

ASPECTS REGARDING THE STRUCTURE OF LOANS AND DEPOSITS OF CUSTOMERS IN THE NORTH-WEST REGION

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Abstract. The article presents issues regarding the evolution of non-governmental loans granted and the savings of bank customers in the North-West Region. Banks offer different savings products to individuals and legal entities. The decision to access a loan, regardless of the type, is an extremely important decision for both parties, the client and the bank. Saving has effects on the development of the bank's activity, customer deposits representing the bank's funding sources, and for customers, deposits are the safest way to save. The research methods used by the authors of the article were data collection, analysis, processing and graphic representation. The non-governmental credit granted to bank clients in the North West Region followed an upward trend. The same trend also registers the deposits of non-governmental clients as a result of their trust in the banking system.

Keywords: loans, deposits, banking system, bank

INTRODUCTION

In Romania, there were negative economic-social and financial effects due to the COVID-19 pandemic, but despite this, the macro-financial climate remained within appropriate limits as a result of the rapid measures taken by the national authorities, the banking sector being solidary and resilient. Against the background of the disturbances in the economic sphere recorded in 2020, the profitability of the banking system in Romania was also affected [1,19].

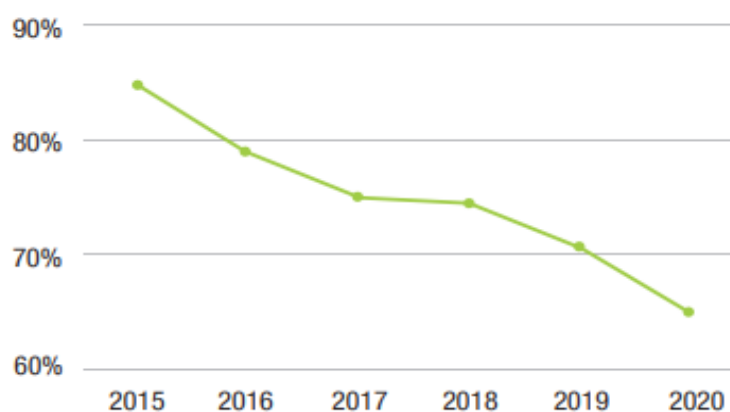


Figure 1. The evolution of the loans/deposits ratio (%)

Sources: BNR [13]

A new historical low was also recorded for the loan-to-deposit ratio. The deposits attracted continued to outpace the loans granted, reaching 65.89% of the volume of deposits in 2020 (variation of -5.1%). This indicator is still extremely low [19].

Bistriceanu's definition of credit is worth noting: "Credit is an exchange that begins in the present and ends in the future" [2].

Credit has a special role in the market economy, being the main incentive in the whole economic-social system. Moreover, credit becomes a necessity as a result of the lack of liquidity, being a main concern of banks [9].

Regardless of the type of credit to be requested, first of all, a serious analysis of the need to contract this product is recommended. The events of the past years in the economy and not only represented for a large part of us a threshold to cross from a financial point of view, and everyone paid special attention to the moment when they had to make financing decisions [3,7].

Regardless of the time of contracting some loans, a true periodic self-assessment of the level of income and expenses is necessary, in order to identify the possibilities of reducing expenses and saving for unexpected situations or retirement. It is recommended that before contracting a loan, realistically evaluate the possibility of paying the payment obligations month by month even if the maximum amount to be paid monthly will be calculated by the bank representative, in accordance with the information and documents presented to the bank [4,8].

Depending on the destination, the loans can be loans for the purchase or construction of a home, for consumption and those granted for refinancing [5,6,10,16].

The bank remains the safest place to keep money. Bonus, those who manage to save earn from themselves over time, even in the situation of a low interest rate, a larger amount will be obtained than the initial one [11,12].

Otherwise, deposits are the most advantageous and safe ways to save. The reasons for saving are multiple: the desire to have some reserves in emergency situations, the purchase of things or vacations from ordinary earnings; covering some loans already contracted, which we want to pay in advance; in the future we would like to supplement the pension [14].

Even if banking institutions offer a multitude of products with commercially attractive names, they all fall into the general typologies: time deposits that can be set up for fixed terms (one month and multiples of whole months); sight savings where you don't have to wait for maturity to access the funds and the interest is not lost; child deposits used for long-term savings for children's future [10].

MATERIALS AND METHODS

The purpose of this article is to analyze the structure of loans and savings deposits in the North-West Region.

In this sense, the authors consulted in the specialized literature books, works by specialists, reports, statistical data, publications, produced and offered by the National Bank of Romania and various specialized web pages.

Regarding the methodology, the authors combined the standard techniques and methods of the research starting with the documentation, analysis and synthesis, graphic creation and issuing some conclusions.

The North-West development region (Crișana) is located in the northern part of Transylvania (Figure 2) and includes 6 counties (according to the NUTS level 3 classification): Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu Mare and Sălaj. The region includes the cities of Cluj-Napoca (capital of Cluj county) and Turda [17].



Figure 2. The North-West Region

Sources: https://nvregio.files.wordpress.com/2011/01/romania_nv1.jpg [18]

Out of Romania's eight development regions, the North-West Region ranks fourth in terms of GDP/capita [15].

RESEARCH RESULTS

From the empirical analysis carried out on the structure of loans granted to customers of the banking system in the North-West Region, we found an increasing trend in all 6 counties. The results are summarized in Figure 4.

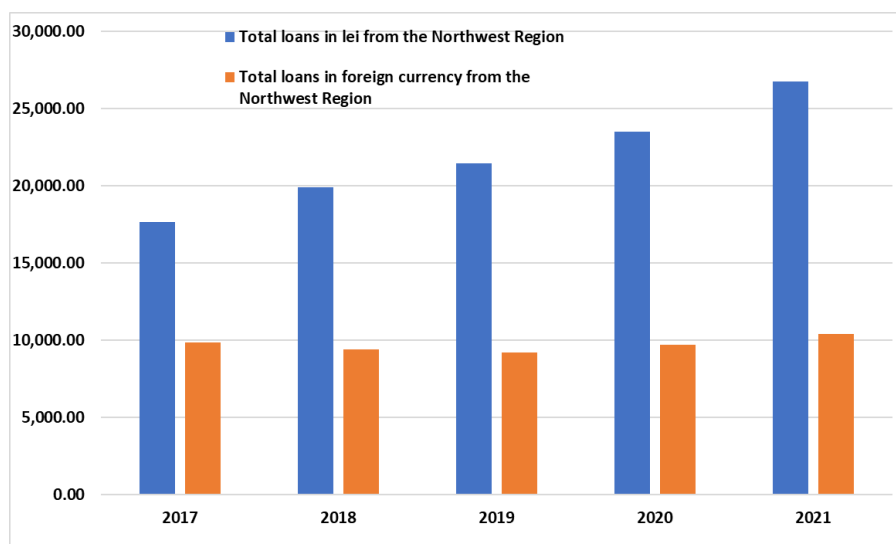


Figure 3. Total loans in lei and foreign currency in the North-West Region

Sources: <http://www.bnro.ro>[13]

From the data analysis we found the following aspects:

- credits in lei followed an upward trend at the level of the region (figure 3), increasing by approximately 34% (from 17,669.10 million to 26,745.80 million lei in the analyzed period).

- the lowest amount of credits granted was in Sălaj county, 1,112.40 million lei in 2021.

- Cluj county (13,041.2 million lei in 2021) ranked first in the Region, followed by Bihor county (5,373.80 million lei in 2021) and Maramureş county in third place (3,049.90 million lei). In fact, in Cluj County, the volume of loans and the value increased the most by over 5,000 million lei.

When lending in lei, banks asked clients for smaller advances, the possibility to choose fixed interest rates, much more advantageous than variable ones.

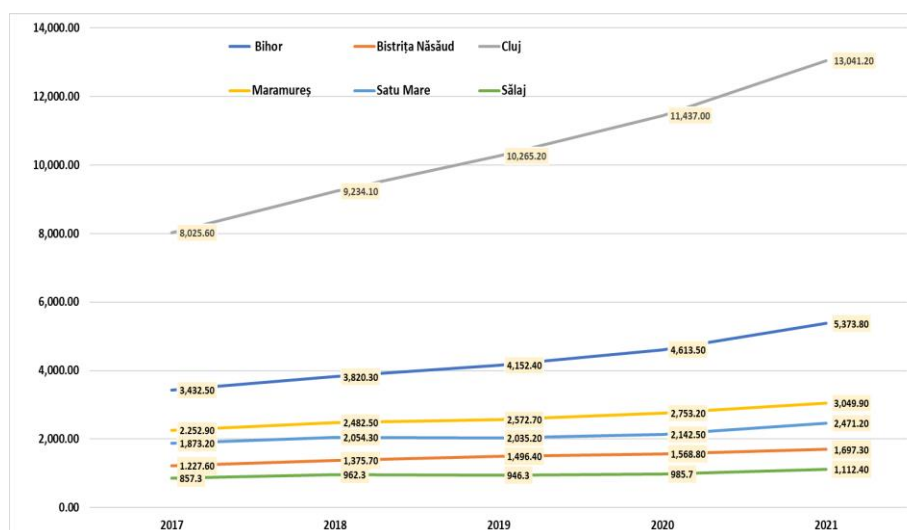


Figure 4. The evolution of loans in lei from the North-West Region (millions of lei)

Sources: <http://www.bnro.ro> [13]

The evolutions of non-governmental credit analyzed by type of beneficiary revealed the following aspects:

- the volume of credits in lei granted to non-financial companies was the highest in Cluj county (908.70 million lei in the analyzed period), then Bihor county (717.50 million lei), Maramureş, Satu Mare and Sălaj county.

- with regard to households, the situation was as follows: increase by 83.84% in Cluj county, by 64.36% in Bihor county, only 41% in Bistrița Năsăud county, being in last place in the Region.

Customers' interest in foreign currency loans is reduced compared to this type of loans, being more and more expensive compared to those granted in lei, but also risky, due to the exchange rate, which makes loans more expensive.

When lending in foreign currency in the North-West Region (figure 5), we found a slight increase. The volume of loans granted in foreign currency in 2017 in the North-West Region was 9,851.80 million lei, in 2021 it increased by only 5.58%. By county, the situation is as follows:

- only in Cluj County was there an increase in foreign currency loans;
 - the largest decrease in foreign currency loans was recorded in Sălaj county by 42.36% in the period 2017-2021.

Lending in foreign currency by type of beneficiary registered an upward trend in lending to non-financial companies, with the exception of Sălaj county where a reduction was recorded.

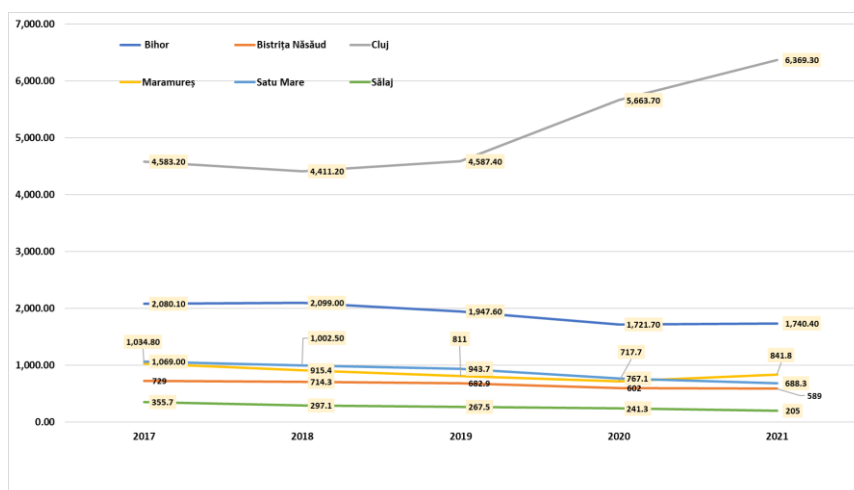


Figure 5. The evolution of foreign currency credits in the North-West Region (millions of lei)

Sources: <http://www.bnro.ro>[13]

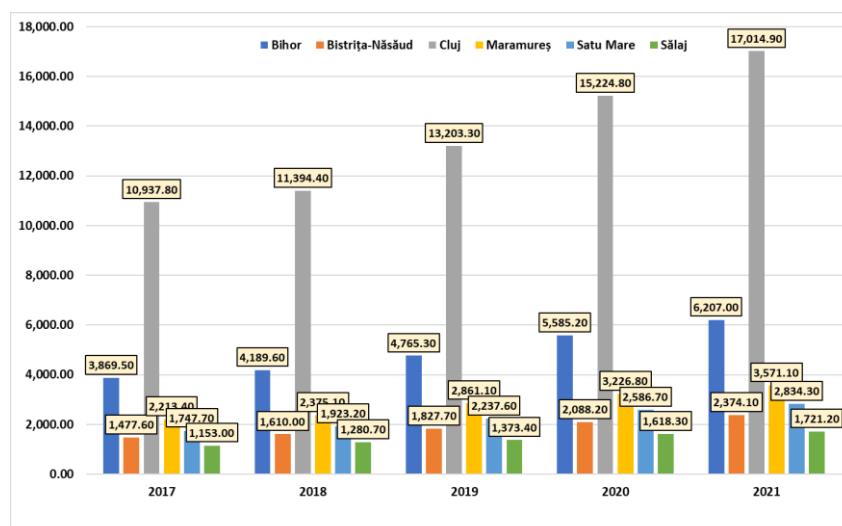


Figure 6. The evolution of availabilities, term deposits, deposits repayable after notification and repo operations, in lei in the North-West Region (millions of lei)

Sources: <http://www.bnro.ro>[13]

The North-West region recorded a 17% increase in the value of the average deposit in 2020, being the largest increase in the country. Figure 6 shows the developments of availability and deposits in lei in the analysed Region, which recorded constant increases in all counties during the five years analysed.

The highest value of availability and deposits in lei was in Cluj County, then Bihor County and Maramureș County. In 2021, the lowest value of availability and deposits in lei was in Sălaj county (1,721.2 million lei).

By types of beneficiaries, the availability and deposits in lei of non-financial companies registered an increase throughout the period under study. And in the case of households, important increases were recorded.

The analysis of availability, term deposits, deposits redeemable after notice and repo operations, in foreign currency is shown in figure 7 for the North-West Region. An increase of 53.94% was recorded during the analysed period (in 2017, 11,226.4 million lei, in 2021, 24,375.4 million lei).

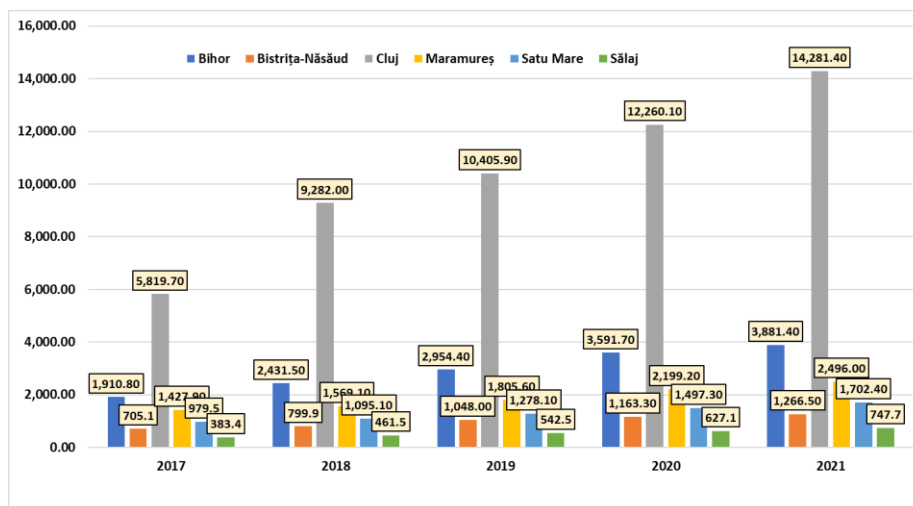


Figure 7. The evolution of availabilities, time deposits, deposits repayable after notification and repo operations, in foreign currency in the North-West Region (millions of lei)

Sources: <http://www.bnro.ro>[13]

For the year 2021, the highest value of availabilities, time deposits, deposits repayable after notification and repo operations, in foreign currency, was recorded in Cluj County, second place was Maramureș County and Bihor County, with Sălaj County in last place.

Availability at sight in foreign currency increased from 5,063.9 million lei in 2017 to 14,182.9 million in 2021, the biggest increase was in 2020, when they increased by over 3,000 million lei against the background of the Covid health crisis 19.

The analysis by county places Cluj in 1st place, Bihor and Maramureș, Satu Mare, Bistrița-Năsăud and Sălajul with the lowest availability at sight in foreign currency.

CONCLUSIONS

Contracting a loan is closely related to the amount of future earnings for non-bank customers, whether we are talking about households, or non-financial companies, as well as other institutions. An increase in income certainly corresponds to an increase in the demand for loans, but the banks, and especially the National Bank, warn their customers about the risk of over-indebtedness, especially among the growing population, due to the recent increase in interest rates.

From the analysis of the structure of non-governmental loans in lei and in foreign currency from the North-West Region, for the entire region, for each county in its composition and for types of beneficiaries (non-financial companies and households), the trend of credit growth in the period under study emerges, especially those in lei.

As a result of the health crisis of Covid 19, but also the increase of incomes in some situations, the population and non-financial companies have taken the decision to increase their savings, an aspect that resulted in a significant increase in the availabilities and bank deposits.

In conclusion, we found an evolution of the credit in the North-West Region, as otherwise at the level of the whole. As for saving, this also follows an upward trend, everyone putting money in deposits for different reasons, especially since recently we have seen a slight increase in the interest rate on savings deposits.

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