation techniques and considers as a dependent variable the debt ratio of firms. As explanatory variables, we considered the company's specific characteristics, represented by firm size, asset tangibility, growth opportunities, profitability and volatility earnings. The results of our analysis are generally consistent with the findings of other empirical studies. From the investigated factors, almost all had a negative impact on the indebtedness of the firms in the sample. Overall, the debt ratio of Romanian firms is consistent with the pecking order theory, so that profit-

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making firms, with better growth opportunities and those with higher business risk lend themselves to a lesser extent and finance their investments using internal resources. The added value of our study comes from providing evidence of key microeconomic factors that could influence the indebtedness of Romanian companies

Keywords: financial structure, indebtedness, determinants, panel data, pecking order theory

JEL Classification: D22, G32, C33

- INFLUENCE FACTORS ON LIFE INSURANCE MARKET IN OECD COUNTRIES

Bogdan Firtescu, Assoc. Prof., University Alexandru Ioan Cuza, Iasi, faculty of Economics and Business Administration, Department of Finance, Money and Public Administration, email firtescu@mail.uaic.ro

Abstract

The Insurance business has been redesigned in the last decade of the XX1st century, due to some factors such as: millennials, technology, gas and energy prices, accident claims, telematics, and data security. Life insurance market has also been reshaped due to transformations in public policies, social insurance systems, intergenerational transfer, internet and communications and so on. Our study is focused on identifying some of these technological, social and economic factors that has influence on life insurance written premiums in OECD Countries. We used panel data linear model to find empirical evidences, based on OECD and Eurostat Database for all available data (starting from 2007 to present). The influence factors (treated as independent variables in the model) are categorized by their influence on dependent variable (written premiums). The transformation of the market and some trends are also taken into discussion.

- HUMAN RESOURCE MANAGEMENT IN ROMANIA: STRATEGIC OR UTOPIA?

RUXANDRA CIULU, Alexandru Ioan Cuza University of Iasi, 22 Carol 1st Bly., 700505 – Iasi, Romania

CARMEN CLAUDIA ARUSTEI, PhD Fellow, SOPHRD/159/1.5/S/133675 Project, Romanian Academy Iasi Branch

ANDREEA APETREI, Catholic University of Valencia, 106 Guillem de Castro, 46003, Valencia, Spain

Abstract

Since 1990, Central and Eastern European countries have gone through major changes, in their attempt to successfully compete in the international environment. One of the major aspects which has been particularly challenging is human resource (HR) management. Even though organizations acknowledge the importance of HR policies and practices, we cannot help but wondering if organizations actually believe in the

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strategic role of HRM and create HR strategies integrated into organizational strategies in order to prove it. The current study is based on in-depth interviews with general managers / HR managers from 10 companies present in Romania - 5 multinational companies (MNC) and 5 local companies - in an attempt to identify similarities and differences between MNC and local companies from the point of view of their HR strategies. The research methodology is a qualitative type, relying on sociological inquiry, as method and semi-structured interview, as technique. Results show that all companies included in the study have HR policies and practices in place, but differences reside mainly in the industry specificity and in the importance awarded to HR strategies. Results can be used both by Romanian companies to improve their HR strategies by using 'best practices' from MNCs and also by foreign companies entering Romania in order to improve their knowledge concerning HR specificity in the country.

Keywords: human resource management, strategy, Romania, case study

JEL classification: M510, M520, M530, M540, R23.

- EMPLOYER BRANDING: MATCH MAKER OR BREAKER FOR IT COMPANIES IN ROMANIA?

RUXANDRA CIULU, Alexandru Ioan Cuza University of Iasi, Faculty of Economics and Business Administration, 22 Carol 1st Blv., 700505 - Iasi, Romania, ruxandra.ciulu@uaic.ro

LAVINIA IOSUB, Livit Ecosystem, Bali-Indonesia, <http://liv.it/about/>, laviosub@gmail.com

Abstract

Lately, employer branding has become an attractive and fashionable topic. Beyond its proven benefits for the attraction and retention rates within organizations, we cannot help but wonder if companies present in a developing country (such as Romania) truly apply its principles accurately and use it for becoming employers of choice (EOC). Also, we are interested to find out what candidates or current employees look at when evaluating the employer brand of an organization and if their perceptions are in line with what organizations present in social media. The current paper is an introductory study for employer branding in the IT sector of Romania, a study performed in the third largest IT hub in Romania (the city of Iasi).

Keywords: employer, brand, IT, Romania

JEL classification: D23, E24, F23, J24, M12, M31, M54, O15

- NEW APPROACHES TO COMPARISON OF LEASE CONTRACTS WITH OTHER CONTRACTS

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Abstract

It is the equipment of enterprise that has always raised special financial problems, gaining new valences on the eve of the Second World War, in connection with the need to replace the destroyed materials, used or technologically outdated.

The high cost of materials generally outweighs the possibilities for self-financing of enterprises, which is why they were interested in obtaining credit from the financial institutions. When the latter obtained from the borrower a suite of new guaranties/securities (so the bank-lender owned the property purchased by credit, and the borrower remained a mere usufructuary of the purchased asset) the sale in installments was replaced by the sale on credit. Thus signing the act of birth of the leasing contract. Starting from these observations, this article aims to highlight the main differences between the leasing contract and the sale-purchase, rental loan and mandates to draw conclusions about fiscal benefit of leasing contract for both the businessman and natural person-who does not carry out commercial activities.

Keywords: leasing, sale-purchase, rental, loan, mandate

- PARTIAL REFORM OF THE RULE OF LAW IN ROMANIA AFTER JOINING THE EU

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Clipa Flavian, Curtea de Conturi a României, Camera de Conturi Iași

Abstract

The reform of the rule of law, which involves the systemic restructuring of legal norms to provide them with predictability, efficiency and equity, is a vast contradictory process between sympathizers of systemic rethinking and those virulently opposed to such changes as an aptitude for maintaining a status quo characterized by opacity and corruption at the level of its legal and judicial subsystems. The paper aims to highlight the causal link between the process of Romania's accession to the EU and the influence generated on the partial reform of the rule of law. The methodology used is based on quantitative and qualitative analysis on reports of Justice in Romania, studies on corruption, questionnaires on the trust of the population in justice.

Romania's accession to the EU has marked an important moment in strengthening its jurisdiction, making important steps towards unifying court jurisprudence, renovating the probation system and implementing an adequate institutional management. Despite these developments, including the fact that a new human resources strategy has been formulated since 2008, the European Commission remained skeptical about reforms aimed at eradicating widespread corruption across jurisdictions. At the same time, political interference in the act of justice, the existence of contradictory jurisprudence, delays in the speed of the act of justice were noted.

The conclusion of the study is that the reforms primed by the EU pre-accession process have been eroded by the desire to preserve the status quo acquired by some groups of

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influence - media moguls, influential businessmen and even magistrates who have fought for the promotion of legislation initiatives that did not de facto threaten the power they had acquired. When there have been de jure efforts for institutional change, they have failed to be applied, being considered to jeopardize the preservation of the power of the clientele.

- THE ORIGIN OF THE LEGISLATIVE SYSTEM AND ECONOMIC PERFORMANCE

Clipa Raluca Irina, FEAA, Universitatea Alexandru Ioan Cuza, Iași, email riclipa@gmail.com

Clipa Flavian, Curtea de Conturi a României, Camera de Conturi Iași

Abstract

The historical origin of a country's legislative system is of particular importance in generating economic growth, by enhancing the attractiveness of the investment environment, by lower transaction costs, better enforcement of contracts, protection of property rights as factors considered in the substantiation of the business of private law organizations. In this sense, we identify a common law historical way and one that regains its principles in the civil law, depending on the preponderance of the specific legislative system of each country.

Our scientific approach intends to validate, using the qualitative and quantitative analysis, that the common law system, compared to the French one, specifies a better defense of investors' interests, a lower involvement of the state in the economy in the form of public property and regulations, and a more independent judiciary in terms of political interference and less formalized. Thus, from a historical perspective, if common law was imagined to best serve the interests of traders and aristocracy in terms of property rights and contractual rights, aiming at minimizing interference with the sovereign's prerogatives, civil law Sought to eliminate jurisprudence as a source of law in limiting the possibility for judges to create the law, thus conferring regulatory power only on written coding as the emanation of the legislative forum.

The analysis reveals the question of whether a national legislative system originating in the Napoleonic codes will bear some of its strength, or whether they may be blurred by legislative reform, by importing legal institutions specific to the Anglo-Saxon, jurisprudential law. Would such imported institutions achieve a better enforcement of contracts, would they result in a decrease in transaction costs, and would the jurisprudence ensure the predictability of the court's judgments on the basis of the cases brought to the court? The conclusion of the paper is that the success of the transplantation of legal institutions from one country to another is related to the way they are compatible with the pre-existing judicial infrastructure, with the rest of the laws in force, but also with other national political, economic, social institutions.

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Research and Teaching Activities on European Union Financial Regulation

- AN ANALYSIS REGARDING THE LEVEL AND THE DETERMINANTS OF LEVERAGE – EMPIRICAL STUDY ON THE ROMANIAN MARKET

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Abstract

The leverage is a cornerstone in the field of finance and there are many studies in the literature attempting to determine the factors that influence companies' decisions. The results are diverse and in many cases inconclusive, which makes this subject still to be of great interest, especially for the emerging countries.

This study analyses the level and the factors that influence the leverage of the Bucharest Stock Exchange listed companies, basing and relating this analysis with the main theories identified in the literature. The database is formed by annual observations collected through the Reuters Eikon platform, for the period 2005-2014. The analysis was performed in SPSS.23, using multivariate regression, for an unbalanced panel data. The dependent variable, represented by leverage, was calculated in accounting indicators.

The motivation of this study was testing the factors previously identified and analyzed especially on US and others big countries. Taking into account that the researches performed on the Romanian economy are hampered by the limited database, which is available for short-term periods, this study may contribute to the completion and validation of the results. The conclusions of the models have partially validated our hypothesis. Thus, a positive impact generated by the company's size was noticed, while factors such as assets tangibility, performance or liquidity have a negative impact. Also, it had been noticed that the leverage variation in a certain period of time is strongly correlated with the initial leverage level, thereby supporting the idea that firms adjust their leverage in a certain range, or even to a target level. According with our results, it can also be said that the principles of the pecking order theory particularly applies on the analyzed sample.

Keywords: leverage, information asymmetry, trade-off theory, pecking order theory, agency costs.

JEL Classification: C23, G31.

- AN ASSESSMENT OF DISTANCE LEARNING EDUCATION PLATFORM OPTIONS AND OPPORTUNITY

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Abstract

Distance learning in Romania is organized by combining different forms of distance interaction and communication (designed and developed using an e-learning predefined platform) but also face-to-face meetings and tutorial sessions. Danubius University implemented in 2009 such a system based on Sakai e-Learning platform.

To evaluate the quality and opportunity level regarding the usage of the e-learning platform and the specific methods and tools, the distance-learning department developed a quiz for the students. The content of this questionnaire, based on which the performance assessment is made, approach the flexibility in offering the e-learning support, the communication possibilities and the time saving. All the University's students enrolled in distance learning programs were subjects no matter their degree level or domain. The results of this assessment are managerial tools and decision instruments for future development of the distance learning methods adopted by the university but also for new modules added to the e-learning platform.

- ACTUAL AND FUTURE ECONOMIC, SOCIAL AND ECOLOGIC PROBLEMS OF HUMANITY IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT: ACHIEVEMENTS AND PERSPECTIVES.

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Summary: The article describes the promotion of green Economy in the Republic of Moldova which is coordinated by the interministerial Working Group on sustainable and green Economy and it is focused on the development of Road Map on Green Economy energy efficiency , organic agriculture sustainable production and consumption greening SIMES, RECP sustainable transport, green cities , green Office, green Meeting etc) implemented within the EUEaP GREEN Program (NEP, OECD, UNECE and UNITAR).

The concept of Ecoeconomy development marks a new stage - transition from development model that treats environmental protection as an economic burden, to a model that uses environmental protection as one of the main priorities of economic growth. In the context of sustainable development and poverty reduction, Ecoeconomy must be perceived as one of the basic mechanisms in achieving sustainable development and as a means of efficient use of resources and energy, implementing cleaner technologies, carbon emissions and reduce pollution and to minimize significant environmental risks.

The promoting of the concept of economy (green economy) in Republic of Moldova will be achieved by integrating the principles of economy, environmental protection and climate change adaptation into policy papers so that by 2020 they would be primarily integrated in training, transport, construction, trade, services and other areas of

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economic and social development of the country. This process involves changing patterns of sustainable consumption and production and the change can be made with national and international regulations, taxation, legal decisions, the requests from the public, etc.

- ASPECTS OF FINANCIAL EARLY WARNING INDICATORS FOR THE PHARMACEUTICAL COMPANIES IN ROMANIA

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Laurențiu Droj, Universitatea din Oradea, Facultatea de Științe Economice, Str. Universității nr. 1, Oradea, România, laurentiu.droj@gmail.com

Abstract:

Setting up and analysis of financial early warning indicators for public or private companies is a much-debated scientific and practical subject. Theories and experiments, which led to the establishment of a common set of early warning indicators, are quite old, starting from the 1950's. These indicators came aggressively back into academic study and practice after the current world crisis. In the last years, several methods were tested by academic researchers and also by Banks and Audit agencies. The results seem to be different from one case study to another and seems to be linked with the financial data at the disposal of the researchers. The financial results of the pharmaceutical companies are influenced by a large number of factors both internal and external: starting from state regulation, fierce international competition, innovation, so on. In this context, the current paper analysis the evolution of the early warning indicators for several pharmaceutical companies from Romania in the last years. These elements are important since the selected companies are having a powerful national and regional influence over the economy and in the same time, these companies constitute primary contributors to Romania's GDP.

Keywords: bank, audit, pharmaceutical companies, economy, GDP

JEL Classification: G15, G31

- STATE-OF-THE-ART OF PUBLIC INNOVATION IN A CHALLENGING EUROPEAN UNION

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Abstract:

Globalization, climate and demographic changes, the focus on enhancing the public value, the economic and financial crisis impose the governments to solve complex social and economic issues, as well as to apply adequate and relevant policies and strategies.

The public organizations need to re-think their mission, values, culture, strategies and to apply innovative institutional processes and mechanisms in view to increase their performance, efficiency and effectiveness.

For the time being, innovation and creativity in the public sector have become a necessity, being crucial for performance improvement and delivery of high quality public services.

Innovation represents a dynamic process in light to identify problems, challenges, to implement new and creative ideas, to select and implement new solutions.

Innovation in the public sector means ICT-centred activities, optimisation of working processes through innovative technologies, continuous adaptation to changes interfering in the communication channels and instruments, as well as adaptation of the image of public organizations to the citizens' realities and needs.

The paper aims to present the main successful factors and barriers for public innovation and to achieve a comprehensive analysis on public innovation performance in the EU Member States.

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Section 4 EU Public Spending and Control

Room R 407

Chairs: Prof. Simona Gherghina, University of Bucharest

Lect. Irina Bilan, Alexandru Ioan Cuza University of Iasi

Registered papers

- BUDGET RESPONSIBILITY AND FISCAL DISCIPLINE IN LOCAL DEBT MANAGEMENT

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Abstract:

This paper studies the relationship between local public debt and fiscal policy, bringing in particular the arguments which come to strengthen that in the context of the great recession from 2008 and of the need for sustainable public finance, all the rules in force that include limitations on the amount of borrowing and/or debt service, restrictions on the purpose of debt and on borrowing from national and international financial institutions and/or from the central bank, need to be strongly stipulated with the objective of budget responsibility and fiscal discipline. Basically, in our analysis, we want to build a research that stressed the importance of interplay between the variables involved, with the objective of public finance stability and capacity to manage high vulnerability of local governments to adverse changes in market interest rates. For our analysis, we will use the Eurostat and World Bank's databases for all the EU 28 member states over the time span 2000-2014. Our results reveal that there is a significant relationship between the level of local debt, budget responsibility and budget discipline, and the international financial instability, has increased the importance of financial sector policies. Recently implemented reforms aiming to enforce fiscal discipline following-up the Fiscal Compact strengthened the local budgetary framework and restrained, therefore, local discretionary power to act towards development. So, countries need strong macro-prudential policy frameworks responsibility and discipline in local debt management.

Key words: local public debt, fiscal policy framework, fiscal discipline

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- AN ANALYSIS OF THE 2014 EU PUBLIC PROCUREMENT DIRECTIVES: NEW DIRECTIONS FOR EFFICIENCY AND CONTROL

Ada Iuliana Popescu, Assoc. Prof., University Alexandru Ioan Cuza, Iasi, Faculty of Economics and Business Administration, Department of Finance, Money and Public Administration, email ada.popescu@uaic.ro

Abstract

As the result of EU public procurement legislation reform, three new directives were adopted in 2014. EU member states had two years to implement and enforce these directives at the national level. The directives' aim was to improve the efficiency of public spending for public procurement, to make the negotiation process more flexible and to eradicate corruption by enhancing control over procurement procedures. This paper considers how the new directives have improved public procurement in the EU and their prospects for continuing to do so.

- AUDIT CHALLENGES IN THE EU ZONE

Prof. Univ. Dr. Dinu Airinei, Facultatea de Economie și Administrarea Afacerilor, Universitatea „Alexandru Ioan Cuza” Iași

Dragoș Ovidiu Tofan, Doctorand, Școala de Economie și Administrarea Afacerilor, Universitatea „Alexandru Ioan Cuza” Iași

Abstract

In addition to specific regulatory or normalization efforts, alignment with international standards, the audit knows its own adventure in the European space. On the one hand, the economic crisis has led to a conceptual rethinking and an accentuation of the professional ethics criteria, intended to prevent future discrepancies in the role of the correct information that audit missions have to perform. On the other hand, technological developments in the IT & C area, the proliferation of Big Data or analytics based tools or applications have led to the need to adapt audit missions to the new digital reality. The information audited in the current period is complex, coming from various sources and in different formats, which complicates the work of the professional in ensuring his role as guarantor of the financial statements. This paper presents the dilemmas facing the audit at present, but also the perspectives generated by the new reality framework.

Keywords: Big Data, analytics, cloud computing.

- PUBLIC SPENDING EFFICIENCY IN EAST EUROPEAN COUNTRIES

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After calculating the indicator of the Public Sector Performance (PSP), this article analyses the public sector efficiency in 13 countries from Central and Eastern Europe,

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during 2000-2008 and 2009-2015. Using data envelopment analysis (DEA), we found that among these 14 countries, the best performers are Lithuania, followed by Czech Republic and Romania, and the least performers are Ukraine, Belarus and Moldova. Added to this, we found significant pre and post crisis differences, as the efficiency of governments improved post crisis. In addition, using the Tobit econometrics, we found that especially post crisis, indicators such as competence of civil service, political stability, property rights, public trust in politicians and secondary school enrolment significantly influence general efficiency of public spendings.

- THE GAME OF PRINCIPLES: COMPETITION AND FUNDS' EFFICIENCY IN THE AWARD OF CONTRACTS BELOW THE PROCUREMENT THRESHOLD

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An important amount of the non-reimbursable funds granted to Romanian beneficiaries under EU and EFTA states financial regulations are usually spent under contracts whose value is below the thresholds provided by the public procurement directives. Nevertheless, applicable financial regulations, national regulations and financing agreements imperatively require that certain, usually simplified, procurement procedures are to be followed for the award of such relatively small value contracts. In these cases, the requirement to follow a specific procurement procedure may be deemed to equally serve the competition (as a general objective of the application of the non-discrimination, transparency and equal treatment principles) and the funds' efficiency principle. However, in specific cases, where these two principles cannot be equally applied, this contribution argues that the efficiency principle will have to be primarily considered.

- INTEGRATED REPORTING IN EUROPE – FROM VOLUNTARY TO MANDATORY?

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Abstract

Nowadays, the regulators set out new rules for the financial and non-financial reporting because of the pressure of the stakeholders. On the other hand, a lot of information is published voluntarily as a policy of the companies. Applied on a mandatory or a voluntary basis, integrated reporting provides at least two advantages: correlation between financial and non-financial information (for stakeholders) and reputation (for companies). In the last years, European regulators try to emphasize the importance of non-financial information (especially the environmental and social aspects) for an appropriate understanding of the company's development, performance or position. In this context, European Parliament and the Council have adopted new rules for companies concerning the information they must publish. Within the current paper, we provide a description of the new European rules on companies reporting, an overview of the most recent literature related to integrated reporting and a longitudinal analysis

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of the European companies that registered their annual reports in the Global Reporting Initiative's Sustainability Disclosure Database.

- THE IMPACT OF THE EUROPEAN DIRECTIVES ON THE ROMANIAN REPORTING CREDIT INSTITUTIONS

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Abstract

Broadly speaking, the financial viability and the institutional defaults of a bank are detected using financial assessments and extended analysis with the purpose of reclaiming the economic information delivered by the financial and non-financial reports. This paper aims at analyzing and presenting both the legal and the regulation frames for the Romanian credit institutions that are setting up the request for the disclosure of the financial and non-financial information. The paper will finally discuss the issuing options for the credit institutions.

Keywords: accounting, standards, regulation, bank

JEL Classification: M41, M42, G21

- MODERN TENDENCIES IN EDUCATIONAL BUDGETING - CASE STUDY IN VARIOUS EU COUNTRIES

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In the last years European education systems have been facing several changes to be increasingly competitive and offer knowledge and competences for participants on the labor market. The budgeting process appears to be the fundamental instrument in economic and financial support processes of high quality education.

This paper examines the budgeting process in the education system by analyzing budgets of different universities from several European countries. The comparative analysis is carried out by determining various budgetary indicators which are relevant in the financial management and practice of academic education. The findings of the study can be used by decision makers to establish benchmarks for the financial strategic planning process and also to adopt and implement good practices in the financial management of education institutions.

Keywords: public educational system, budgeting process, efficiency, European good practices.

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- DYNAMICS OF BUDGET DECENTRALIZATION REFORM IN UKRAINE

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The reform of the decentralization budget in Ukraine is the basis of system changes in the decentralization of the power, in the cloth of which resources are transferred to territories communities - cities and villages. The decentralization is the only way to create the strong, unitary, democratic, European Ukraine. The strategy of decentralization of the public power, mutual responsibility of both representative local authorities and the government, and territorial communities is one of the important conditions of its realization. By means of decentralization Ukraine can find recovery from the crisis, achieve highest rates of economic growth and level of stabilization, successful development and economic growth of the country.

In Ukraine the view on budgetary funds changes. Earlier people considered them a target, today such paternalistic look is changed to understanding the budget as private means of taxpayers. These means are replaced by the state in the form of public income and have to be returned to them in the form of qualitative budgetary funds.

During the state decentralization there used such progressive techniques as:

* Programmer and target method; * Strategic and medium-term planning; * Horizontal transfers; * Dissertation method; * Key Performance Indicators.

The Decentralization first of all concerns elections of local government, participation of citizens in local governments that will strengthen democracy.

The budgetary system is implemented by the principle of subsidiarity – that is the key principle of the European democracy, it is fixed in the budgetary code of Ukraine. During existence of Ukraine such phenomenon is the first time in the history of the state. Subjects of the state decentralization are 407 integrated territorial communities which were formed in 2015-2017.

The change of system of local government in Ukraine was provided in the Law of Ukraine "About voluntary association of territorial communities" a docked by the Verkhovna Rada on February 2, 2015 (No. 157 - VIII). The Association of territorial communities is from now on carried out according this Law in which all actions and limits of association are stated.

After introduction of the Law "About Voluntary Association of Territorial Communities" the new aspect of the budget appeared, namely - the budget of the joint society.

The example of the successful countries, such as Italy, Poland, Great Britain and France, shows that these countries experienced a lot of difficulties in decentralization of the power. This gives us inspiration to not to stop, on our way to decentralization, but to undertake maximum efforts to achieve the goal.

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- FISCAL CONSOLIDATION AS ALTERNATIVE PUBLIC DEBT REDUCTION STRATEGY IN THE EU MEMBER STATES

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Abstract

The high increase in public debt in many EU Member States, in the context of the recent economic and financial crisis, has brought into public authorities' attention, especially since 2010, the need to define and implement strategies aimed at reducing it to acceptable levels, unharmed for economic growth. Given the lack of other viable and consistent desindebtedness alternatives, as well as the concerns with regard to long-term fiscal sustainability, fiscal consolidation emerged as the main option for governments, although the concrete measures implemented varied in both amplitude and content. Against this background, the paper aims to comparatively assess the fiscal consolidation strategies implemented in recent years by the EU countries. In particular, using data reported by the European Commission and national authorities, we evaluate the incidence and magnitude of fiscal consolidation episodes in the EU countries, in relation to their public debt's dynamics, as well as the composition of fiscal consolidation measures. In this respect, we assess to what extent the fiscal consolidation strategies implemented by the public authorities of the EU Member States focused on reducing public expenditure, increasing budgetary revenue, or a more balanced mix of these alternatives. Given that public debt reduction strategies should be designed so that long-term growth prospects are not affected, the paper also assesses to what extent the potential impact on economic growth has been taken into consideration when deciding the amplitude and composition of fiscal consolidation strategies. Overall, our results emphasize very different approaches of public authorities, although public expenditure (and even public investment) cuts have been a common feature of many fiscal consolidation strategies, especially in some, more indebted, EU countries.

Keywords: fiscal consolidation strategy, public expenditure, budgetary revenue, public debt, EU countries

- INSTITUTIONAL ENVIRONMENT AND GOVERNMENT CONSUMPTION EXPENDITURES IN EU COUNTRIES

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Abstract

The aim of this paper is to analyse the implication of institutional governance system on the government consumption expenditures in EU countries. Using a panel data analysis for 28 EU member countries from the period 2000-2015 we investigate the implication of the political institutions and governance variables on public spending in EU countries. Our results indicate that both the political and institutional governance in EU member countries have a direct impact on the level of consumption expenditures in EU countries, but with different outcomes. We find that the political power and

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parliament power influence have a positive influence on the level of consumption expenditures, while the level of corruption has a negative impact on consumption expenditures. This emphasises, the importance of a strong governance system in EU countries as a mean for increasing the efficiency of public. Thus, policy-makers need to include acknowledge the role of the institutional and government system, when assessing the size and structure of public spending in the EU member states.

Keywords: government expenditure, governance, corruption, panel data

JEL Classification: E01, E02, E62, H2, H4, H5, H6, O11

- EUROPEAN OPPORTUNITIES TO IMPLEMENT BUSINESS INTELLIGENCE BENEFITS IN THE FINANCIAL AUDIT

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Abstract

Business Intelligence tools are recognized and implemented in organizations that are determinant in shaping new current information systems. The large data volumes that economic entities face can be managed by these computer applications capable of supporting managerial processes, and not only through detailed, instantly-generated reports that provide a complete picture of business-specific flows. Financial audit, in the current European context and through the Digital Agenda 2020 action directives, can benefit from Business Intelligence solutions capable of boosting or even replacing traditional methods or techniques. The analysis of financial-accounting data or KPI's can be achieved more accurately, at an increased speed and with a higher degree of accuracy, the barriers to implementing Business Intelligence leverage in the financial audit are rather of the nature of specific standardization or the reluctance of professionals in the field.

Keywords: Business Intelligence (BI), financial audit, Big Data, Cloud Computing

- IMPLICATIONS OF THE UNIQUE WAGE LAW IN ROMANIA

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Abstract: When developing the payroll system it is envisaged to ensure the best possible correlation of the wage rights between all budget sectors, no matter of the normative act by which these rights have been approved. Until 1998, the basic salaries of various positions were differentiated in all budget sectors, based on hierarchical coefficients specific to each function or degree, the value of the 1.00 coefficient being the same for the entire budget sector. At present, the basic salaries of staff in the budgetary sector are set by 39 normative acts. The use of these systems has led to over 400 pay levels, which no longer correspond to the initial hierarchy between functions and areas of activity. This article looks at these possible changes and their implications in Romania.

Keywords: wage law, payroll system, budget sector

JEL Classification: K30, K31

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Section 5 EU Tax Law

Room R402

Chairs: Assoc. Prof. **Ciprian Paun**, Babes Bolyai University, Cluj

Lect. **Mihai-Bogdan Petrisor**, Alexandru Ioan Cuza University of Iasi

Registered papers:

- SPEEDING DIFFERENTLY. OUTCOME OF THE EUROPEAN CCCTB PROJECT

Cosmin Flavius Costas, Lecturer, PhD, Facultatea de Drept, Universitatea Babeş-Bolyai Cluj-Napoca (Romania) & Partner at Costas, Negru & Asociații – Societate Civilă de Avocați, email cosminfc@gmail.com

ABSTRACT: In late 2005, the European Court of Justice ruled in the much-debated Marks & Spencer (no. 2) case. It then became obvious that what the economists had been saying – European Union was (and still is) running slow in comparison to Japan, United States of America or Canada in terms of companies – was true to an even greater extent, since European companies' life and finance had been seriously disturbed by aggressive national tax rules, within an alleged single market. For a decade or so, experts have tried to put forward an adequate response, in the form of a proposal for a Common Consolidated Corporate Tax Base (CCCTB). They did come up with a proposal, but Member States failed to react and actually set up a common system of taxation for companies within the European Union. As the Union itself seems to be falling apart due to exit(s), there is a question on whether there is still hope for this project. The author looks into the possibility that - while speeding differently - finally (all or some) Member States agree on a scheme for making bearable and competitive the system of European corporate taxation.

- THE EUROPEAN UNION'S FIGHT AGAINST TAX AVOIDANCE: CONFRONTING A LONGSTANDING CHALLENGE WITH NEW TOOLS

Ada Iuliana Popescu, Assoc. Prof., University Alexandru Ioan Cuza, Iasi, Faculty of Economics and Business Administration, Department of Finance, Money and Public Administration, email ada.popescu@uaic.ro

Abstract

Tax evasion, fraud and avoidance are common phenomena in the European Union. However, the recent Panama Papers scandal triggered a more coherent EU strategy against corporate use of tax-evading schemes than had existed before that scandal. This strategy is based on a new anti-tax-avoidance directive (ATAD) intended to stop corporate EU tax avoidance that results from corporations' speculating on differences between the tax systems of Member States and those of non-EU countries ("hybrid mismatches"). Additional measures focus on the automatic exchange of data among Member States to expose the real owners of shell companies and help create a database

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of EU tax havens. This paper analyses the new EU anti-tax-avoidance directive and its potential for advancing the fight against tax avoidance in the EU.

- ROMANIAN TAX RULES IN NON TAX AGREEMENTS

Conf. Univ. Dr. Ciprian Adrian Păun, Department of Economics, Faculty of Economics and Business Administration, Universitatea Babeș-Bolyai, Romania, ciprian.paun@econ.ubbcluj.ro

Abstract

The following article presents a key issue in international relations, the taxation of personal involved in such activities. The article makes an overview of the taxation policy that applies for Romania in the case of specific agreements that were signed by the Romanian government. Although it is specific to Romania the article presents the theoretic background that applies to every member state that has signed the agreements in question.

The agreements that are part of the presented article are: the Vienna Convention on Diplomatic Relations, the Vienna Convention on Consular Relations, the North Atlantic Treaty Organization agreement and other European treaties and agreements.

All the previous mentioned agreements are not linked to a specific tax issue were tax issues are specific mentioned and thus might raise some issues at first sight.

Keywords: taxation, exemption, tax provisions, diplomatic relations

- THE COMPETENCE OF THE ANTIFRAUD DEPARTMENT TO ADMINISTER EVIDENCE DURING CRIMINAL PROCEEDINGS

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Abstract

The present paper aims to analyze the legal framework of the Anti-Fraud Department (hereinafter DLAF), focusing on the competence of this body to hear witnesses in a control action initiated at the request of the National Anti-Corruption Division (hereinafter DNA). DLAF is a legal structure within the Government's working apparatus and can not be considered a criminal investigation body as defined by criminal procedural provisions.

Academic and practical importance of this approach lies in linking the provisions of art. 10 of Law 61/2011 on the organization and functioning of DLAF with those of art. 114 and following from the Criminal Procedure Code. Without wishing an exhaustive approach, this paper aims at highlighting, on the one hand, the quality of DLAF as an official examiner within the meaning of art. 61 C.pr.pen., and on the other hand, the competence of this entity to hear witnesses, with emphasis on the use of the statements obtained by DLAF, outside of the criminal procedure framework, in criminal cases.

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Research and Teaching Activities on European Union Financial Regulation

The purpose of this paper is to highlight the criminal procedural implications of DLAF's activity with emphasis on the criminal proceeding stage in which the proposed solutions can be used.

- SHADOW ECONOMY IN THE EUROPEAN UNION AT THE CROSSROADS OF INEFFECTIVE REGULATION AND OVER TAXATION

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Abstract

The recent economic and financial crisis has revealed the native affinity of European governments to promote a higher tax burden in order to revive their economies in the ex-post crisis period. As reality has pointed out, when the confiscatory nature of taxation is too high it supports not the real, but, on the contrary, the underground economy. Situation is even worse when the ineffective regulatory system comes to complete the background. Consequently, by using VECM, variance decomposition and Granger causality analyses on an unique dataset consisting in shadow economy indicators, tax revenues and institutional ineffectiveness indicators, the purpose of this paper is to emphasize the harmful effect of higher taxation and institutional fragility on the long run economic perspective. As results underline, such negative nexus is even more pronounced for developing EU economies, given their institutional lack of effectiveness.

- TAX COLLECTION COSTS IN EUROPEAN UNION. AN EMPIRICAL STUDY

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Abstract:

The paper investigates the costs of tax collection in EU member states over 2007 - 2015 period. We measured the cost of tax collection in two different ways, each telling a different, but meaningful story. First, we wanted to see how much did governments pay in order to collect 1 EUR of taxes and secondly, we wanted to determine how much (net) taxes did governments really collect after subtracting the overall costs of tax collection. Consequently, we developed the corresponding tax collection indicators and we presented a comparative analysis for the European Union member states. Our expected results showed that flat tax countries have lower tax collection costs, but the net taxes collected as a share of GDP (taxes collected - costs of collecting taxes) are lower than that for progressive tax countries. This suggests that flat tax, in spite of being competitive in terms of the unit costs of taxes, it fails in terms of the overall

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amount of taxes collected. Tax evasion and corruption are higher, while institutional environment is weaker for flat tax countries as opposed to progressive tax countries which may play a decisive role in explaining our findings. Policy recommendations were made accordingly.

- ON THE EVOLUTION OF THE ROMANIAN ACCOUNTING RULES FOR LEASING CONTRACTS

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Abstract

The explicit legal rules on leasing operations appeared in Romania in 1997. The accounting rules have been adapted and we find, firstly, an accounting model taken from French accounting and according to which all leasing contracts are recognized in a single category, without any classification of these contracts. With the introduction of some accounting principles of Anglo-Saxon origin (initially as a result of the suggestions made by the international financial institutions), the premises were created for the classification of the leasing contracts into two categories - financial and operational - with different accounting rules. This happened in 1999 and the accounting rules after that date have always kept in mind the separation of the two types of contracts. Considering the history of Romanian accounting, strongly influenced by a continental European patrimony conception, the first solutions proposed by the accounting standard setter are characterized by some inconsistencies, compared to the international accounting rules for the recognition of assets and liabilities. As the Romanian accounting regulations improved, leasing solutions became close to those of international standards, but there remain specific elements that significantly simplify the accounting treatments applied.

Keywords leasing contracts, substance over form principle, finance lease, operating lease, accounting recognition criteria

JEL Classification: M40

- FISCAL DISCIPLINE AND ECONOMIC GROWTH: A CONTROVERSIAL RELATIONSHIP

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Abstract

One of the key objectives of every government is to obtain higher economic growth rates but, in current turbulences, this objective becomes harder and harder to achieve. As the recent crisis emerged, it showed that the solidity of public finances has reached

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an impasse – it needs to be enhanced. One of the paths to do this is by using fiscal rules, institutions and mechanisms that put constraints on policy-makers. There are two key currents in the specific literature in this regard. The first one states that putting restraints on governments by limiting public debt, expenditure and deficits levels, and therefore the size of public investments, determines lower economic growth levels. The second view suggest that putting restraints on governments determines them to spend more efficient, invest more wisely, and therefore obtain better results regarding economic growth. This paper analyses the impact of fiscal discipline measured through fiscal rules indexes and a fiscal discipline score on economic growth rates throughout the European Union, the period sample being years 1994-2015. Our results strongly indicate that enhancing fiscal discipline and the solidity of public finances by using fiscal rules, institutions and mechanisms (our calculated fiscal discipline score) determines higher growth rates for European states – GDP per capita, gross national product and gross national income, thus confirming the second point of view found in the literature. Also, one of our results indicates that restraining policy-makers power by using fiscal rules may also conduct to lower economic grow rates measured through the grow rate of the gross national income. These results confirm a fact that we have stated with other occasions: designing fiscal constraints and enhancing the solidity of public finances is a fact easier said than done – it needs to take into consideration many variables: development degree, debt levels, existing institutions and framework, other national and international regulations and the possible impact on other macroeconomic variables.

- STATUTORY AUDIT IN EUROPE – STATE OF THE ART, CHALLENGES, AND TRENDS

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Abstract

In the last years, some new rules were adopted for the statutory audit of the public interest entities (PIEs) by the Directive 2014/56/EU (an amending directive) and by the Regulation No 537/2017. The purpose of these rules is to enhance the independence and the professional scepticism of the statutory auditors. The main requirements for statutory auditors are: mandatory audit firm rotation and prohibition of non-audit services for the audit clients. In addition, the amending directive sets out a framework for the statutory audits and tries to improve the public oversight of the audit profession and the cooperation between authorities in the field of the statutory audit in the EU. In this context, the purpose of this study is to discuss the state of the art, the challenges, and the trends of the statutory audit in European Union. Because the primary objective of the reform of the statutory audit is to increase the quality of this important service for the orderly functioning of markets, this study contributes to the literature by identifying new modifications that are necessary for the audit profession.

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- TAX ON PROPERTY: EU EXPERIENCE AND OBJECTIVES FOR UKRAINE

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In the conditions of globalization, the task of improving the country's economy competitiveness gains crucial importance, since its ability to ensure economic growth depends on it.

Implementing this task requires financial support, which is rather difficult to carry out in the countries with underdeveloped economies, especially considering the sustainable development concept, which stipulates for paying more attention to finding solutions for the social and environmental problems.

Thus, the real issue is to find ways to financially support the positive changes in the long-term economic development, especially at the regional level, in order to reduce the social tension, and minimize the differences in the regions' social and economic development.

In order to fill the local budgets, many European countries implement the real estate tax, which warrants guaranteeing the necessary income via introducing the reasonable regulations that consider the financial needs and real estate cost.

Though, the property is much more difficult to conceal than the incomes. The tax base is little dependent on the current results of economic activity in the region. Therefore, the incomes have to be predictable and stable. However, implementing such a tax in Ukraine gains controversial reactions. The developed countries' experience demonstrates this tax is viable, though the approaches to the taxation base might differ according to the country's specific traditions and public administration characteristics.

Ergo, in our opinion, an effective property taxation mechanism contributes to guaranteeing social justice, and the citizens' conscientiously fulfilling their duties. Herewith, property tax should be credited proportionally to the local and national budgets, which would allow both to enhance the local communities' finances, and keep the central government's grip on the process. Over and above, the tax rate should be adjusted according to the particular region's habitat conditions.

- THE IMPACT OF THE PROPOSED DIRECTIVE FOR A COMMON CONSOLIDATED CORPORATE TAX BASE (CCCTB) IN ROMANIA FROM LEGAL PERSPECTIVE

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Abstract

The proposal made by the European Commission in 2016 for a new Directive aiming to establish in two steps the Common Consolidated Corporate Tax Base (CCCTB) at the EU level for those groups of companies fulfilling several criteria is under debate by the interested scholars. This new approach is part of a 5 key areas for action published by the Commission in 2015 in order to address the issue of harmful corporate tax competition. As EU promotes the BEPS project, the Council decision to integrate the results of the BEPS project as identical as possible for all member states was implemented by the Commission by proposing a set of directives. One of these proposals was adopted by the Council in 2016, Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market. The CCTB Directive is still pending in Council.

The scope of this article is to present the new ideas for computing the tax base of companies and permanent establishments included in the EU proposal and to analyse the legal effects of these provisions at the transposition into the Romanian Tax Code. It is quite obvious that the Tax Code requires modifications in order to implement the new set of rules.

Keywords: Common corporate tax base, consolidation, profits, multinational groups, base erosion, profit shifting

- ON ELIGIBILITY OF COSTS FROM PUBLIC CONTRACTS WITH EXECUTION TERM

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The study aims to analyse a series of legal dispositions from national and European regulations regarding the procedure for (public) expenditure operating. The spectrum of contractual execution is narrowed in the public sector by the specific budgetary limitations with impact on several contractual aspects including the execution in a certain time frame. The general procedure of expenditure operating is staged in four phases: commitment, validation, authorisation, payment, a pattern confirmed both by national and European regulation. These phases are doubling the life cycle of classic contractual bonds and intervene in the contractual dynamics. These budgetary elements are seconded by another level of public law regulation deriving from VAT regime and accounting procedures. The public finance mechanism influence and are influenced by the performance of the obligations by the parties. The study will underline these bilateral determinations and the particularities of contractual sequence in public sector.

- THE TAXATION OF THE INDIVIDUALS' INCOME IN ROMANIAN LAW: PRESENT FRAMEWORK AND PERSPECTIVES

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Abstract

Taxation of individuals' incomes is one of the main sources of the state budget, but also a topic widely discussed among both economists and law researchers and among politicians. Taxpayers' compliance and willing respecting the incumbent legal framework is the guarantee of the efficiency of the taxation system used in a particular country. This compliance is based on the flexibility of the tax system and the widespread recognition of deductible expenses, as it generates taxpayers' satisfaction because of the way authorities are treating the income producing activities. In order to increase the share of deductible expenses over the amount of the taxable income, the taxation of households is the proposed legislative amendment envisaged. The paper analyzes the advantages and risks of this model of taxation, by comparison with the system used in other states. The good practices analyzed are hypothetically related to the reality of the fiscal system in Romania, detailing some of the possible scenarios of conduct that will occur. The paper concludes on possible ways to optimize the legal framework to be adopted by the legislator.

Keywords: good practice, income taxation, household tax in Romania

- TAX EVASION IN ROMANIA

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Abstract: The phenomenon of tax evasion in Romania is more and more widespread due to multiple specific causes to an emerging economy. Thus, a series of geo-political changes in Southeast Europe have led to the inclusion of Romania in the branches that shift its profits from Asia and Africa to Western Europe. There is also a lack of taxpayers's tax culture. And the Romanian taxpayer has to create a habit to pay his taxes. The present article proposes a brief theoretical and empirical outlook on this phenomenon in Romania.

Keywords: Tax evasion, tax payer, profit

JEL Classification: H20, H26, K34

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