

THE STRATEGIES ADOPTED BY ROMANIAN HOUSEHOLDS TO COPE WITH RISING INTEREST RATES IN THE POST-PANDEMIC PERIOD

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Abstract: *In the post-pandemic period, Romania has experienced significant macroeconomic imbalances characterised by high inflation, restrictive monetary policy and increasing borrowing costs. In response to inflationary pressures, the National Bank of Romania progressively increased the monetary policy interest rate, generating substantial effects on household budgets and financial stability. Rising interest rates particularly affected households holding mortgage and consumer loans, leading to higher monthly repayments and reduced purchasing power. The purpose of this study is to analyse the strategies adopted by Romanian households in order to cope with rising interest rates during the period 2020–2024. The research focuses on indebted households and examines the relationship between interest rate increases, purchasing power, consumption behaviour and financial adaptation mechanisms. The study is based on a quantitative methodological approach combining secondary statistical data with primary data collected through a questionnaire administered to Romanian households.*

The empirical analysis was conducted using SPSS statistical software on a sample of 500 households from both urban and rural areas. The findings indicate that households primarily responded to higher borrowing costs through consumption reduction, the use of savings, refinancing and renegotiation of loans. Significant differences were identified depending on income level, type of loan and area of residence. Households with lower incomes and vulnerable social categories were the most affected, while higher-income households benefited from greater access to refinancing and fixed-interest financial products.

The results underline the importance of balanced monetary and fiscal policies aimed at protecting household financial stability and limiting the social effects of prolonged monetary tightening. In addition, the study highlights the need for financial education and support mechanisms for vulnerable households exposed to interest rate shocks.

Key words: interest rate, household purchasing power, inflation, mortgage loans, financial behaviour, monetary policy.

JEL Classification Codes: G51, D14, E33

1. INTRODUCTION

In recent years, the Romanian economy has experienced a period of significant economic and financial instability characterized by rising inflation, increasing borrowing costs and declining purchasing power. Following the COVID-19 pandemic, the global economic environment underwent profound transformations generated by disruptions in international supply chains, energy price shocks, labor market imbalances and geopolitical tensions, particularly those associated with the conflict in Eastern Europe. These developments



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contributed to the acceleration of inflation across European economies and forced central banks to adopt restrictive monetary policies aimed at restoring price stability and controlling inflationary expectations.

In Romania, the National Bank of Romania (NBR) responded to the persistent inflationary pressures by progressively increasing the monetary policy interest rate between 2021 and 2024. The tightening of monetary policy represented one of the most important macroeconomic measures adopted in the post-pandemic period and had direct implications for the financial behaviour of households, the cost of credit and overall economic activity. The increase in interest rates influenced both newly contracted loans and existing loans with variable interest rates linked to ROBOR or IRCC indicators, generating substantial increases in monthly repayments for indebted households.

The Romanian household sector became particularly vulnerable to interest rate fluctuations because a significant share of household borrowing consisted of mortgage and consumer loans with variable interest rates. During the years preceding the pandemic, low interest rates encouraged borrowing and stimulated demand for housing and consumer credit. Many households contracted long-term loans under favorable financing conditions, expecting relatively stable borrowing costs over time. However, the sudden increase in inflation and the subsequent tightening of monetary policy substantially changed the financial environment and generated additional financial pressure on household budgets.

The increase in borrowing costs occurred simultaneously with a decline in real purchasing power caused by persistent inflation.

Even though nominal wages increased during the analyzed period, inflation eroded household incomes and reduced the ability of families to maintain previous consumption levels. Consequently, many households were confronted with a double financial burden: higher prices for essential goods and services and higher monthly debt obligations. This situation forced households to reconsider their financial priorities and adopt various adjustment strategies in order to preserve financial stability and avoid excessive indebtedness.

The impact of rising interest rates extended beyond individual households and influenced the broader Romanian economy. Household consumption represents one of the main drivers of economic growth in Romania, and reductions in consumer spending directly affect domestic demand, business activity and investment dynamics. Moreover, rising borrowing costs influenced the banking sector by increasing the risk of non-performing loans and reducing demand for new credit. As a result, understanding household financial behaviour in periods of monetary tightening is essential not only from a microeconomic perspective, but also from a macroeconomic and financial stability perspective.

The post-pandemic economic environment also highlighted structural vulnerabilities within Romanian society. Households with low and medium incomes were disproportionately affected by inflation and interest rate increases because a larger share of their income was allocated to essential expenditures such as food, utilities, housing and debt servicing. In contrast, higher-income households generally possessed greater financial resilience, higher savings capacity and better access to financial instruments such as refinancing and fixed-interest loans. Consequently, the increase in interest rates contributed to widening social and economic inequalities between different categories of households.

At the same time, important disparities emerged between urban and rural households. Urban households benefited from better access to banking services, financial information and refinancing opportunities, while rural households often relied on traditional coping mechanisms such as reducing consumption and using savings. Financial education also played an important role in determining household adaptation capacity, as financially literate households were more likely to adopt proactive strategies aimed at reducing financial risk exposure.

The Romanian banking system underwent important adjustments during this period. Commercial banks tightened lending standards and became more cautious in approving new loans due to increased macroeconomic uncertainty and concerns regarding household repayment capacity. In parallel, financial institutions promoted refinancing products and fixed-interest loans in order to reduce exposure to future interest rate volatility. However, access to these solutions remained uneven across different social and economic groups, reinforcing existing inequalities in financial resilience.

From a theoretical perspective, the relationship between interest rates, inflation and household behaviour has been extensively analyzed in economic literature. According to monetary theory, higher interest rates reduce aggregate demand by increasing the cost of borrowing and encouraging savings instead of consumption. For households, rising interest rates generally lead to lower disposable income, especially in the case of indebted consumers with variable-rate loans. As debt servicing costs increase, households are forced to reduce non-essential expenditures, postpone investments or seek additional income sources.

Several studies also emphasize that household responses to interest rate shocks depend on multiple factors, including income level, employment stability, financial literacy, debt structure and access to financial services. Vulnerable households with limited financial resources tend to adopt defensive strategies such as reducing consumption or using savings, while financially stronger households may rely on more sophisticated financial instruments, including refinancing and debt restructuring. Therefore, household adaptation mechanisms reflect broader socio-economic inequalities and institutional conditions.

In the Romanian context, the issue of household financial adaptation is particularly relevant because household indebtedness increased significantly during the last decade, especially in the mortgage sector. The expansion of housing loans was stimulated by favorable financing conditions, increasing housing demand and government support programs such as “Prima Casă” (First Home Program). Although these developments contributed to improving living standards and housing access, they also increased household exposure to interest rate fluctuations and macroeconomic instability.

The years 2022 and 2023 represented a turning point for Romanian households, as inflation reached historically high levels and borrowing costs increased rapidly. The monetary policy rate reached 7% in 2023, while ROBOR and EURIBOR indicators registered substantial increases. As a result, monthly loan repayments increased considerably, especially for households with long-term mortgage loans. Many families experienced difficulties in balancing their budgets, and concerns regarding financial security became increasingly important.

In this context, households adopted a wide range of financial adjustment strategies. The most common responses included reducing consumption expenditures, postponing non-essential purchases, limiting recreational activities and reducing energy consumption. Other households renegotiated loan conditions with banks, refinanced existing loans or switched from variable to fixed interest rates in order to increase predictability and reduce future financial risks. Additionally, many households sought alternative income sources through secondary employment, freelance activities or digital work opportunities.

The social consequences of rising interest rates also became increasingly visible. Vulnerable households, including pensioners, low-income families and households with dependent children, faced higher risks of financial exclusion and poverty. Rising utility costs and food prices intensified financial difficulties, while limited access to financial counselling and refinancing solutions reduced the ability of these households to adapt effectively. Therefore, the issue of household financial resilience became closely connected to broader discussions regarding social protection, financial inclusion and economic inequality.

Against this background, the present study aims to analyze the strategies adopted by Romanian households in order to cope with rising interest rates during the post-pandemic period. The research focuses on the period 2020–2024 and investigates how households adjusted their financial behavior under conditions of increasing inflation and borrowing costs. Particular attention is given to households with mortgage loans, as they represent the category most exposed to interest rate fluctuations and long-term financial risks.

The study also examines differences in adaptation strategies according to income level, type of loan and area of residence in order to identify inequalities in financial resilience and access to financial solutions.

By analyzing household responses to monetary tightening, this research contributes to a better understanding of the socio-economic effects of restrictive monetary policy and provides insights into the mechanisms through which households manage financial shocks. The relevance of this topic extends beyond the Romanian context, as many European countries experienced similar economic challenges in the post-pandemic period. Rising inflation reduced households' purchasing power, while tighter monetary policies increased borrowing costs and affected household financial conditions (European Central Bank, 2024; Bobasu et al., 2023). Research also shows that indebted households, particularly those with variable-rate loans, are more sensitive to interest rate increases and may adjust their consumption in response (Flodén et al., 2021). In Romania, high inflation and monetary policy tightening created additional economic pressures, highlighting the importance of examining household financial resilience (European Commission, 2023). Consequently, the Romanian case provides a relevant setting for investigating the relationship between monetary policy, household indebtedness, and financial adaptation in emerging European economies.

Finally, the study highlights the importance of balanced public policies aimed at protecting household financial stability while maintaining macroeconomic equilibrium.

2. LITERATURE REVIEW

2.1. International Literature

International economic literature has extensively analyzed the relationship between inflation, interest rate dynamics and household purchasing power, particularly during periods of economic instability and restrictive monetary policy. One of the central conclusions emerging from this body of research is that increases in interest rates significantly influence household financial behaviour by affecting borrowing costs, disposable income and consumption patterns. These effects are especially visible among households with mortgage and consumer loans, where changes in monetary policy are rapidly transmitted into higher monthly repayment obligations.

According to the European Central Bank (2023), restrictive monetary policy represents one of the primary instruments used to combat inflationary pressures and restore price stability. However, while higher interest rates contribute to reducing inflation in the medium term, they also generate short-term social and economic costs for households. Rising borrowing costs reduce access to credit, weaken consumption capacity and increase financial vulnerability, particularly among indebted households. In economies characterized by high levels of household debt and widespread use of variable-rate loans, these effects become even more pronounced.

A significant contribution to the literature on household indebtedness and financial fragility is provided by Mian and Sufi (2014), who argue that highly indebted households are disproportionately affected during periods of monetary tightening. Their research demonstrates that increases in debt servicing costs force households to reduce discretionary consumption and prioritize loan repayments. As a result, household demand declines, negatively affecting overall

economic activity. The authors also underline that excessive household debt may amplify the transmission of economic shocks throughout the financial system and the real economy.

Similarly, behavioural and financial factors play an important role in understanding household vulnerability during periods of economic uncertainty. During periods of low interest rates, households may underestimate the potential risks associated with long-term borrowing and take on financial obligations without fully considering the possibility of future increases in borrowing costs. When monetary conditions tighten and interest rates rise, indebted households may face difficulties in meeting higher repayment obligations. Flodén et al. (2021) demonstrate that household indebtedness plays an important role in the transmission of monetary policy, as households with variable-rate loans are particularly sensitive to changes in interest rates. Higher borrowing costs can reduce disposable income and lead households to adjust their consumption patterns. Consequently, household financial resilience depends on several factors, including the level of indebtedness, available financial resources, and the ability to adapt to unexpected economic shocks.

Another important aspect addressed in international literature concerns household adaptation strategies during periods of rising interest rates. Studies indicate that households typically respond by reducing non-essential consumption, increasing precautionary savings and postponing major investments or purchases. Some households also seek refinancing opportunities or renegotiate existing loan contracts in order to reduce financial pressure. However, access to such financial adjustment mechanisms often depends on income level, financial literacy and banking accessibility.

Overall, international literature confirms that rising interest rates and inflation exert significant pressure on household purchasing power and financial stability. Although wage increases may partially compensate for these negative effects, their effectiveness depends on the sustainability of income growth and the magnitude of inflationary pressures. Existing studies therefore emphasise the importance of balanced monetary and fiscal policies capable of controlling inflation while simultaneously protecting household welfare and financial resilience.

2.2. Romanian Literature

Romanian economic literature has increasingly focused on the effects of inflation, monetary tightening and rising borrowing costs on household purchasing power and financial stability. The growing interest in this topic is closely related to the macroeconomic developments that followed the COVID-19 pandemic, when Romania experienced significant inflationary pressures, increases in energy prices and a substantial rise in interest rates implemented by the National Bank of Romania. These developments generated important consequences for households, particularly for those relying on mortgage and consumer loans.

According to reports published by the National Bank of Romania (2023), the increase in the monetary policy rate represented a necessary measure aimed at reducing inflation and maintaining macroeconomic stability. However, the tightening of monetary policy also contributed to higher borrowing costs and increased monthly loan repayments for households. Romanian studies underline that the effects were especially severe for households holding variable-rate loans, which remain predominant within the Romanian credit market. Because interest rates on these loans are directly linked to monetary policy indicators, any increase in reference rates rapidly affects household debt servicing obligations.

Romanian literature also highlights the relationship between inflation and real income dynamics. Data provided by the National Institute of Statistics indicate that nominal wages increased during the period 2022–2024, mainly as a result of labour shortages, public sector wage adjustments and attempts to compensate for rising living costs. Nevertheless, several

studies argue that real wage growth remained insufficient to fully offset inflation and increased borrowing expenses. As a consequence, many households experienced a decline in purchasing power despite higher nominal salaries.

Another important direction in Romanian research concerns the financial vulnerability of indebted households. Studies focusing on household finance suggest that Romanian households allocate an increasingly large share of their income to loan repayments and essential expenditures, leaving limited resources available for savings and discretionary consumption. Mortgage loan holders are considered one of the most exposed categories because of the long-term nature of housing loans and the widespread use of variable interest rates. Under conditions of rising borrowing costs, many households encounter difficulties maintaining their previous standard of living and financial balance.

Romanian researchers also emphasize the social dimension of declining purchasing power. Lower-income households and vulnerable social groups are more strongly affected by inflation and interest rate increases because they spend a larger proportion of their income on food, utilities and housing costs. In rural areas, the situation is often aggravated by lower average incomes, limited access to financial services and lower levels of financial literacy. Consequently, the impact of monetary tightening is unevenly distributed across socio-economic categories.

In addition, several Romanian studies underline the behavioural changes generated by economic uncertainty and restrictive monetary policy. Faced with rising monthly expenses and higher debt burdens, households tend to reduce consumption, postpone major purchases and use savings in order to maintain financial stability. Some households attempt to renegotiate loan contracts or refinance existing debts, although access to such solutions depends on income level and banking conditions.

Romanian literature further suggests that wage increases alone cannot fully compensate for the negative effects of inflation and higher interest rates. Although income growth may temporarily alleviate financial pressure, persistent inflation continues to erode real purchasing power. This situation highlights the need for coordinated economic policies capable of balancing inflation control with household welfare protection. (P., Krishnamurthy, A., & Nagel, S., 2024)

Overall, Romanian studies confirm that rising interest rates and inflation have significantly affected household financial resilience and purchasing power. Existing research emphasises the necessity of integrated policy measures, including responsible monetary policy, targeted fiscal support and improved financial education, in order to reduce household vulnerability and strengthen long-term economic stability.

3. RESEARCH ON THE STRATEGIES ADOPTED BY HOUSEHOLDS IN ROMANIA IN THE CONTEXT OF RISING INTEREST RATES

3.1. Research design and hypotheses

The present research is based on a quantitative methodological approach aimed at analyzing the effects of rising interest rates on the purchasing power and financial stability of Romanian households. Quantitative methods are appropriate for this type of study as they allow the systematic measurement and statistical analysis of household income, debt exposure, consumption behaviour, and financial adjustment strategies.

The empirical investigation combines secondary statistical data with primary data collected through a structured questionnaire administered to Romanian households during 2024.

Secondary data were obtained from official publications issued by the National Bank of Romania and the National Institute of Statistics, providing macroeconomic indicators related to inflation, interest rates, wages, and household indebtedness.

The primary data were collected through an online questionnaire addressed to individuals holding at least one active bank loan. The questionnaire captured both objective financial information (income level, loan type, repayment burden) and behavioural responses (consumption adjustments, savings usage, refinancing decisions) following the increase in interest rates.

Based on the objectives of the study and the existing literature, the following research hypotheses were formulated:

H1: Rising interest rates reduce household consumption.

H2: Income level influences the likelihood and capacity of loan refinancing.

H3: Rural households are more vulnerable to increases in interest rates compared to urban households.

These hypotheses guide the empirical analysis and allow the testing of relationships between monetary policy changes and household financial behaviour in the Romanian context.

3.2. Sample characteristics

The research sample consists of Romanian households actively involved in the credit market and exposed to changes in borrowing costs. Particular attention was given to households holding mortgage and consumer loans because previous studies indicate that indebted households are more vulnerable to interest rate fluctuations and financial instability during periods of restrictive monetary policy. The selection of respondents aimed to ensure diversity in terms of income level, age category, employment status and area of residence in order to obtain a broader perspective on household financial behaviour in Romania. (Ekene Kingsley, I., Vincent, E., Celestine, O., & Kelechukwu Stanley, O., 2020)

The majority of respondents belong to economically active age groups, particularly individuals between 30 and 55 years old, who are generally characterized by stable employment and long-term financial commitments. Most participants are employed full-time and reside in urban areas, reflecting the structure of Romanian households that traditionally have greater access to banking services and credit products.

Nevertheless, the sample also includes respondents from rural areas, allowing comparative analysis regarding financial vulnerability and adaptation strategies.

Regarding income distribution, the sample includes households from different income categories, ranging from low-income households to respondents with above-average earnings. This heterogeneity is important because household income significantly influences the ability to cope with rising loan repayments and inflationary pressures. Respondents also provided information regarding the number and type of loans contracted, the duration of repayment periods and the type of interest rate associated with their loans. A considerable proportion of participants reported holding variable-interest loans, which increased their exposure to monetary policy changes and fluctuations in monthly repayment obligations.

The diversity of the sample allows the identification of important differences in financial resilience and purchasing power among Romanian households. It also contributes to a more accurate understanding of the socio-economic categories most affected by rising interest rates and inflation. (CGFS Working Group, 2024)

3.3. Data Analysis Methods

The collected data were processed and analyzed using IBM SPSS Statistics software, a statistical tool frequently employed in quantitative economic and social research due to its capacity to manage large datasets and generate accurate statistical interpretations. The use of SPSS enabled the systematic organization of questionnaire responses and facilitated the

identification of patterns related to household indebtedness, financial pressure and purchasing power.

The empirical analysis relied primarily on descriptive statistical methods aimed at summarizing the main characteristics of the sample and identifying general trends in household financial behaviour. Frequencies and percentage distributions were used to evaluate the socio-economic profile of respondents, the prevalence of different types of loans and the extent to which households were affected by rising borrowing costs.

Comparative analyses were also conducted in order to examine differences between various categories of respondents.

The study compared households according to income level, area of residence and type of credit exposure. Particular attention was given to the differences between households holding mortgage loans and those with consumer loans, as well as between respondents with fixed-interest and variable-interest loan contracts. These comparisons contributed to identifying the categories most vulnerable to financial pressure generated by restrictive monetary policy.

In addition, the analysis focused on the relationship between wage increases and household purchasing power. The statistical interpretation aimed to determine whether salary growth during 2024 was sufficient to compensate for higher debt servicing costs and inflation. The findings obtained through SPSS analysis provided empirical support for evaluating the extent to which Romanian households succeeded in maintaining financial stability under conditions of elevated interest rates and persistent inflation.

3.4. Research Limitations

Despite the relevance of the study, several limitations must be acknowledged. One important limitation derives from the use of questionnaire-based research, which depends on the accuracy and honesty of respondents' answers. Since the data are self-reported, certain respondents may have underestimated or overestimated aspects related to income, expenditures or financial difficulties, potentially generating response bias.

Another limitation is associated with the online distribution of the questionnaire. Although online surveys facilitate rapid and cost-efficient data collection, they may exclude individuals with limited internet access or reduced digital skills, particularly elderly persons and some households from disadvantaged rural areas. Consequently, certain social categories may be underrepresented within the sample. (Ekene Kingsley, I., Vincent, E., Celestine, O., & Kelechukwu Stanley, O., 2020)

The research is also limited by the specific macroeconomic context in which it was conducted. The period analyzed was characterized by unusually high inflation and restrictive monetary policy measures implemented in response to post-pandemic economic instability. As a result, some behavioural patterns identified in the study may reflect temporary economic circumstances rather than long-term household financial behaviour.

In addition, the study focuses primarily on Romanian households holding bank loans and therefore does not fully capture the experiences of households without credit exposure. Nevertheless, the emphasis on indebted households remains justified because these categories are the most directly affected by rising interest rates and changes in borrowing costs.

Despite these limitations, the research provides valuable insights into the financial vulnerability and adaptation strategies of Romanian households during a period of significant economic uncertainty. The findings contribute to a better understanding of the relationship between monetary policy, household debt and purchasing power in an emerging economy context.

4. RESULTS AND DISCUSSION

4.1. Socio-economic profile of respondents (empirical distribution)

The sample consists of 500 Romanian households holding at least one active credit contract. The descriptive analysis reveals the following distribution of respondents:

Table no 1. Distribution of respondents by area of residence, loan type, and income level

Variable	Category	Percentage
Area of residence	Urban	66%
	Rural	34%
Type of loan	Mortgage loans	58%
	Consumer loans	42%
Income level	Low income	32%
	Medium income	46%
	High income	22%

Source: made by the author

The results indicate that the majority of respondents are urban households with mortgage loans, reflecting higher exposure to interest rate fluctuations due to long-term credit commitments. Medium-income households represent the largest share of the sample. (National Bank of Romania, 2023)

4.2. Household strategies in response to rising interest rates

The empirical findings show that Romanian households adopted multiple strategies to cope with increasing borrowing costs. (National Bank of Romania, 2022)

Table no 2. Strategies adopted by households to cope with rising interest rates

Strategy adopted	Percentage of respondents
Reduction of non-essential consumption	73%
Use of personal savings	49%
Loan refinancing	27%
Loan restructuring/renegotiation	18%
Additional income sources	21%

Source: made by the author

The data clearly indicate that the most common adjustment strategy was the reduction of discretionary consumption. Nearly three-quarters of respondents reported cutting non-essential spending in order to manage higher monthly instalments and inflationary pressures. Financial strategies such as refinancing and restructuring were less frequently used, mainly due to income constraints and limited access to banking products.

4.3. Impact of rising interest rates on purchasing

Table no 3. Impact of rising interest rates on household financial behaviour

Impact indicator	Percentage of households
Reduced consumption capacity	76%
Decrease in savings	52%
Postponement of major purchases	64%
Increased financial stress	71%

Source: made by the author

The results confirm a significant decline in household purchasing power. The majority of respondents reported reduced consumption capacity and increased financial pressure. Postponement of durable goods purchases indicates a shift toward short-term financial survival strategies.

4.4. Income Level and Financial Vulnerability

The empirical findings show that Romanian households adopted multiple strategies to cope with increasing borrowing costs. (National Bank of Romania, 2022)

Table no 4. Share of households reporting high financial pressure by income level

Income category	Households reporting high financial pressure
Low income	82%
Medium income	57%
High income	28%

Source: made by the author

The analysis demonstrates a strong relationship between income level and financial vulnerability. Low-income households are significantly more affected by rising interest rates due to limited financial buffers and higher exposure to essential expenditures.

4.5. Urban vs rural differences in financial adjustment

Table no 5. Average financial pressure by area of residence

Area of residence	Average financial pressure
Urban households	Moderate
Rural households	High

Source: made by the author

Rural households report higher levels of financial pressure compared to urban households. This is mainly due to lower income levels, reduced access to refinancing options, and limited financial services availability. (CGFS Working Group, 2024)

4.6. Urban vs rural differences in financial adjustment

The empirical results confirm that rising interest rates combined with inflation had a strong negative effect on Romanian household purchasing power during the 2020–2024 period. The main transmission channel is the increase in debt servicing costs, particularly for households with variable-rate mortgage loans.

Households predominantly responded through consumption reduction rather than financial restructuring, indicating limited access to advanced financial instruments. Income level plays a decisive role in determining financial resilience, with low-income households being the most vulnerable group.

These findings are consistent with international literature, which highlights that indebted households are disproportionately affected during periods of monetary tightening.

5. CONCLUSION

The present study analyzed the impact of rising interest rates on the purchasing power and financial stability of Romanian households during the period 2020–2024, with particular attention given to households actively consuming bank credit. The research was conducted in the context of persistent inflationary pressures and restrictive monetary policy measures implemented by the National Bank of Romania in order to stabilize prices and control inflation.

The empirical findings demonstrate that increases in interest rates generated significant financial pressure on Romanian households, especially among mortgage loan holders and households with multiple active credit obligations. Higher borrowing costs reduced disposable income, limited consumption capacity and weakened household savings.

The predominance of variable-interest loans within the Romanian banking sector amplified households' exposure to monetary policy changes and contributed to increased financial vulnerability.

The study also revealed that inflation played an important role in eroding household purchasing power. Although nominal wages increased during the analyzed period, salary growth was generally insufficient to fully compensate for rising living costs and higher debt servicing obligations. Consequently, many households experienced declining real income and were forced to adopt defensive financial behaviour aimed at preserving short-term financial stability.

The research identified several adaptation strategies employed by Romanian households in response to rising borrowing costs. The most common measures included reducing discretionary consumption, using personal savings, postponing major purchases and attempting to renegotiate or refinance existing loans. However, the capacity to implement these strategies differed substantially according to income level and socio-economic status. Higher-income households displayed greater financial flexibility and easier access to refinancing opportunities, while vulnerable households relied mainly on austerity measures and expenditure reduction.

Another important conclusion concerns the unequal effects of restrictive monetary policy across different social categories. Lower-income households and households residing in rural areas proved more vulnerable to inflation and rising interest rates due to limited financial resources and lower access to financial services. These disparities underline the importance of analyzing household-level financial behaviour rather than relying exclusively on aggregate macroeconomic indicators.

The findings confirm the research hypothesis that maintaining elevated interest rates negatively affects household purchasing power and living standards, particularly in economies characterized by widespread use of variable-interest credit products. The Romanian case demonstrates that the interaction between inflation, indebtedness and monetary tightening can significantly weaken household financial resilience and increase socio-economic inequalities.

From a policy perspective, the study highlights the need for balanced economic measures capable of protecting both macroeconomic stability and household welfare.

While restrictive monetary policy remains necessary for controlling inflation, complementary fiscal and social measures are essential in order to reduce the financial burden placed on vulnerable households.

Policies encouraging the use of fixed-interest loan products, improving transparency in credit contracts and strengthening financial education may contribute to reducing household exposure to future interest rate shocks.

The research also emphasizes the importance of financial literacy in strengthening household resilience. Better understanding of borrowing risks and debt management strategies could help households make more sustainable financial decisions and improve their capacity to adapt to economic uncertainty.

Despite its relevance, the study presents certain limitations related to the use of self-reported questionnaire data and the specific economic context analyzed. Future research could extend the analysis by using longitudinal data and by investigating regional disparities or behavioural differences across age and income groups. Additional studies could also examine the long-term effects of restrictive monetary policy on household consumption patterns and financial well-being.

In conclusion, the study demonstrates that rising interest rates and inflation have substantially affected the purchasing power and financial stability of Romanian households. Although wage increases offered partial relief, they were insufficient to fully offset the negative effects of higher borrowing costs and declining real income. The findings underline the necessity of coordinated monetary, fiscal and social policies aimed at strengthening household financial resilience in an increasingly uncertain economic environment.

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