

**AN ANALYSIS OF LOANS AND DEPOSITS OF NON-BANKS,  
NON-GOVERNMENT CUSTOMERS BY COUNTY  
IN THE ROMANIAN WEST REGION**

**HARANGUS DANIELA\*<sup>1</sup>**

<sup>1</sup>*"Aurel Vlaicu" University of Arad, Faculty of Economic Sciences, Romania*

\*Corresponding author's e-mail: d\_harangus@yahoo.com

***Abstract:** This analysis of the structure of loans and deposits of Non-Banks, Non-Government Customers by county in Romania West Region, in January 2019, shows a big difference between counties. This difference is made by the economic development of each county and by the accessibility of products and services offered by banks. Loans are analysis in lei and in foreign exchange, offered by banks for non-financial corporations, households and other. This analysis shows the correlation between the financial resources, economic development and demand or times deposits.*

***Key words:** banks, loans, deposits, customers, county*

**INTRODUCTION**

Commercial banks grant loans on the basis of creditworthiness criteria and the financial performance of requesting customers. In economy, bank loans represent a factor of economic growth, a significant source of funding for economic entities [6]. Loans and deposits managed by commercial banks are closely correlated with the financial potential of the area or region in which they operate [1].

The Western Region of Romania includes the following counties: Arad, Caraș-Severin, Hunedoara and Timiș.

Since January 1, 2015, the West Region has become a partner of the Enterprise Europe Network [12]. This region of Romania has rich natural resources, well-qualified workforce, a sound educational and research infrastructure, geographic conditions and access to major markets, as well as various natural landscapes favorable to tourism and leisure activities.

The current business environment of the West Region is the result of several factors contributing to its financial stability and economic development [13]. The high level of foreign direct investments reached before 2008 and the fact that 24% of the top 100 exporters in the automotive sector are in the West Region, thus the road through the economic crisis was covered with minor job losses and without "closed gates" among foreign companies [15].

The reasons for which foreign investors chose the Western Region are:

- strategic location;
- dynamic regional economy;
- advanced services dedicated to business environment;
- high quality of human resources;
- quality of life, in general.

The Western Region is a promising investment location, providing substantial opportunities for an emerging market that can lead to a modern and growing business environment. The West Region is considered to be a growing region, with macroeconomic outcomes above the national average [3]. The GDP per capita ratio was above the national average each year, usually the second after the Bucharest - Ilfov Region. GDP (Gross Domestic Product) in the Western Region of Romania represents 50,5% of the European Union average.

The economic potential of the Western Region of Romania is also reflected in the high demand for funding resources, bank loans and also in the volume of deposits made by

banks' customers [5]. The four counties in the Western Region of Romania have very different economic potential, which is also reflected in the volume and structure of loans and deposits registered by banks in these counties [4].

This research aims at an analysis of the structure of loans and deposits made by the customers of banks that operate in the four counties of the Western Region of Romania.

### **MATERIALS AND METHODS**

In the research carried out on the analysis of the structure of loans and deposits of non-bankers, non-government customers by county in Romanian West Region have been used as methods of scientific research: analysis, synthesis, induction, deduction, data collection, classification, systematization, comparison, and generalization.

This analysis aims to identify the correlation between financial resources, economic development, the volume and structure of loans and deposits of the customers of banks operating in the West Region of Romania, respectively in the four counties: Arad, Caraş-Severin, Hunedoara and Timiș.

The structure of loans recorded by banks in the four counties at the end of January 2019 was analyzed on Lei and foreign currency loans for resident and non-resident customers, depending on the type of customer.

Demand deposits and time deposits in Lei and foreign currency were analyzed in structure at the end of January 2019, on resident and non-resident customers, depending on the type of customer. The structure of loans and deposits, whose evolution of which was the subject of this research, were given by the commercial banks in Romania to the following types of clients: Non-Banks Customers and Non-Government Customers [9].

The data and information submitted for analysis were those reported by the National Bank of Romania at the end of January 2019. The comparative data presented in the four counties (Arad, Caraş-Severin, Hunedoara and Timiș) were selected and systematized from the reports given to the public by The National Bank of Romania.

### **RESEARCH RESULTS**

The counties of the Western Region of Romania have a very different economic potential, which is also reflected in the need of funding resources for the activities carried out [11]. A major difference between the volume of loans granted to customers and their cash availability is found between Caraş-Severin and Timiș counties. This situation highlights the fact that Timiș County has a much higher economic and financial development potential than Caraş-Severin County.

After analyzing the Structure of Loans of Non-Banks, Non-Government Customers by County, it is noted the situation presented in Table 1.

Analyzing the volume of credits in lei granted in the Western Region of Romania, in a total amount of 13.223,1 mil Lei, it can be observed that it is distributed over the four counties as follows:

- 20.7% Arad County
- 6.5% Caraş-Severin County
- 13.1% Hunedoara County
- 59.7% Timiș County

Total: 100% returns to the West Region.

**Table 1.**  
**The Structure of Loans of Non-Banks, Non-Government Customers by County**  
 – million Lei –

Row	January 2019	Arad	Caraș-Severin	Hunedoara	Timiș
1.	Loans in Lei (r.2+r.3+r.4+r.5+r.6+r.7+r.8)	2,736.6	861.9	1,725.5	7,899.1
2.	– current loans	2,661.5	807.4	1,676.5	7,700.4
3.	– overdue loans	75.1	54.5	49.0	198.7
4.	● residents	2,734.3	861.6	1,725.1	7,892.3
5.	● non-residents	2.3	0.3	0.4	6.8
6.	– non-financial corporations	985.5	240.1	458.8	2,495.5
7.	– households	1,740.7	620.4	1,265.6	5,394.5
8.	– other	10.4	1.4	1.1	9.1
9.	Loans in foreign currency (r.10+r.11+r.12+r.13+r.14+r.15+r.16)	1,292.4	204.9	464.4	4,124.7
10.	– current loans	1,269.7	177.9	441.0	4,048.0
11.	– overdue loans	22.7	27.0	23.4	76.7
12.	● residents	1,287.5	204.0	461.9	4,114.6
13.	● non-residents	4.9	0.9	2.5	10.1
14.	– non-financial corporations	749.8	37.9	144.6	2,252.8
15.	– households	541.9	166.9	318.9	1,871.8
16.	– other	0.7	0.1	0.9	0.1

Source: Own processing of data available at:

file:///C:/Documents%20and%20Settings/User/My%20Documents/Downloads/CFe201901.pdf [14]

From the data presented above it can be observed that Timiș County recorded a volume of credits in Lei 9,2 times higher than Caraș-Severin County, respectively 20,1 times higher on foreign currency loans. The economic potential of Timiș County is much higher than in the counties of Arad and Hunedoara. Thus, the economic and financial performance pole of the Western Region is represented by the Timiș County, as it registers the following results: 59,7% of total loans in Lei and 67,8% of foreign currency loans granted in the Western Region.

Loans in Lei and in foreign currency granted by commercial banks at the end of January 2019 are analyzed and structured on current loans and overdue loans, granted to residents and non-residents by type of customers (non-financial corporations, households and other).

The structure of Deposits of Non-Banks, Non-Government Customers by County is presented as in the Table 2.

Analyzing the volume of Demand deposits and Time deposits in Lei, constituted by customers in the Western Region of Romania, in a total amount of 13,329.8 mil Lei, it is found that it is distributed over the four counties as follows:

- 21.3% constituted in Arad County
- 6.2% constituted in Caraș-Severin County
- 17.9% constituted in Hunedoara County
- 54.6% constituted in Timiș County

Total: 100 % constituted in the Western Region.

**Table 2.**  
**The Structure of Deposits of Non-Banks, Non-Government Customers by County**  
 – million Lei –

Row	January 2019	Arad	Caraș-Severin	Hunedoara	Timiș
1.	Demand deposits in Lei	1,697.8	472.6	1,072.0	4,224.0
2.	Time deposits in Lei	1,137.3	355.1	1,319.5	3,051.5
3.	Deposits and time deposits (r.1+r.2) in Lei for:	2,835.1	827.7	2,391.5	7,275.5
4.	• residents	2,746.8	822.3	2,375.5	7,192.1
5.	• non-residents	88.3	5.4	16.0	83.4
6.	Demand deposits in foreign currency	1,020.6	273.6	505.0	3,335.5
7.	Time deposits in foreign currency	844.4	335.4	555.6	2,436.3
8.	Deposits and time deposits (r.6+r.7) in foreign currency for:	1,865.0	609.0	1,060.6	5,771.8
9.	• residents	1,763.0	593.1	1,019.6	5,281.7
10.	• non-residents	102.0	15.9	41.0	490.1

Source: Own processing of data available at:  
 file:///C:/Documents%20and%20Settings/User/My%20Documents/Downloads/CFe201901.pdf [14]

The most significant share of demand and term deposits is held by Timiș County, respectively 8,8 times higher regarding those in Lei and 9,5 times higher than in Caraș-Severin County. Timiș County holds a significant share in the volume of demand and term deposits constituted in banks by customers, and compared to the counties of Arad and Hunedoara. Depending on the deposits set up in banks in the West Region, Timiș County recorded a share of 54,6% for Lei deposits and 62,0% for foreign currency deposits.

From the analysis of demand and term deposits constituted in banks, in Lei and foreign currency, results that Timiș County is the pole of economic and financial performance of the West Region in Romania.

## CONCLUSIONS

Commercial banks provide specialized consultancy and financial advice to economic entities. Banks are generally well informed and up to date regarding the economic conditions of different business sectors and can help ensure the solvency of their clients [7].

As major financial intermediaries, commercial banks assume major risks through their lending activity, which is the most complex and profitable activity for a bank. Foreseeable and unpredictable factors interfere in the complex and diversified activity carried out by banks, given the fact that they are potential risk generators [8]. All the regulations, norms and instructions issued by credit institutions, as well as those issued by the regulatory and supervisory authority in the banking field, respectively the National Bank of Romania, aim to prevent and mitigate the effects of banking risks [2].

Both the volume of funding resources represented by bank loans in Lei and foreign currency, as well as the cash resources of customers, reflect the economic and financial potential of the counties in which they operate [10].

In the Western Region, the economic and financial performance pole is represented by Timiș County. It benefits from 59,7% of total loans in Lei granted to the West region and 67,8% of foreign currency loans. Depending on the deposits with banks in the West Region, Timiș County recorded a weight of 54,6% for Lei deposits and 62,0% as regards of foreign currency deposits.

From the analysis of demand and term deposits in banks, constituted in Lei and in foreign currency, it can be observed that Timiș County registers the highest cash availability in the Western Region of Romania.

**REFERENCES**

- [1]. **BREI M., SCHCLAREK A.**, 2013, Public bank lending in times of crisis, *Journal of Financial Stability*, No. 9/2013, pp.820–830
- [2]. **DARDAC N., BARBU TEODORA**, 2012, *Credit Institutions*, ASE Publishing House, Bucharest, pp. 28-50
- [3]. **DEDU V., NECHIF ROXANA**, 2010, Gestiunea riscurilor bancare prin prisma acordului Basel II (Bank risk management in terms of Basel II agreement), *Journal of Theoretical and Applied Economics*, Vol. XVII /2010, No. 2(543), pp. 85-98
- [4]. **GORDAN V.**, 2015, *Creditul agricol pârghie a managementului modern în agricultură - Rezumat al tezei de doctorat (Agricultural Credit Leverage of Modern Management in Agriculture - Summary of PhD Thesis)*, USAMV Cluj-Napoca, 2015
- [5]. **HAINZ CHRISTA, KLEIMEIER STEFANIE**, 2012, Political risk, project finance, and the participation of development banks in syndicated lending, in *Journal of Financial Intermediation*, No. 21 / 2012, pp. 287–314
- [6]. **HARANGUȘ DANIELA**, 2015, *Credit Institutions*, Eurostampa Publishing House, Timișoara, pp. 22-30
- [7]. **MOCAN M.**, 2015, Impact of corporate social responsibility practices on the banking industry in Romania, *Procedia Economics and Finance Journal*, Vol. 23, pp. 712 – 716
- [8]. **MOINESCU B., CODIRLAȘU A.**, 2009, *Strategii și instrumente de administrare a riscurilor bancare (Strategies and tools for bank risk management)*, ASE Publishing House, București, 2009, pp. 29-32
- [9]. **NUCU ANCA ELENA**, 2011, Basel III challenges for the Romanian banking system, in *Theoretical and Applied Economics Journal*, Vol. XVIII (2011), No. 12 (565)/2011
- [10]. **RAUCH B. C.**, 2014, The relationship between liquidity risk and credit risk in banks, *Journal of Banking & Finance*, No. 40 /2014, pp. 242–256
- [11]. **SÂRB GH. S.**, 2015, Aspects regarding the regional development in Romania and in the European Union, *Analele Universității din Oradea, Fascicula: Ecotoxicologie, Zootehnie și Tehnologii de Industrie Alimentară*, Vol. XIV B/2015, pp. 453- 458
- [12]. **STAWASZ E., STOS D.**, 2018, The Risk of Growth Failure of the SME Sector Companies Operating in the Shadow Economy, in *Efficiency in Business and Economics Journal*, 2018, pp. 203-218
- [13]. **TRENCA I., MUTU SIMONA**, 2012, *Banking risk management*, House of Science Book, Cluj – Napoca, 2012, pp. 9 – 12
- [14]. [www.bnro.ro](http://www.bnro.ro)
- [15]. <http://www.regiuneavest.ro/5-motive-pentru-a-investi/economie-regionala-dinamica/>