

AN EMPIRICAL STUDY OF CORRELATION BETWEEN NET ASSETS AND OWN FUNDS IN THE ROMANIAN BANKING SYSTEM DURING 2001-2008

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Abstract:

In this paper we explore the correlation between net assets and own funds in the Romanian banking system during 2001-2008. We based our approach on the Pearson correlation coefficient and we realized an empirical study, which demonstrates how the relevant elements of the capital ratio are connected. The study puts forward the concept that the banking capital adequacy is a subject of great significance to bankers, shareholders and depositors, and of course to bank supervision and central banks.

Keywords: *Pearson correlation coefficient, Elements of capital ratio, Required banking capital*

JEL codes: *G21, E22, D63*