

ASPECTS REGARDING CREDIT AND SAVINGS IN BIHOR COUNTY

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RESEARCH ARTICLE

Abstract

The article presents the analysis of the evolution of loans and deposits of bank customers in Bihor county.

The lending process represents the main source of financing for the development of a country's economy, the lending products being varied and adapted to market requirements.

Accessing a credit product must benefit both parties, the bank and the customer

Saving, according to scientific research, primarily influences the development of the bank's activity, at the same time guiding the performance of certain activities, which can create new consumption and saving behaviors.

The research methodology used by the authors of the work consisted in the collection of data provided by the BNR, analysis and graphic representation.

The developments presented, although Romanians are generally optimistic, led most of them to think about whether to access a loan and not more than they can repay without problems at maturity.

Another aspect observed following the analysis of savings products, is the extremely low return generated by money deposited in the bank, even for those who want to have a fund in case of emergency.

Keywords: bank, lending, saving, bank loans, bank deposits

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INTRODUCTION

The financial system is considered by Blach as "one of the most important creations of modern society" (Blach, 2011). It is formed according to Prochniak and Wasiak from "interconnected financial institutions, financial markets and specific infrastructure elements; through this structure, entities that belong to the real environment can obtain financing, invest savings and satisfy the rest of their needs related to the financial aspect of their operation" (Prochniak & Wasiak, 2017)

Mugur Isărescu affirms that "banks can function well if they face society, economic life: they depend on what happens in society, in the economy. Bankers have to make money and teach others to make money".

Since 1990, the Romanian banking system has obtained profit, especially on account of the bank deposits attracted, temporarily available resources of the society and to contribute to the progress of the economy based on the principles of the market economy. (Stănescu & Nedelescu, 2010; Duican & Pop, 2015; Dragoș & Ungureanu, 2014). Also, the entire banking

system taught customers, non-financial companies and households, to get money, through investments, using the financial resources of banks, by accessing a bank loan. (Meila et al., 2018; Cocriș & Chirleşan, 2017; Dănilă et al., 2012)

The analysis based on the specialized literature of the lending and saving of the population and non-financial companies by banks, the identification of the trends in the evolution of bank deposits, as well as the demand for credits, constitute the fundamental objective of this paper.

MATERIAL SI METODA

For this article, the authors used as research methods the consultation of specialized literature, the collection of data from different sites, comparative analysis and the creation of graphs.

Lending and saving activity is measured with the help of quantitative indicators, data made available by the BNR through the monthly bulletins: the credit granted to the households of the population in lei and foreign currency; consumer credit, that for housing in lei and

foreign currency and the credit granted to non-financial companies in lei and foreign currency and other loans, the availability of households and non-financial companies on sight in lei and foreign currency, term deposits of households and non-financial companies in lei and foreign currency. (Căpraru, 2014; Sîrbulescu et al., 2018; Mitu, 2020)

Bihor County is part of the North-West Crişana Region, located in the North-West part of Romania, and administratively includes six counties: Bihor, Cluj Bistriţa-Năsăud, Satu Mare, Maramures and Sălaj.

RESULTS AND DISCUSSION

From the point of view of evolution, in the analyzed period, a modest evolution of non-governmental credit can be observed. It can be seen from Figure 1 that, in the period 2017-2021 in Bihor County, credit in lei increased

from one year to the next, with significant increases even during the Covid 19 pandemic. The data from the North West Region of which is administratively part of Bihor county, regarding credits in lei, follows the same trend. As a weight, the loans in lei from Bihor County in the North-West Region in total, in 2017 was 19.42%, in 2021 the weight was 20.09%, in other words a small difference of about half a percent.

The evolution of non-governmental credit in lei by type of beneficiary in Bihor county is presented in Table 1. Credit granted to non-financial companies registered an increase of 717.50 million lei in the analyzed period. Also, loans granted to households had an upward trend, increasing by approximately 40% in 2021, compared to 2017.

The analysis of loans in lei granted to the population, by destination (Table 2), in Bihor County reveals that the loans intended for the purchase of housing and for consumption increased in 2021 versus 2017.

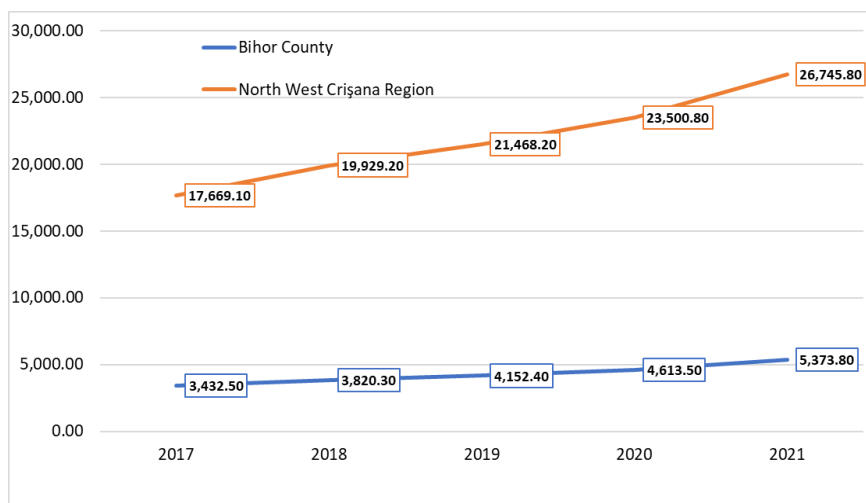


Figure 1. Loans in lei (million lei)

Source: <http://www.bnr.ro>

Loans in lei by types of beneficiaries in Bihor county (millions of lei)

Beneficiary type	2017	2018	2019	2020	2021
non-financial companies	1,543.8	1,628.4	1,651.6	1,950.0	2,261.3
households of the population	1,888.2	2,190.7	2,496.7	2,657.6	3,103.5
other institutional sectors	0.5	1.3	4.1	6.0	9.0

Source: <http://www.bnr.ro>

Table 1

Loans granted in lei to households on destinations in Bihor county (millions of lei)

Destinations	2017	2018	2019	2020	2021
consumption	1,049.8	1,167.6	1,247.2	1,196.1	1,285.8
housing	797.6	984.7	1206.6	1418.6	1774.0
other purposes	5.0	2.6	2.7	3.2	3.3

Source: <http://www.bnr.ro>

Table 2

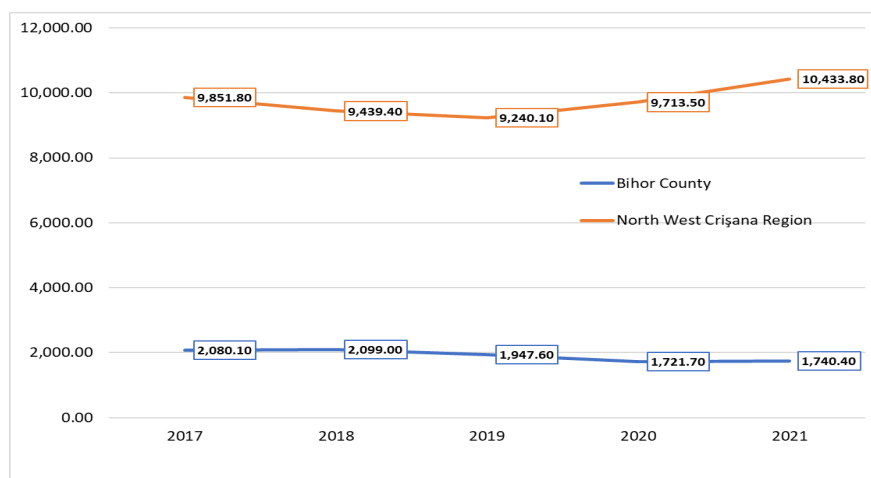


Figure 2. Loans in foreign currency (millions of lei)

Source: <http://www.bnr.ro>

Table 3

Loans in foreign currency by type of beneficiary in Bihor county (millions of lei)

Beneficiary type	2017	2018	2019	2020	2021
non-financial companies	1,005.0	1,138.8	1,072.7	999.0	1,071.2
households of the population	1,070.6	954.3	863.7	705.3	651.9
other institutional sectors	4.6	5.8	11.2	17.3	17.4

Source: <http://www.bnr.ro>

Table 4

Loans granted in foreign currency to households on destinations in Bihor county (millions of lei)

Destinations	2017	2018	2019	2020	2021
consumption	468.2	410.9	362.6	283.7	253.2
housing	592.3	536.0	494.8	416.2	393.9
other purposes	3.2	2.6	2.4	2.2	1.7

Source: <http://www.bnr.ro>

From the study of foreign currency credits in the North-West Region (Figure 2), a modest increase in credits emerges (in 2017, 9,851.80 million lei and in 2021 they increased by 5.58%, 10,433.80 million lei). In Bihor county, lending in foreign currency followed a downward trend, due to the health crisis and the increase in the exchange rate.

We see an increase in foreign currency loans assigned to non-financial companies, but in terms of loans granted to households, the trend is a reduction, the year 2021 being also marked in this case by the Covid 19 pandemic.

Foreign currency loans granted to the population for consumption and housing were marked by significant reductions.

In Figure 3 we presented the availabilities and term deposits in lei in Bihor county which increased by more than 40% in the five years analyzed.

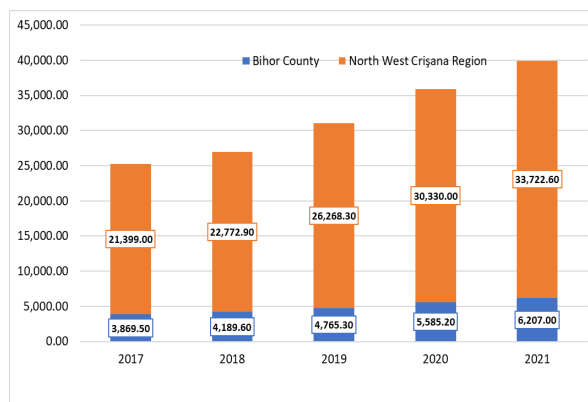


Figure 3. Availability, term deposits, refundable deposits after notification in lei (millions of lei)

Source: <http://www.bnr.ro>

Bihor County is economically developed, being one of the counties in the North-West Region with the highest cash availability in lei (Figure 4). In the analyzed period, they doubled, the biggest increase being in 2020 and 2021 (the years of the Covid 19 pandemic) when the population saved a lot, compared to other years.

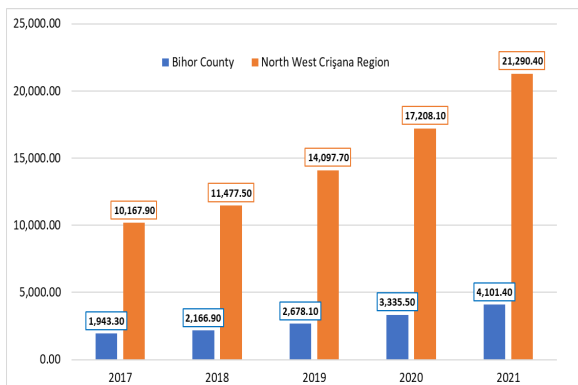


Figure 4. Evolution of demand availability, in lei (millions of lei)

Source: <http://www.bnr.ro>

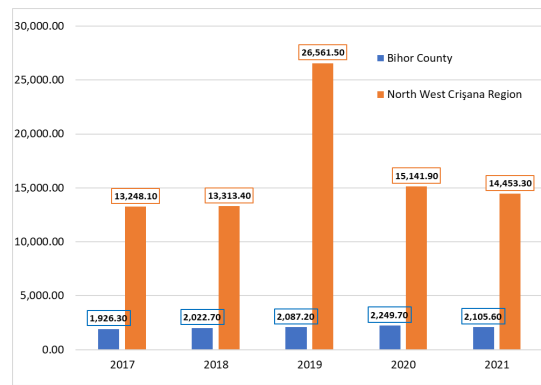


Figure 5. Time deposits and deposits repayable after notification in lei (millions of lei)

Source: <http://www.bnr.ro>

Time deposits and deposits repayable after notification in lei (Figure 5) registered a slight increase, even if bank deposits are the safest solution for keeping savings, taking into account the related costs.

Availability at sight, in lei by types of beneficiaries in Bihor county (millions of lei)

Beneficiary type	2017	2018	2019	2020	2021
non-financial companies	898.7	979.6	1,220.5	1,495.9	1,762.0
households of the population	939.0	1,065.8	1,307.1	1,654.0	2,105.7
other institutional sectors	105.5	121.5	150.5	185.6	233.7

Source: www.bnr.ro

Table 5

Term deposits and refundable deposits after notification, in lei by types of beneficiaries in Bihor county (millions of lei)

Beneficiary type	2017	2018	2019	2020	2021
non-financial companies	195.3	226.0	247.6	316.0	347.7
households of the population	1,674.4	1,692.6	1,741.1	1,822.5	1,637.4
other institutional sectors	56.5	104.0	98.6	111.2	120.5

Source: www.bnr.ro

Table 6

The evolution of demand availability, in lei by types of beneficiaries in Bihor county is presented in table 5. Both in the case of non-financial companies and the population demand availability in lei has doubled. The situation is identical in the case of time deposits and deposits repayable after notification in lei by types of beneficiaries (Table 6) in the case of non-financial companies and other sectors. On the other hand, in the case of the households of the population, a linear evolution was registered from one year to another during the analyzed period.

Figure 6 shows the availabilities, term deposits, refundable deposits after notification in foreign currency from Bihor County which increased by 49.2% during the period under study.

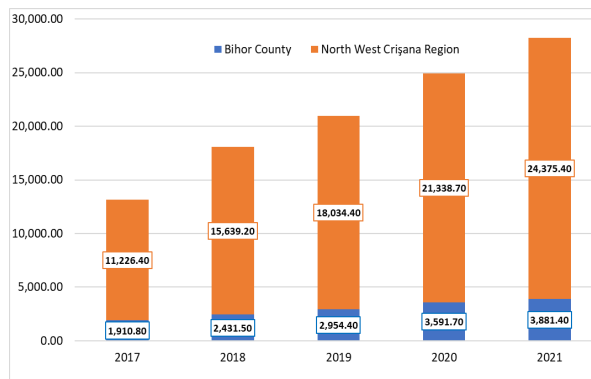


Figure 6. Availability, term deposits, deposits repayable after notification and repo operations, in foreign currency (millions of lei)

Source: www.bnr.ro

Availability at sight in foreign currency (Figure 7) tripled during the analyzed period in Bihor County, a situation that is also observed at the level of the North West Region.

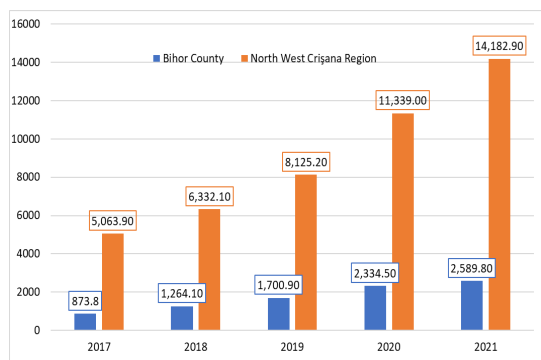


Figure 7. The evolution of demand availability, in foreign currency (millions of lei)
Source: www.bnr.ro

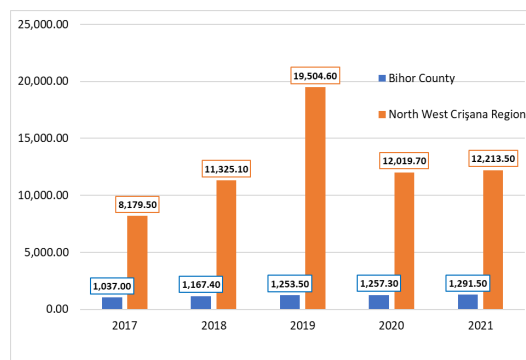


Figure 8. Time deposits and deposits repayable after notification, in foreign currency (millions of lei)
Source: www.bnr.ro

Term deposits and deposits repayable after notification in foreign currency (Figure 8) registered a slight increase due to the advantages offered with this type of deposits, namely the opening of accounts, as well as their fees-free top-up.

Availability on sight, in foreign currency by types of beneficiaries (millions of lei)

Beneficiary type	2017	2018	2019	2020	2021
non-financial companies	369.2	508.5	670.5	974.8	1,014.2
households of the population	455.2	691.2	965.2	1,250.3	1,479.2
other institutional sectors	49.4	64.4	65.2	109.3	96.4

Source: www.bnr.ro

Table 7

Term deposits and deposits repayable after notification, in foreign currency by types of beneficiaries (millions of lei)

Beneficiary type	2017	2018	2019	2020	2021
non-financial companies	82.3	63.1	61.9	106.9	115.0
households of the population	943.4	1,090.0	1,177.3	1,135.8	1,133.2
other institutional sectors	11.3	14.3	14.3	14.6	43.3

Source: www.bnr.ro

Table 8

By types of beneficiaries, cash availability in foreign currency (Table 7) recorded the largest increase in the case of households and non-financial companies by approximately 200% in 2021 compared to 2017.

In term deposits and deposits repayable after notification, in foreign currency by type of beneficiaries (Table 8), the increase was modest in the case of households and non-financial companies. In other sectors, the increase was significant, respectively 4 times.

CONCLUSIONS

Taking the decision to borrow is dependent on the level of future earnings, both for a population, but also for non-financial companies and other institutions. In the analyzed period, the increase in the incomes of Romanians led them to take loans, but the National Bank of Romania warned that the risk

of over-indebtedness of the population is increasingly high, due to the increase in interest rates.

The structural analysis of non-governmental loans by component, i.e. non-financial companies and households, shows the trend of accelerated credit growth during the analyzed period.

Most likely, as a result of the increase in income, the people of Bihor made the decision

to save, which contributed to the increase of availability and bank deposits.

The authors' conclusion is that the evolution of non-governmental credit in Bihor county, in the North-West Region, but also at the level of the entire country, shows a growth trend. Also, the people of Bihor started to put their money in savings deposits, in lei and foreign currency.

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