

## DEVELOPMENTS OF THE ROMANIAN BANKING SECTOR AFTER THE FINANCIAL CRISIS

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**Abstract:** *Some CEE banking sectors performed better than the Western EU banking sectors in terms of profitability, liquidity or solvency. Still, there are some CEE banking markets very hit by the last financial crisis. Among those negatively affected banking sectors there is Romanian banking sector. This banking sector faced very high fluctuations of its overall profitability, just like the Hungarian banking sector and, in the same time, recorded a high non-performing loans ratio just like Bulgaria or Croatia. However, the Romanian banking system remained solid in terms of banking solvency or liquidity, just like the Bulgarian banking sector. The measures adopted by NBR when the crisis erupted were effective in the long-run and the Romanian banking sector overpassed the crisis and performed well in terms of profitability, cost efficiency or non-performing loans areas after 2015.*

**Keywords:** banking performance ratios, Central and Eastern European banking sectors, Romanian banking sector.

**JEL Classification Codes:** G14, G21.

### 1. INTRODUCTION

The conditions and frequent changes within the global environment, the legislative changes and those relating to banking supervision, the increased competitiveness within this sector, the banking acquisitions and mergers, the increasingly complex client requirements, make this system one of the most complex ones. Globalization of the economic and financial relations and their complexity have led to the multiplication of risks the banking activities are subjected to, the instability and challenges are much more frequent now, when the banking system has interdependence connections and joint regulations.

It is of paramount necessity that the NBR and other financial or banking supervision institutions cooperate, both Romanian and international, this way ensuring the transparency and integrity of the financial system and of its components and the compliance with the legal framework.

Over the last decades, the NBR has played an increasingly significant role in maintaining the financial stability; the regulatory framework of the banking system is continuously updated and consolidated so as not to endanger the good functioning of the Romanian economy and to prevent potential risks with adverse repercussions.

By failing to properly assess the risks of the financial system and the inefficient allocation of capital within the economy, during the last financial crisis (2007-2010), lots of the European financial systems faced major problems. Through their policies and the prudential regulations of the NBR, the Romanian banks' portfolios did not contain many toxic assets.



Although the Romanian banking activity underwent a stagnation period in the years of the economic crisis, however the banking sector was well capitalized and had financial results worth taking into consideration. The interests following a downward pace led to an increase in the attractiveness of the banking products and services and to the conquering of new market segments and niches.

## 2. THE EVOLUTIONS OF THE BANKING SECTORS WITHIN CENTRAL AND EASTERN EUROPE FOLLOWING THE FINANCIAL CRISIS

The decline in the profitability of the banking sector at the CEE level in recent years has been accompanied by a widespread dispersion in the CEE banks. However, it is expected that the discrepancy will gradually reduce as the banking sector will recover in the coming years. While the return on equity (ROE) within CEE indicated a slower decline in the northern part of the analysed region, in the south the decrease was sharp.

The key factors leading to a low level of the return on equity were the asset quality, the relating net provisions that hit record levels much earlier in the north than in the south, and the losses generated by events in the individual markets (asset quality review (AQR) in Slovenia in 2013, refinancing the foreign currency mortgages of Hungary in 2014). The forecasts for ROE improvement in CEE in the coming years reflect a relatively stable outlook in the North and a recovery, after clearing the balance sheet of the non-performing loans, in the South (Table 1).

**Table 1. ROE developments in CEE banking sectors after the financial crisis (%)**

	<i>Czech Republic</i>	<i>Poland</i>	<i>Slovakia</i>	<i>Bulgaria</i>	<i>Hungary</i>	<i>Romania</i>
2011	18,6%	15,1%	10,0%	6,1%	-8,0%	0,7%
2012	22,0%	14,0%	9,1%	5,0%	-3,0%	-6,0%
2013	17,6%	12,1%	11,7%	5,7%	5,1%	4,0%
2014	17,5%	12,3%	10,3%	7,2%	-15,2%	-2,6%
2015	16,8%	10,4%	11,1%	8,1%	2,2%	11,8%
2016	17,9%	8,6%	13,3%	10,6%	13,4%	10,4%

Source: European Central Bank, available at <https://www.ecb.europa.eu/stats/html/index.en.html>

Clearing the balance sheet of the non-performing loans in the south area creates the prerequisites for profitability increase within the banking sector after 2016, which is expected to be led this year by Slovenia and Croatia, followed in the next year by Romania, Hungary and Bulgaria.

The asset quality review in Slovenia generated a significant loss in 2014 as well as a recapitalization; however, a drop in the net provisions should allow the banking system to reach its break-even point and to increase ROE after 2016. In Croatia, the accelerated provisioning (in line with the Central Bank's tightened regulations) reduced banks' earnings, but consolidated the credit risk coverage level, and the slowdown in the formation of non-performing loans (NPL) may support ROE growth after 2016.

The Czech Republic displayed the whole analyzed period a low cost-to-income ratio, while Bulgaria reduced this ratio by significantly cutting off the costs. Hungary displays a high cost-to-income ratio that greatly affected the profitability ratios. Poland, Slovakia and Romania display similar cost-to-income ratio, but in Poland and in Romania there is an increasing trend of this ratio, while in Slovakia, this ratio decreased in 2016 (Table 2).

**Table 2. Cost-to-income ratio of the CEE banking sectors (%)**

	<i>Czech Republic</i>	<i>Poland</i>	<i>Slovakia</i>	<i>Bulgaria</i>	<i>Hungary</i>	<i>Romania</i>
2011	45,6%	53,2%	54,8%	53,6%	62,5%	55,9%
2012	45,9%	52,0%	60,3%	52,0%	75,0%	59,2%
2013	46,2%	51,8%	49,5%	50,1%	58,3%	55,2%
2014	42,1%	50,1%	70,7%	37,8%	117,8%	47,1%
2015	45,8%	52,9%	70,0%	35,1%	68,9%	49,4%
2016	43,0%	56,0%	54,6%	43,2%	63,0%	54,5%

Source: European Central Bank, available at <https://www.ecb.europa.eu/stats/html/index.en.html>

The recommendation of the Central Bank of Romania to increase the level of provisions and to accelerate the process of clearing the balance sheet led to a decrease in the ROE ratio, before the level of the risk-related costs going into a downward trend and allowing an increase starting from 2016. Bulgaria, which has reported the highest profitability in the southern markets in recent years, experienced a decline due to the losses incurred by CCB (Central Cooperative Bank) – where the credit quality analysis is still in progress - however the declining credit risk-related costs are expected to generate ROE growth after 2016. Hungary should recover after a huge loss due to the cost of foreign currency debt relief. Given the fact that taxes within the banking system are high, they are expected to limit ROE growth after 2016.

By comparison, it is estimated that the profitability in the northern part of the CEE region will remain relatively stable, with a fall from the most profitable market - in the Czech Republic - offset by the improvement from Poland and, to a lesser extent, from Slovakia. The revenue outlook is a key driver of increased profitability as the risk-related costs are already low in these countries and therefore have limited room for improvement due to the economic growth. In the Czech Republic, the competitive pressure on the margin and the low interest rates are expected to further trigger a decrease in ROE ratio. In Poland, the revenue growth is experiencing a recovery of the interest margin this year and an acceleration in lending, which should lead to an increase in ROE after 2016. It is estimated that the rising level of lending will also contribute to the improvement of ROE in Slovakia as well. A great part of the discrepancy between the revenues in Slovakia and in the other similar northern countries is explained by its banking charges. Although there are plans to decrease them, the impact on the profit and loss account is expected to be offset by a new contribution to the Settlement Fund of the European Central Bank.

The assets quality is the main Romania's disadvantage against other countries displaying similar features. The non-performing loan (NPL) rate showed a downward trend in the northern part, and the already low risk costs are expected to benefit only moderately from the economic recovery. The best asset quality in the Central Europe is in the Czech Republic and Slovakia, where the percentage of non-performing loans gradually indicated a downward trend starting with 2010. The rate of NPLs in Poland, which has shown a decline since 2012, is higher compared to the countries of the region with similar characteristics; however it is expected to drop faster in the coming years, supported by the active debt purchasing market (which is currently expanding including mortgage loans as well). The differences in the risk costs (the ratio between the net provisions and the average gross credit values) in the Nordic markets can be explained, to a certain extent, by the structure of the credit register and they are expected to persist. The very low risk-

related costs in Slovakia reflect a high percentage of mortgage loans and a lower level of consumer loans granted to individuals. The somewhat higher risk costs in Poland reflect a higher level of consumer loans granted to individuals. The Czech Republic is ranked between the two. The high risk-related costs in the southern markets are estimated to fall sharply amid the economic recovery and the pre-requisite to clear the balance of non-performing loans (Table 3).

**Table 3. Risk cost of the CEE banking sectors (%)**

	2010	2011	2012	2013	2014	2015	2016
<i>Poland</i>	1.5	1.1	1.1	0.9	0.9	0.8	0.8
<i>Czech Republic</i>	0.9	1.0	0.6	0.8	0.7	0.7	0.7
<i>Slovakia</i>	0.9	1.0	0.5	0.6	0.6	0.6	0.5
<i>Hungary</i>	2.4	4.1	1.1	1.8	6.6	1.4	1.4
<i>Romania</i>	1.1	3.4	4.7	4.0	4.1	2.8	2.4
<i>Bulgaria</i>	2.5	2.4	2.2	1.9	2.3	1.7	1.6
<i>Croatia</i>	1.4	1.3	1.3	2.1	1.9	1.8	1.5
<i>Slovenia</i>	2.6	3.8	5.3	14.4	2.9	2.4	2.1

Source: European Central Bank, available at <https://www.ecb.europa.eu/stats/html/index.en.html>

By comparison, the non-performing loan rates peaked in the south of the CEE region. It is expected that the percentage of the NPLs will decrease in Slovenia, Hungary and Romania, while the record figures will be registered in Bulgaria and Croatia.

In Hungary, where the foreign currency debt relief benefits the retail sector, the percentage of NPLs is expected to fall significantly. In Slovenia, the large transfers to the Non-performing Asset Management Company have reduced the percentage of NPLs. In Bulgaria, CCB (under special supervision) is contributing to the growth of the rate of non-performing loans. Given its relatively low economic outlook, the percentage of NPLs in Croatia is expected to continue to rise according to the ECB. Romania, Bulgaria and Croatia display the highest NPL ratios among the CEE region.

The non-performing loan rate in the banking sector in Romania was consistently the highest in the CEE region over the period 2009-2013, with non-performing loans showing steady growth. Nevertheless, the measures adopted by the NBR and the banks in 2014, such as clearing the portfolios of older non-performing loans where there are slight recovery chances, led to a fall in the non-performing loan rate. This is likely to have had a significant impact on the non-performing loans of the SMEs where the share of non-performing loans had reached approximately 30%, while the active credit market helped to maintain the non-performance rate of the consumer and mortgage loans at lower levels (Bentoiu, 2012).

While demand is the main driver of growth, the supply is encouraged by the relatively solid capital formation (profitability) and the superior asset quality. The largest increase in the credits within Central Europe is expected in Slovakia, while the most rapid acceleration of growth is expected to be in Poland. The mortgage loans in Slovakia maintain their current double-digit growth, while the recovery of investments enabled the credits granted to companies to return to growth. The credit dynamics in the Czech Republic is also expected to grow (especially for mortgage loans), however at a moderate pace. In Poland, there was a relatively rapid recovery in consumer credits, credits to legal entities; however mortgage loans are expected to make a strong contribution to Poland's medium-term growth. The ratio between loans and deposits in Poland, Slovakia and the Czech Republic is expected to increase gradually, according to the ECB.

After continuing the disintermediation process for years, the credit dynamics was negative in most markets in the south, even until 2014-2015; however it reached a turning point in 2016, given that the economic recovery started to be visible. In Hungary, the packages of measures meant to convert credits into local currency contributed to a significant decline in the loan stock from year to year, however afterwards the dynamics of the sector of banking services for individuals returned to positive growth in 2015-2016 (Table 4).

**Table 4. Banking credits changes in CEE banking sectors (%)**

	2010	2011	2012	2013	2014	2015	2016
<i>Poland</i>	10.5	16.2	1.9	3.2	5.5	7.0	7.6
<i>Czech Republic</i>	4.3	6.4	2.6	6.7	5.1	6.4	7.3
<i>Slovakia</i>	6.6	8.7	2.7	5.7	6.8	7.6	8.9
<i>Hungary</i>	3.1	0.6	-14.2	-5.2	-6.7	0.4	1.8
<i>Romania</i>	5.6	3.5	1.5	-2.3	-0.2	2.3	4.3
<i>Bulgaria</i>	1.2	4.0	3.0	0.9	2.1	3.4	4.5
<i>Croatia</i>	5.8	6.2	-3.7	1.4	-1.3	-0.3	1.7
<i>Slovenia</i>	2.7	-2.4	-5.9	-21.1	-6.7	-1.4	0.1

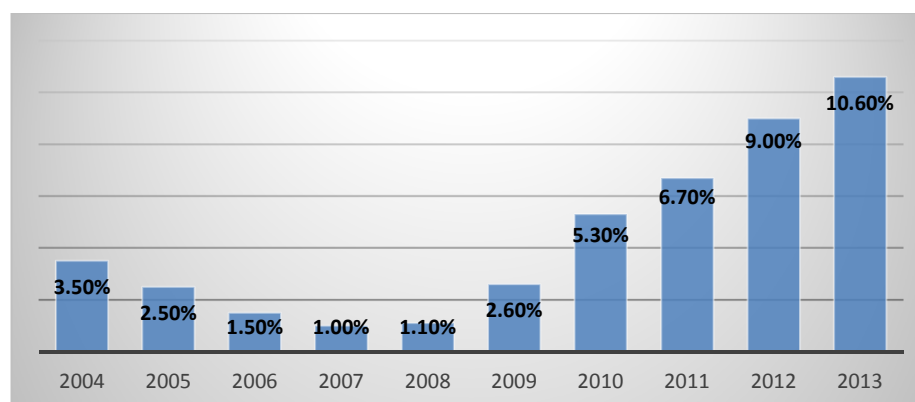
Source: European Central Bank, available at <https://www.ecb.europa.eu/stats/html/index.en.html>

Unfortunately, in recent years there has been a more rapid deterioration in companies' payment discipline – compared to that in the retail sector. Thus, if by 2011 the share of uncertain loans in the retail banking sector exceeded that in the corporate sector, the dynamics changed starting from 2012.

### 3. PERFORMANCES OF THE ROMANIAN BANKING SECTOR

The years following the crisis were particularly difficult for the banks in Romania, mainly due to the rapid growth of the non-performing loans (Figure 1). In turn, this aspect led to sudden spending with depreciation, thus lowering profitability. Although the severe austerity measures adopted by banks provided significant cost reductions, this isolated factor did not offset the damage caused by the deterioration of the asset quality.

However, all these factors limit the growth prospects of a banking sector which is still small, whose assets account for only 65% of GDP. A similar conclusion could be drawn by comparing the penetration rates of the CEE countries, among which Romania is ranked last, despite the rapid growth in the pre-crisis years.



**Figure 1. Share of the restant credits (over 90 days) of total credits during in Romania 2004 – 2013**

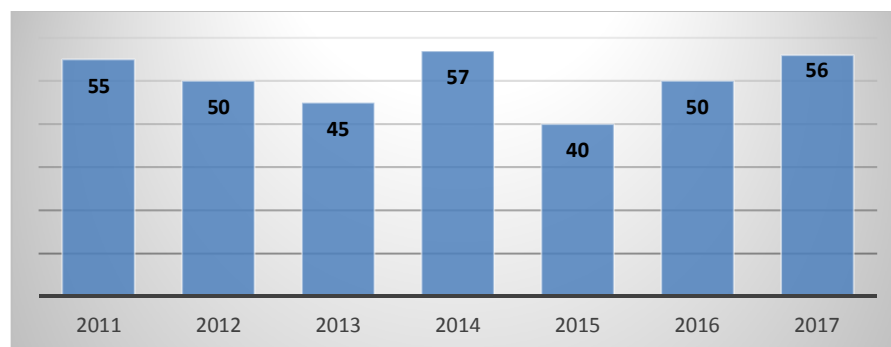
Source: Romanian Council of Banking Employers' Associations, «Banks and economic growth», November 2014, p. 69.

The indebtedness of the non-financial sector declined marginally in the period 2016-2017. The uneven evolutions of the financial intermediation at sectoral level are also determined by a series of demand-related factors (for example, the low level of capitalization of a significant number of companies, the lax payment discipline and deficiencies in the insolvency process of legal entities), as well as by supply-related factors (training of the banking staff involved in the lending activity, the lack of financing products meant to address the specific needs of the companies). In order to increase the role of the financial system over the long-term economic growth, it is necessary to settle these structural issues. Regarding the public sector indebtedness, the credibility of the implemented economic policies and the accountability in public finance management are key elements in ensuring investor confidence and, implicitly, a low cost of public debt financing.

Romania displayed one of the highest economic growth rates in the EU in 2017. However, the analysis of the main macroeconomic indicators reveals accumulation of tensions, with potentially significant negative consequences on future economic evolutions and, implicitly, on the financial stability. The main growth factor was represented by the domestic consumption, a major stimulation role, among others, being the pro-cyclical measures of fiscal policy and revenue policy over the last two years. Net exports had a negative impact and investments made a marginal contribution to GDP.

In this context, the continuation of the convergence process is conditioned by the recalibration of the policy mix so as to ensure the sustainability of the fundamental economic indicators. Co-operation between the institutions playing a role in coordinating the economic policies is essential in order to achieve an optimal mix of policies for the Romanian economy. The NBR cannot compensate for the lack of proper policies in domains other than those in its area of competence, a different approach leading, among other things, to the inefficiency of the monetary policy (Bentoiu, 2012).

The level of financial intermediation remains low, and there is still significant room for its sustainable growth, especially in terms of financing the investments in the sector of non-financial corporations. According to the type of financing, this evolution was determined by the increase in the loans contracted from the credit institutions and from the non-banking financial institutions (NBFI). The external debt of the private sector continued to reduce, however at a slower pace compared to the previous evolutions and the indebtedness in RON increased.



**Figure 2. Population and firms indebtedness in Romania after the financial crisis (%)**

Source: Romanian Council of Banking Employers' Associations, «Banks and economic growth», November 2014 (updated on April 2018), p. 69.

At sectoral level, the total indebtedness of the non-financial corporations advanced marginally in 2017 (Figure 2), being further overwhelmed by the magnitude of the evolutions in the population sector (Table 5). Financing attracted from the non-banking financial institutions remains relatively low, however it sees a significantly more sustainable dynamics compared to that of the total indebtedness, respectively the banking indebtedness. These developments have prompted the Central Bank to adopt a series of measures to ensure that the prudential indicators are maintained within appropriate limits and to reduce a number of inappropriate practices that could affect the image of the financial industry.

Given the fact that the conduct of the monetary policy is expected to continue to be adjusted and the future macroeconomic developments have a high degree of uncertainty, particularly due to the fluctuations in tax and revenue policy, it is likely that the borrowers who contracted loans in this period at a high level of indebtedness, to face difficulties in settling the debt service and supporting consumption at the current level.

Until the significant increase of ROBOR in 2018, there were three main important factors that increased the firms or population indebtedness:

- ✓ the high number of companies owning negative equity or which do not carry out an activity;
- ✓ the high level of indebtedness of certain categories of companies, particularly micro-enterprises;
- ✓ deficiencies in the insolvency framework for legal entities.

NBR wants to limit the population indebtedness, especially because the consum credit significantly increased and ROBOR has also increased lately. Thus, the indebtedness level for the mortgage credit with flexible interest rate should not exceed 40% and for the consum credit with flexible interest rate this level should not exceed 30%. For the credits denominated in the foreign currency, the maximum indebtedness ratios are even lower, 30% for mortgage credits with flexible interest rate and 15% for the consum credit with flexible interest rate. NBR intends to discourage the credit denominated in the foreign currency, after 2008 when the foreign exchange risk caused great losses and a high share of non-performing loans in the Romanian banking sector.

The assessment of the corporate indebtedness capacity at the end of 2016 indicates the existence of a sustainable lending potential that can be exploited by the domestic banks over time. More than two-thirds of the additional financing volume can be absorbed by the private sector, while the rest by the sector of the state-owned companies. The most important amounts could be directed to areas of activity such as the industry or services.

**Table 5. Annual growth rate of corporate loans and population loans in Romania (%)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Annual growth rate of the corporate credit (%)	45	4	9	11	13	2	5	9	3	13
Annual growth rate of the credit for population (%)	44	6	5	3	8	2	15	25	21	14

Source: According to data released by Romanian Council of Banking Employers' Associations, « Banks and economic growth», November 2014 (updated on April 2018), p. 70.

Banking indebtedness is quite low, non-financial companies preferring other financing sources such as commercial credit, loans from the shareholders or from foreign financial institutions. Banking loans are not very appealing for the Romanian companies. During 2004-2017 less than 15 percent of the Romanian companies borrowed from banks (NBR, 2017).

Increasing the financial intermediation for companies could be an alternative driver to economic growth, however on condition of improving the payment discipline, reducing the uncertainties and returning to a positive market outlook.

It can be noticed that between 2016 and 2017, the indicator of the return on equity rate (ROE) is slightly higher, meaning that there had been a greater increase of the net profits against the banking capital, as a result of increased asset capacity to generate profit. Also, the level of the economic return (ROA) showed a slight increase, due to a greater increase of the net profits against the increase of the net assets value (Table 6). The stability of the Romanian banking system proved its efficiency at the time of the 2008-2010 financial crisis, when it managed to overcome this situation much more easily compared to other European banking systems, the most significant risk manifested being the credit risk.

**Table 6. Main ratios of the Romanian banking sector during 2016-2017**

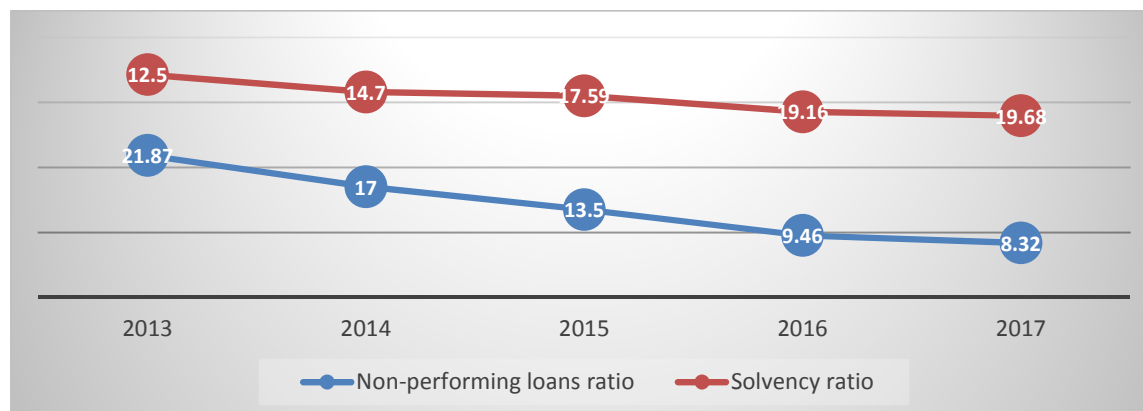
<b>Ratios</b>	<b>Sept. 2016</b>	<b>Dec. 2016</b>	<b>March 2017</b>	<b>June 2017</b>	<b>Sept. 2017</b>
Net profit (mil. RON)	3.695,6	4.258,8	1.236,9	2.681,7	4.076,1
Number of the credit institutions with profit	26	27	26	27	27
Number of the credit institutions with losses	11	10	11	9	9
Net assets (mil. RON)	378.097,1	393.912,3	393.746,9	398.626,5	406.427,7
Gross credits for non-banking clients (mil. RON)	230.561,4	234.330,5	237.625,8	240.701,1	247.641,8
Total risk exposure (mil. RON)	189.611,6	191.864,7	193.022,3	193.057	199.846,9
Deposits from non-banking clients (mil. RON)	278.234,1	295.335,8	295.444,5	300.899,2	308.409,9
Own-capital (mil. RON)	40.958,7	40.827,6	41.938,6	42.688,9	43.841,9
Total own-funds ratio	18,76%	18,33%	19,8%	19,83%	18,98%
ROA	1,3%	1,1%	1,26%	1,36%	1,36%
ROE	12,32%	10,67%	11,98%	12,91%	12,9%
Non-performing loans ratio	10%	9,46%	9,36%	8,32%	7,96%
Number of the credit institutions (including Creditcoop)	5.567	5.501	5.476	5.418	5.325
Number of the credit institutions (without Creditcoop)	4.816	4.757	4.732	4.675	4.582
Employees number	55.796	55.396	55.427	55.281	54.957

Source: <http://bancherul.ro/indicatorii-sistemului-bancar-la-finalul-t3-2017-profit-istoric-cu-mai-putine-unitati-si-angajati-si-cu-noua-banci-in-pierdere--17851>

In order to reduce the level of market risk as much as possible, the NBR tried through its monetary policy to increase the number of credits granted in national currency and to reduce credits granted in foreign currency. The economic stability led to increased investor confidence; however, the fluctuations and political tensions in the Romanian environment manifested throughout 2017 led to an increase in the ROBOR level and to price increases, to an unprecedented inflation after 2004.



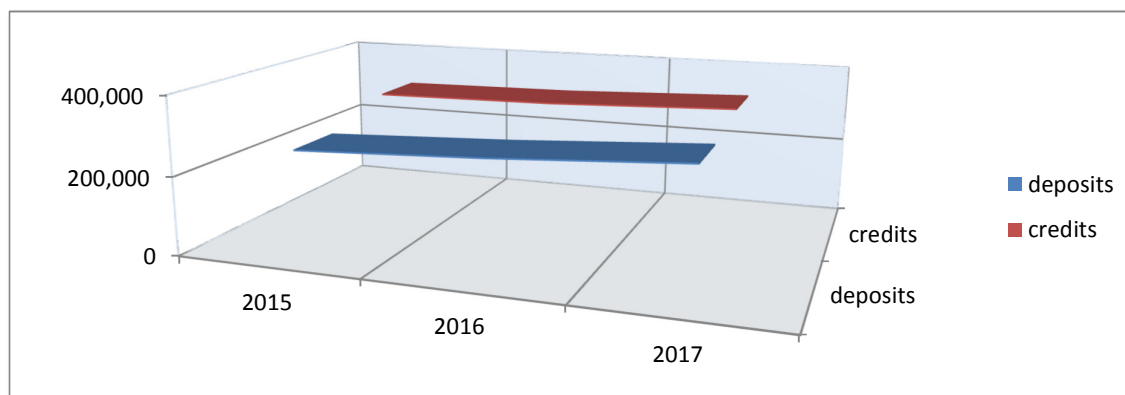
The ROBOR increase negatively impacted on the banking clients that borrowed in the national currency, including the beneficiaries of the „First House” program which is a state-supported program, with a lower interest rate.



**Figure 3. Developments of the non-performing loans ratio and the banking solvency ratio in Romania during 2013-2017**

Source: [www.bnro.ro](http://www.bnro.ro)

The rate of the non-performing loans within the entire Romanian banking system had a significant drop from 10.00% in September 2016 to 7.96% in September 2017, which shows good banking risk management and good knowledge of the environment and of the banking market. The solvency ratio displayed a good level: from 14.7% in 2014 to 19.68% in 2017. The level of deposits attracted from non-governmental clients increased steadily, and so did the loans granted to the private sector (Figure 3 and Figure 4).

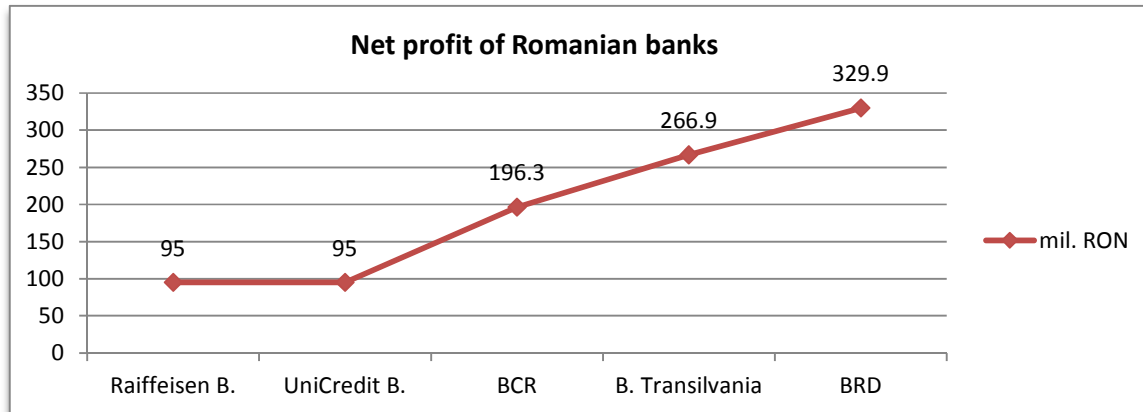


**Figure 4. Developments of the banking deposits and credits in Romania during 2015-2017 (mil. RON)**

Source: [www.bnro.ro](http://www.bnro.ro)

At the same time, in recent years, a lot of the Romanian banks have developed through the absorption of others, with less than 1% market shares. By the end of 2015 Banca Transilvania (Transylvania Bank) took over the Austrian bank Volksbank, UniCredit Bank took over RBS, OTP Bank purchased Millenium Bank; the top ten largest Romanian banks hold 80% of the Romanian financial market. The market leader in terms of assets is the Commercial Bank of Romania (CBR), closely followed by Transylvania Bank, BRD, CEC, UniCredit Bank, Raiffeisen Bank or ING

Bank. The banks made significant profits; CBR, BRD, and Transylvania Bank dispute the first positions in terms of profit ranking. After taking over Volksbank, Transylvania Bank displayed a 456% increase in assets in 2015 compared to 2014; in 2017, it occupied the second position in terms of net profit value (Figure 5). Transylvania Bank took over Bancpost from Eurobank in 2018, so its position in terms of banking assets will improve this year. In terms of the net profit, Bancpost faced large losses many years, until 2015, but slightly regained its profits during the last 2 years (after selling many non-performing assets), so it is hardly feasible that the Transylvania Bank will rank first, in front of BRD in 2018. However, the steady increase of ROBOR in 2018 determined profit growth for many Romanian banks in 2018.



**Figure 5. Net profit of the main Romanian banks in 2017**

Source: <http://www.zf.ro/banci-si-asigurari/mai-mult-de-doua-treimi-din-banci-au-fost-pe-profit-in-primul-trimestru-in-timp-ce-11-au-raportat-pierderi-16391026>

The banks focused on financing the non-financial corporations, the companies in the tradable goods sectors, the SMEs, and co-financing projects benefiting from European funds. The “First Home” government program set up in 2013, granting credits only in national currency, led to an improvement in the lending situation for housing acquisition and re-launched the real estate market.

However, the economic growth led to an increase in the purchasing power of the population and an increase in the lending level; the uncontrolled growth of consumption, reflected in the economic growth, may lead to the emergence of a new economic boom unless the banking regulatory and prudential policies are maintained in force.

#### 4. CONCLUSIONS

After a transition period to democracy and liberalization of the economic and financial markets, when the banking activity learnt the rules step-by-step, we can state that currently, the Romanian banking system is solid and well-prepared for the market economy.

After Romania joined the EU, which implied new practices and regulations on the domestic banking market, the hardest challenge was overcoming the last world financial crisis during 2008-2010. NBR’s strategy, the Romanian macroeconomic environment and the governmental strategies prepared Romania for that moment. The management of the banking institutions became more exigent: they don’t aim granting credits no matter the costs, but also consider the credits quality.

The Romanian banks learnt and developed new strategies focused on fulfilling the needs of their existing or potential clients. They have learnt the importance of the banking employees; these are important for establishing contacts with the clients or for selling banking products. In addition to the banking personnel, the clients judge a strong and successful bank for the high quality of its banking products or services.

The NBR forecasts for 2017-2018 aim to sustain the economic balance, the financial stability of the economic system, to support large inflows of the European funds for development projects, to support the financial discipline of the Romanian firms, decreasing the excessive fiscal burden and a continuous monitoring of the real sector risks, by using the macro-prudential instruments used by NBR.

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5. \*\*\* <https://www.ecb.europa.eu/stats/html/index.en.html>
6. \*\*\* <http://bancherul.ro/indicatorii-sistemului-bancar-la-finalul-t3-2017-profit-istoric-cu-mai-putine-unitati-si-angajati-si-cu-noua-banci-in-pierdere--17851>
7. \*\*\* <http://www.bnr.ro/PublicationDocuments.aspx?icid=11104>