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AN OVERVIEW OF THE ROMANIAN BANKING SYSTEM

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Abstract: The banking industry in any country ensures, due to the specific nature of its activity, a key role in the functioning of economic mechanisms, with an impact on macroeconomic developments, on the dynamics of the business environment and on the improvement of the Romanian economy.

The 32 credit institutions that make up the banking sector in Romania had net assets of 803.4 billion lei in 2023 and have recorded an acceleration in profitability compared to recent years, achieving a net profit of 13.7 billion lei.

In addition to the banks' lending role, they also attract deposits, thus protecting the savings of the population and companies.

Banks support the economy by granting loans, but it is important that they go to the sectors with the highest development potential and which create well-paid jobs.

• Introduction

The Romanian banking system includes the National Bank of Romania and the existing commercial banks that operate within the economy in a certain period of time. Banks offer a range of specific operations, provided for by national legislation, namely attracting deposits and offering loans.

The operations developed by the banking institutions include operations in current accounts in deposits, operations through payment instruments, credit granting and monitoring operations, operations related to cards, operation in foreign currency.

The use of bank loans represents the important resource that positively affects financial and economic activities.

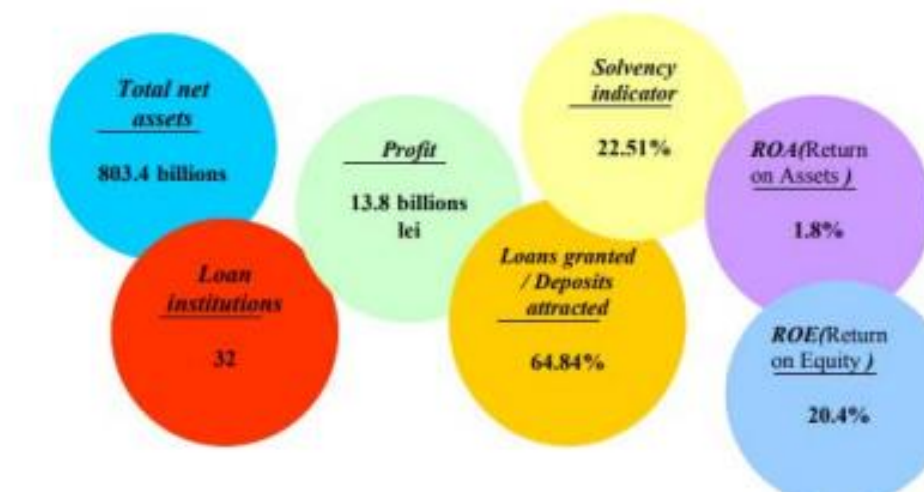
The purpose of this article is to highlight the main aspects related to the developments recorded by the banking system in Romania, for the period 2019-2023.

• Material and method

To write the article, the authors used, in support of the research, methods such as documentary analysis, information synthesis, graphic production, classification, comparative analysis, investigation, which supported the fact that the tendency to improve the Romanian banking system continued in 2023, in the context of the challenges generated in macroeconomic and geopolitical terms.

This radiography of the banking system was based on specialized articles, reports, statistics, analysis of information provided by the BNR and other specialized websites, and relevant conclusions were formulated regarding the trends of the banking system in Romania in the last five years.

• Results and discussions



The main indicators at the level of 2023 for the banking system in Romania

The evolution of loans in the period 2019-2023

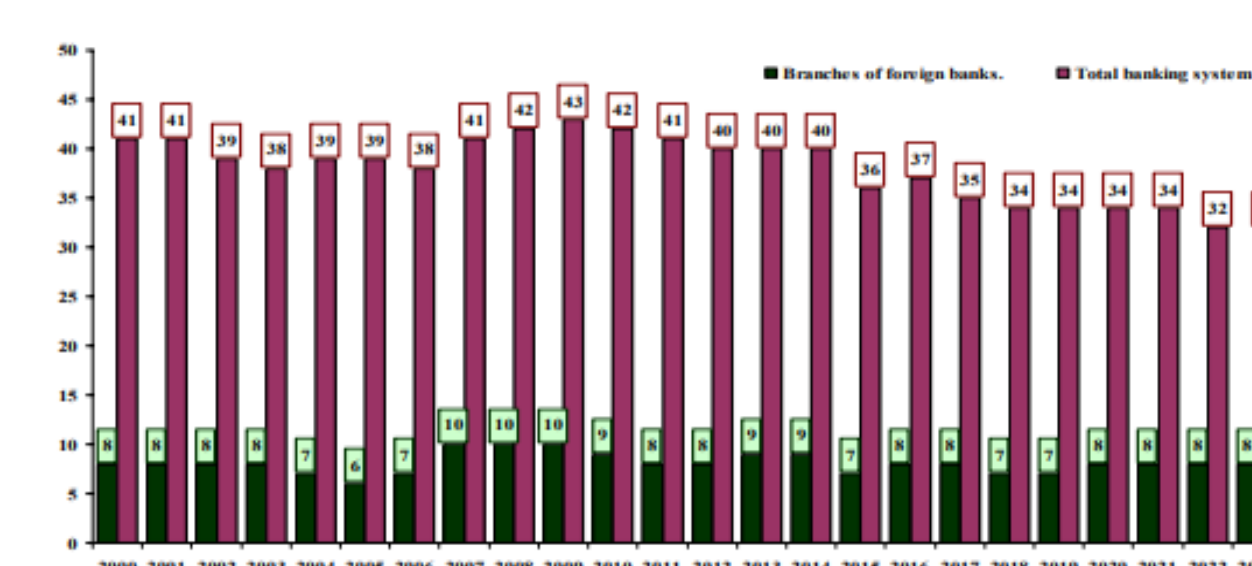
Years	The loan granted to the households of the population			The loan granted to non-financial companies	
	Total	Loans for consumption	Loans for housing	Total	
2019	143,059.1	61,881.5	81,177.6	117,747.8	
2020	149,877.5	60,693.2	89,184.3	123,962.4	
2021	164,349.7	63,658.7	100,691.0	148,514.4	
2022	171,496.0	65,328.8	106,169.2	176,489.1	
2023	173,892.4	68,121.0	105,771.0	194,710.0	

Source: Authors' table based on the data from <http://www.bnr.ro>

The evolution of deposits in the period 2019-2023

Years	The deposits of the households of the population			The deposits of the non-financial companies		
	Total	Overnight deposits	Term deposits	Total	Overnight deposits	Term deposits
2019	222,398.9	103,843.4	118,555.5	127,903.5	91,937.8	35,965.7
2020	256,680.1	133,672.9	123,007.2	147,475.1	108,467.0	39,008.1
2021	283,869.2	173,157.6	110,711.8	175,344.0	129,365.6	45,978.5
2022	302,699.9	169,658.6	133,039.7	187,405.7	119,849.1	67,556.6
2023	337,993.6	160,851.6	177,142.0	215,350.8	129,448.3	88,902.5

Source: Authors' table based on the data from <http://www.bnr.ro>



The evolution of the banking system in Romania

Aggregate indicators regarding credit institutions

Years	Total net assets (millions)	Assets institutions with private capital (% of total assets)	Rate of return on the core business (%)	Solvency indicator (%)	Loans granted / Deposits attracted (%)
2019	495,214.22	91.80	184.09	22.00	70.99
2020	560,034.17	89.40	185.74	25.14	63.89
2021	639,754.48	88.60	185.48	23.32	68.80
2022	701,008.78	87.90	191.89	23.40	71.42
2023	803,407.20	86.30	209.88	22.51	67.84

• Conclusions

The evolution of the Romanian banking sector continues to demonstrate solidity and resilience and that it can fulfill its mandate. The solvency and liquidity indicators emphasize that the banking sector is among the most solid systems within the European Union.

The primary data through which the authors identified the evolution trends of bank deposits, as well as loans, demonstrate the growth trend in the studied period. The banks' revenues had a strong rise, due to the jump in interest rates and the granting of credits that contributed to the banking system achieving a record profit in 2023.