REFORMS OF ROMANIAN BANKS, AFTER 10 YEARS FROM THE FINANCIAL CRISIS

Professor Ph.D. Marius GUST
"Constantin Brâncoveanu" University of Piteşti, Romania
E-mail: mariusgust@yahoo.com

Abstract: *Ten years after the financial crisis, which began in 2008, although the Romanian banking system lost about 10% of its size (the share of assets in GDP), it continues to be the main component of the Romanian financial system, with a share of three quarters. In regards to bank resources, we note a decrease in Romanian banks' dependence on the external environment, better financial autonomy of banks towards non-financial creditors, but also a shift of banking risk to the population and enterprises, which have increased their contribution to financing of banks' operations. The developments in Romanian banks' assets field indicate a decrease in banks' interest in Romania's real economy, probably due to the increase in its risk. Also, Romanian banks preferred to obtain lower but risk-free incomes offered by the state to investments made for public debt financing and focused on placements outside Romania. Last but not least, a decrease in the liquidity of our banks due to the decrease in the claims on the NBR.*

Keywords: *banks, loans, deposits, capital.*
JEL Classification: *G21.*

1. Introduction

The financial crisis, which has made its debut in Romania since the end of 2009, originated, in Romania, from both external factors and a series of internal imbalances and marked the final point of a stage of economic development, but also the beginning of a period different from the previous. The crisis, in Romania, did not have the effects of bank failures, takeovers of insolvent banks, nor did the state implement rescue programs for financial conglomerates, but, because banks had been one of the engines of growth before crisis, it has affected them both individually and globally, as a system. The present paper aims to analyse the changes that the Romanian banking system has suffered ten years after the beginning of the crisis, the structural mutations that have taken place within them, their importance in the economy, for enterprises or the population. This analysis is important because, on the one hand, we are at the end of an economic cycle, and on the other hand, financial developments seem to alter the role of banks in the economy.

Developments in banks, and their role in triggering the 2007-2009 financial crisis are quite common in literature, and the most recent of them hone in on structural bank changes in the decade since that time.

A recent study (2018) by the Committee on the Global Financial System on structural changes in the banking system after the 2008 recession states that its onset has ended a period of strong bank asset growth in many advanced economies and that, after that point, there was a decline in the banking sector relative to economic activity in the countries directly affected by the crisis. This adjustment of the banking sectors was due to the reduction in business volume, not firms leaving the banking sector. Another conclusion of this study is that European and American banks have become more selective and have focused on international banking activities, and credit has declined significantly.

Leo de Haan and Jan Kakes (2018) note that the losses incurred by banks after the 2007-2008 recession first affected the large banks that were oriented towards the global financial market and less so the small banks oriented towards retail, but in following years, this was reversed, and retail-oriented banks were the most affected, with the latter suffering a lot of losses, as state aid and systemic risk-mitigation measures mainly targeted large banks.

The European department of International Monetary Fund, in a study (2018) on the evolution of European bank profits over the last financial cycle, notes that banks that have been successful in protecting profits were those who have seen a less pronounced deterioration in credit quality and an improvement in cost efficiency. These banks have aggressively reduced their assets, especially during the crisis, and have reduced their dependence on wholesale funding after the crisis. The study also notes that banks' high returns were associated with interest margins that remained generally stable throughout the financial cycle, including during the post-crisis period, but found no clear arguments for the existence of commissions and high fees charged to customers being associated with a better return after the crisis.

Finally, in another study on banking market trends and strategic options of European banks, the ZEB financial advisory firm (2018) notes that the improvement in bank returns recorded over the past few years cannot be replicated, because if this growth was recorded on the basis of non-litigious operations and the reduction of extraordinary costs, but the present and future is that of non-bank financial intermediaries ("shadow banks" and financial institutions), pension insurance companies. The study concludes that a decade after the financial crisis, the banking industry urgently needs product specialization, participation in financial platforms and mergers and acquisitions.

Finally, Bernanke (2018) believes that credit market developments deserve increased attention from economists not only to analyse the economic effects of financial crises but also to study business cycles, and that the financial crisis in 2008 was due to the panic of financial markets, which has disrupted the provision of credit.

2. Mutations in the Romanian banking system, between 2008 and 2018

The Romanian banking system, though having lost about 10% as a share of the assets in GDP, continues to be the main component of the Romanian banking system, representing three quarters. If we also add non-bank financial institutions, together with banks they represent four fifths of the financial system, in decline, considering that 10 years ago they represented more than 90% of the financial system. In fact, the resizing of the Romanian banking system can be explained mainly by the increase of private pension funds in the Romanian financial system, which ten years ago entered the financial market, only to now represent more than 7% of the Romanian financial system.

Table no. 1. Distribution of assets within the Romanian financial sector

Year	Credit institutions	Non-bank financial institutions	Insurance companies	Private pension funds	Investment funds
dec.08*	82,8	11,18	3,95	0,24	-
dec.09*	89,8	9,95	4,46	0,7	-
dec.10	81,8	7,6	3,5	1	6,1
dec.11	81,9	6,9	3,6	1,4	6,2
dec.12	81,1	6,6	3,8	2,1	6,4
dec.13	79,8	6,4	3,6	2,9	7,4
dec.14	78,7	6	3,4	3,9	8
dec.15	77,6	5,8	3,9	4,8	8
dec.16	76,3	5,9	4,2	5,9	7,7
dec.17	75,6	6	4,1	6,8	7,4
mar.18	75,5	5,9	4,2	7,2	7,2
2018-2008	-7,3	-5,28	0,25	6,96	1,1

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; *) author's calculations

Hence, the first major consequence is that, in the absence of the transparency of other financial components, banks are the main financier of the economy, and any punitive measures against them are equivalent to sanctioning the real economy, the latter lacking in funding alternatives.

A second consequence is that banks, being dominant in the financial system, will have an oligopolistic behaviour, their behaviour being relatively discretionary in relation to customers and fixing prices (interest rates on credit and deposits) to their own advantage. Hence a series of public grievances or anti-system political initiatives (in contradiction with classical economic logic), but which have affected the credibility of the Romanian banking system.

Table no. 2. Dynamics of bank assets and credit to the private sector

Year	**Bank assets** Billion lei (RON)	**Bank assets** Indicators (2008=100%	**Credit to the private sector** Billion lei (RON)	**Credit to the private sector** Indicators (2008=100%	**GDP Billion lei (RON)**	**% bank assets /GDP**	**% credit To the private sector /GDP**
2001	30,1	9	11,8	6	116,7	25,8	10,1
2002	47,8	14	17,8	9	152,0	31,4	11,7
2003	61,7	18	30,3	15	197,4	31,3	15,3
2004	91,4	27	41	21	247,4	36,9	16,6
2005	130,3	38	59,8	30	288,9	45,1	20,7
2006	175,5	52	92,4	47	344,7	50,9	26,8
2007	260,1	77	148,2	75	416,0	62,5	35,6
2008	339,5	100	198,1	100	514,7	66,0	38,5
2009	364,5	107	199,9	101	501,1	72,7	39,9
2010	385,2	113	209,3	106	533,9	72,1	39,2
2011	392,8	116	223	113	565,1	69,5	39,5
2012	404,9	119	225,8	114	596,7	67,9	37,8
2013	408,7	120	218,5	110	637,6	64,1	34,3
2014	405,3	119	211,1	107	666,6	60,8	31,7
2015	417,1	123	217,4	110	712,6	58,5	30,5
2016	429,0	126	220,1	111	765,1	56,1	28,8
2017	460,0	135	232,6	117	856,6	53,7	27,2
2018	486,1	143	251,1	127	940,6	51,7	26,7

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

In terms of volume, the Romanian banking system has continued to grow. We can speak of an explosive growth, even. In fact, I believe that Romania is concluding its strongest growth in the size of its banking system. Thus, bank assets grew, from 2000 to the end of 2016, 18 times, from 30 billion lei to almost 500 billion lei. The growth of domestic credit to private sector in the same period is even more pronounced, 26 times, from 11 billion lei to 251 billion lei. Evidently, everything started from very low, almost insignificant, values, made by a banking system in transition and after hyperinflation in the 1990s, which had strongly depreciated bank assets. However, explosive growth was a feature of the first decade of the 2000s, because the recession, which has affected Romania since the end of 2008, has significantly calmed dynamics. Thus, after 2000 (and up to the present), banking assets grew by only 43%, while domestic credit to private sector was only 27%. Thus, in fact, the financial cycle in Romania, after 2000, has two periods, one explosive, until the crisis, and a second, after the crisis leading up to the present, reduced, under the growth of the real economy (GDP).

Table no. 3. Evolution of bank liabilities - billions lei

Indicator	dec.08	dec.09	dec.10	dec.11	dec.12	dec.13	dec.14	dec.15	dec.16	sep.17
Population deposits	82,9	97,3	104,1	112,7	122,2	129,7	138,0	146,8	163,5	171,2
Company deposits	68,5	70,4	73,3	74,5	75,1	85,9	95,3	106,6	110,8	115,2
Capital and reserves	36,1	43,8	54,8	63,5	72,7	79,3	72,8	72,6	67,5	69,1
External liabilities	104,1	96,1	103,2	104,2	93,8	83,6	71,7	64,5	50,4	45,9
Other liabilities	47,9	56,8	49,8	37,8	41,2	30,1	27,4	26,6	36,7	39,4
Total	339,5	364,5	385,2	392,8	405,0	408,7	405,3	417,0	428,9	440,8

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

Thus, if we compare the values of banking assets and domestic credit to private sector with Romania's GDP, we see that the two indicators had the highest values in 2009 (73% share of bank assets to GDP and 40% share of domestic credit to private sector to GDP), after which the values of the two GDP indicators drop (Table 2), share of banking assets to GDP reaching 52%, and the share of domestic credit to GDP, 27%. By comparison, indicators of European countries in Western Europe are almost double compared to GDP, and advanced economies in Eastern Europe have reached values equal to GDP (around 100%) for the two economic indicators.

The ten years that have passed since the financial crisis that began in Romania in 2008 also marked a change in the way banks are financed. Thus, the resources mobilized by Romanian banks increased by 30%, from 340 billion lei to 440 billion lei. The rise stems mainly from the increase in population and company deposits, bringing in 290 billion of the banks' resources, compared to only 150 billion lei, 10 years ago. The largest increases are recorded in population deposits, where the growth is more than double, and somewhat lower in the case of company deposits, where growth is approaching a doubling. The relative contribution of deposits to the formation of banks' resources, although important, is slightly more modest in relation to absolute changes. Thus, if in 2008, deposits contributed by approx. 40% of bank resources, currently they contribute more than 60%.

Table no. 4. Structure of bank liabilities (%)

Indicator	dec.08	dec.09	dec.10	dec.11	dec.12	dec.13	dec.14	dec.15	dec.16	sep.17	dec.08
Deposits contributed by individuals	24,4	26,7	27,0	28,7	30,2	31,7	34,1	35,2	38,1	38,9	39,2
Deposits contributed by companies	17,5	15,9	16,2	15,9	15,1	17,3	23,5	25,6	25,8	23,1	22,2
Capital	10,6	12,0	14,2	16,2	18,0	19,4	18,0	17,4	15,7	14,5	14,9
External liabilities	30,7	26,4	26,8	26,5	23,2	20,5	17,7	15,5	11,7	10,0	10,0
Other liabilities	16,8	19,0	15,8	12,7	13,6	11,1	6,8	6,4	8,6	13,6	13,7
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

The bank's own capital also doubled its contribution to bank resources, approx. 70 billion lei, an increase from 10% to approx. 15%.

The element that recorded a significant decrease was external liabilities, which have dropped from approx. 100 billion lei to 45 billion lei, meaning a decrease from about 30% of total bank liabilities to just 10%.

Beyond the aforementioned figures, we note an increase in the autonomy of Romanian banks, in relation to the external environment, a slight increase in the financial autonomy of banks towards non-financial creditors, but also a shift of the banking risk towards the population and companies, which have increased their contribution financing the operations of banks.

Table no. 5. Evolution of bank assets – billions lei

Indicator	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018T1
Total assets	339,5	366,3	388,7	396,6	405,0	409,1	405,4	417,1	429,0	459,5	465,5
Credits to the population	99,3	100,7	102,9	105,1	104,5	103,4	102,2	108	113,3	121,9	124,8
Credits to companies	94,5	96,7	105,6	116,6	118,7	112,4	105,4	104,7	101,7	104	105,2
Claims on NBR	74,1	57,9	55,2	54,3	48,2	52,7	47	48,4	45,5	49,7	45,6
Claims on the government sector	17	46,5	61	70,2	79	80,5	85,5	89,7	93,1	98	99,2
External assets	6,8	12,5	12,4	9,1	11,3	12,3	19,1	20	24	29,4	34
Other assets	47,9	52	51,7	41,2	43,3	47,8	46,2	46,3	51,5	56,6	56,8

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

Banking assets rose by more than a third, from 340 billion lei to over 460 billion lei. Though the credits granted by banks increased as absolute values by more than 35 billion lei, in reality the banks were much more cautious. The main argument is that the share of credits in total bank assets is down from 57% to just 49%. The decrease is 5% for corporate credits, and less than 3% for credits to the population.

Table no. 6. Structure of bank assets (%)

Indicator	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018T1
Credits to the population	29,2	27,5	26,5	26,5	25,8	25,3	25,2	25,9	26,4	26,5	26,8
Credits to non-financial corporations	27,8	26,4	27,2	29,4	29,3	27,5	26,0	25,1	23,7	22,6	22,6
Claims on NBR	21,8	15,8	14,2	13,7	11,9	12,9	11,6	11,6	10,6	10,8	9,8
Claims on the government sector	5,0	12,7	15,7	17,7	19,5	19,7	21,1	21,5	21,7	21,3	21,3
External assets	2,0	3,4	3,2	2,3	2,8	3,0	4,7	4,8	5,6	6,4	7,3
Other assets	14,1	14,2	13,3	10,4	10,7	11,7	11,4	11,1	12,0	12,3	12,2
Total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

In the 10 year analysed, the credit dynamics is not uniform (only an increase or decrease), that is, an evolution towards an end of the financial cycle. Thus, we can note the end of the credit growth cycle for the population in 2011, with a nominal maximum size of 105 billion lei or, in 2009, with a relative maximum of 29%. After that there are decreases by 2014 - both nominal and relative - after which growth is resumed. The corporate credit financial cycle peaks in 2011-2012, the downward trend seems to have been completed in 2017, and is three years longer than in the case of credit to the population.

Comparing corporate and population credit growth, it is noticeable that at the end of the analysed period, as at the beginning of the period, credit to the population is mostly in the banks' portfolio, while in the middle of the interval the credit to companies was the majority.

Another element decreasing in the 10 years since the beginning of the crisis is the claims on NBR, mainly the minimum required reserves, the value of which has fallen significantly. Thus, the assets held at NBR are down to about 30 billion lei, reaching less than 10%, as a share of total bank assets, compared to about 22% at the beginning of the analysed period.

The release of funds, due to the decrease in claims on NBR, but also the surplus of resources attracted by commercial banks has found a profitable placement in claims on the state. Thus, government claims rose from 17 billion lei in 2008 to about 100 lei billion in 2018, that is, an increase of approx. 6 times. Romanian banks immobilized 21% of their assets in government claims in 2018, compared to 5% in 2008.

Another sector that has consolidated its position in bank placements is foreign assets, with a 5-fold increase, from less than 7 billion lei in 2008 to over 45 billion lei in 2018, 7% of bank assets.

Previous developments indicate a decrease in banks' interest in Romania's real economy, probably due to the increase in its risk. Also, Romanian banks preferred lower, but risk-free, state-funded investments for public debt financing and focused on placements outside Romania. Last but not least, the decrease in the liquidity of our banks due to the decrease in the claims on NBR must also be noted.

We can also create an overview of the active banks in Romania after the operations they are involved in. As such:

- Credit to the population is preferred by large and medium-sized banks, and corporate credit is preferred by medium-sized banks and foreign bank branches;
- Claims on the state are more common for large banks and small banks;
- Medium banks and branches of foreign banks have the most NBR liquidities;
- The majority of deposits from the population are in large banks and small banks;
- Enterprise deposits are preferred by large banks and branches of foreign banks;
- Large and medium-sized banks are the best capitalized;
- Medium banks and branches of foreign banks have the largest external operations, both in terms of resources and placements.

Table no. 7. Structure of bank assets and liabilities by bank categories (IX 2017)

Indicator	Bank sector	Of which			
		Large banks	Medium banks	Small banks	Branches of foreign banks
Credit, population	27,2	28,0	29,7	19,6	21,6
Credit, non-financial corporations	24,1	22,2	28,3	25,1	27,3
Claims on public administration	22,1	26,4	14,4	24,2	9,6
Claims on NBR	6,8	6,3	8,0	6,9	7,7
External assets	7,2	5,8	7,9	2,4	15,4
Other assets	12,6	11,3	11,7	21,8	18,4
Deposits, population	38,8	42,6	29,3	52,2	28,7
Deposits, companies	22,5	22,9	19,1	10,7	29,4
Capital and reserves	15,7	16,9	15,9	15,1	9,2
External liabilities	10,4	7,0	19,2	10,3	15,3
Other liabilities	12,6	10,6	16,5	11,7	17,4

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

If the banking system is the main component of the Romanian financial system, we should also see whether banks and the loans granted by them have an impact on financing the wealth of the population or occupy an important place in financing companies.

Thus, if we compare the bank credit to the population with the net wealth of the population, we will observe a continuous increase in the share of credit, but with all the growth, they are only able to finance 17% of the population's wealth.

Table no. 8. Importance of bank credit for net wealth of the population

Year	Net financial assets	Real estate assets	Net wealth of the population	Bank credit to the population	Credit to the population/net wealth (%)	Credit to the population/financial assets (%)	Credit for real estate investment to the population	Credit to the population/ net financial assets (%)
2002	50,1	219,6	663,5	2,1	0,3	4,2	-	-
2003	60,3	375,6	844,6	7,5	0,9	12,4	-	-
2004	88,6	536,4	929,4	11,9	1,3	13,4	-	-
2005	121,8	772,3	1.080,4	21,4	2,0	17,5	-	-
2006	177,9	1.007,0	1.223,2	40,2	3,3	22,6	7,9	0,8
2007	252,3	1.572,4	1.550,3	71,5	4,6	28,3	14,2	0,9
2008	187,7	1.859,6	1.367,9	99,2	7,3	52,9	20,9	1,1
2009	126,0	1.360,9	965,1	100,2	10,4	79,5	24,2	1,8
2010	139,5	1.206,1	889,0	102,1	11,5	73,2	28,9	2,4
2011	155,2	1.118,6	835,7	104,3	12,5	67,2	33,4	3,0
2012	207,3	1.249,1	919,8	104,5	11,4	50,4	37,1	3,0
2013	295,8	1.196,3	914,0	103,2	11,3	34,9	40,8	3,4
2014	332,0	1.181,4	885,6	102,1	11,5	30,8	44,6	3,8
2015	362,7	1.219,3	844,9	108,0	12,8	29,8	52,0	4,3
2016	386,9	1.295,4	795,2	113,0	14,2	29,2	58,4	4,5
2017	415,4	1.427,7	746,1	121,8	16,3	29,3	66,2	4,6
2018T2	424,2	1.504,5	732,0	129,1	17,6	30,4	70,3	4,7

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

If we compare the real estate assets with the credit for real estate investment to the population, we will notice that their share is less than 5% due to the increase of credit for this purpose granted to individuals. Finally, from comparing bank credit to the population with the financial assets owned by the population, we see an increase in the ratio to almost 80% in 2009, after which the ratio falls to 30%, against the much higher dynamic of net assets against bank credit to the population.

Table no. 9. The importance of bank credit for companies

Indicators	2016	2017	2016	2017
	Billion lei		%	
Capital (does not include advance earnings)	402,1	453,3	30,4	32,2
Provisions and advance earnings	95,2	95,5	7,2	6,8
Short-term external financial debt	3,5	2,6	0,3	0,2
Medium and long-term external financial debt	33,5	28,9	2,5	2,1
Domestic credit in lei (banks and nonbank financial institutions)	52,1	57,5	3,9	4,1
Domestic credit in foreign currency (banks and nonbank financial institutions)	57,6	57,8	4,4	4,1
Other debts, of which	679,8	710,4	51,4	50,5
Commercial debt	248,6	273,3	18,8	19,4
Debt to employees	8,2	16,6	0,6	1,2
Debt to state	61,3	61,9	4,6	4,4
Debts to affiliated entities	50,9	58,3	3,8	4,1
Debt to shareholders	115,5	121,4	8,7	8,6
Other debts	195,3	178,9	14,7	12,7

Indicators	2016	2017	2016	2017
	Billion lei		%	
Total liabilities	1.323,9	1.405,8	100,0	100,0

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

The significance of these values is that (1) bank credit in general and for real estate investment have a modest contribution to the formation of the assets held by the population, few possessions of the population originated in the credit granted by banks, (2) bank credit is used only by a small sample of individuals, having a modest magnitude in population financing, (3) the population possesses sufficient real estate or other assets to secure bank credit, and (4) population exposures per banks, globally, can be quickly quenched through the scope of their financial assets.

If the population is not an important client of banks in terms of the loans provided by the latter, neither do companies consider Romanian banks a partner. Thus, if we refer to the contribution of the bank credit granted by Romanian banks to companies, we will see that it represents only 8% of the enterprises' resources. In fact, financing from professionals in the financial system is not a necessity, proof that financing from external private sources does not contribute significantly to the financing of Romanian enterprises, the latter accounting for less than 3%. The reason why Romanian companies do not need bank financing is that they do not pay their current debts, to suppliers, to public budgets, employees, they postpone payment terms or finance their businesses under more lenient conditions or borrow from other entities with which they have connections. All these debts contribute more than half to the financing companies. Last but not least, it should be noted that this financial structure, with many unpaid debts to third parties and a reduced capitalization (of only 30%), makes many of the Romanian companies not even be accepted by banks as potential clients.

Recent years indicate a re-launch of the credit process, focused on credit to the population, and, given how this represented one of the channels through which the financial crisis of 2008 entered Romania, analyses that investigate the similarities between past and present developments are justified. An analysis of the dynamic of new credit provided by Romanian banks to the population indeed indicates a recovery in terms of credit to the population, values being close to those recorded in 2008 for consumer loans and exceeding those of 2008 for mortgage loans. It is best to observe this by studying the monthly rate at which the two types of credit are granted. Thus, in the case of consumer loans, the monthly rate is 20% lower than in 2008, and in the case of real estate investment loans, the past rate is exceeded by almost a third. At the same time, if the analysis considers the monthly volumes of new loans granted by banks, we note that the value in 2008 has been reached in September 2018. While it is true that this pace does not necessarily mean a crisis, it does indicate an overheating of the economy.

Table no. 10. Dynamics of new credit and loan stocks to the population

Year	New credit to the population (billion lei)			Monthly averages of new credit for the population (billions lei)			GDP (billions lei, current prices)	New credit/ GDP (%)	Credit balance for the population		credit balance/ new credit to the population
	consumer	mortgage	Total	consumer	mortgage	Total			Billion lei	% GDP	
2008	190,7	107,5	298,2	15,9	9,0	24,9	514,7	57,9	99,2	19,3	33,3
2009	109,7	64,3	174,0	9,1	5,4	14,5	501,1	34,7	100,2	20,0	57,6
2010	69,5	67,6	137,0	5,8	5,6	11,4	533,9	25,7	102,1	19,1	74,5

2011	97,2	66,6	163,7	8,1	5,5	13,6	565,1	29	104,3	18,5	63,7
2012	80,5	75,8	156,3	6,7	6,3	13,0	596,7	26,2	104,5	17,5	66,9
2013	62,0	80,5	142,5	5,2	6,7	11,9	637,6	22,3	103,2	16,2	72,4
2014	88,0	76,1	164,1	7,3	6,3	13,7	666,6	24,6	102,1	15,3	62,2
2015	96,3	94,6	190,9	8,0	7,9	15,9	712,6	26,8	108	15,2	56,6
2016	114,9	121,8	236,7	9,6	10,1	19,7	765,1	30,9	113	14,8	47,7
2017	135,0	125,5	260,4	11,2	10,5	21,7	856,6	30,4	121,8	14,2	46,8
2018IX	109,0	112,6	221,6	12,1	12,5	24,6	659,7	33,6	129,1	19,6	58,3

Source: NBR, Financial Stability Reports 2008-2018, sec. Statistics / Data section; author's calculations

Apart from the changing percentage of the two types of credit, consumer and mortgage, respectively, between 2008 and 2018, we can also see an increase in the credit granting period. Thus, if in 2008 only 33 of the credits were still in the balance at the end of the year, in 2018 this ratio would be closer to 60% (obviously the first years after 2008 must be omitted, when the crisis began, when banks retired many short-term credits and thus the ratio between the credit stock and new loans increased).

3. Conclusion

Banks in Romania, in the absence of the transparency of other financial components, are the main financier of the economy, and any punitive measures against them are equivalent to sanctioning the real economy, the latter lacking in funding alternatives. A second consequence is that banks, being dominant in the financial system, will have an oligopolistic behaviour, their behaviour being relatively discretionary in relation to customers and fixing prices (interest rates on credit and deposits) to their own advantage. Hence a series of public grievances or anti-system political initiatives (in contradiction with classical economic logic), but which have affected the credibility of the Romanian banking system.

Explosive growth was a feature of the first decade of the 2000s, because the recession, which has affected Romania since the end of 2008, has significantly calmed dynamics. In fact, the financial cycle in Romania, after 2000, has two periods, one explosive, until the crisis, and a second, after the crisis leading up to the present, reduced, under the growth of the real economy (GDP).

Development in regards to the financing of banks shows an increase in the autonomy of Romanian banks, in relation to the external environment, a slight increase in the financial autonomy of banks towards non-financial creditors, but also a shift of the banking risk towards the population and companies, which have increased their contribution financing the operations of banks.

Active operation dynamics indicate a decrease in banks' interest in Romania's real economy, probably due to the increase in its risk. Also, Romanian banks preferred lower, but risk-free, state-funded investments for public debt financing and focused on placements outside Romania. Last but not least, the decrease in the liquidity of our banks due to the decrease in the claims on NBR must also be noted.

If the population is not an important client of banks in terms of the loans provided by the latter, neither do companies consider Romanian banks a partner, resorting to their financing in modest proportions.

Apart from the changing percentage of the two types of credit, consumer and mortgage, respectively, between 2008 and 2018, we can also see an increase in the credit granting period. Thus, if in 2008 only 33 of the credits were still in the balance at the end of the year, in 2018 this ratio would be closer to 60%.

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