

RECENT DEVELOPMENTS OF NON- GOVERNMENTAL CREDIT IN ROMANIA

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Abstract:

The former is has in view the Romanian banking system's structure, whereas the latter comprises the evolution in the field of non-governmental credit. The analysis of both aspects is done from the point of view of their progress, namely retrospectively on one hand, and from that of the potential systemic and macroeconomic risks they can cause, on the other. A few years ago they tried to strengthen non-governmental credit by direct or indirect means, but starting with 2004 and, more prominently, 2005, the policy of the RNB's decisional authorities rather seemed to head towards setting barriers to its development. Hence, natural questions arise: "Is non-governmental credit increase not favorable for the Romanian economy?". "Might its relatively high increase over the last few years lead to a crisis (credit boom)?" "May non-governmental credit boost in some areas incur less productive portfolios to banks, profitability decrease or a reduction in the system's solvability?". Finally, another question could arise: "Is there any connection between the recent years' expansion of non-governmental credit and current account deficit which seems not only to have gone bad, but also seriously worsened?"

Keywords: *banking system, non- governmental credit, current account*

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