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ANALYSIS OF THE MAIN STRUCTURAL CHARACTERISTICS OF THE ROMANIAN FINANCIAL SYSTEM¹

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Abstract: *To know and to understand the factors within a financial system that significantly influences the institutions behaviour and the market responses to the central bank actions is of great importance for the monetary authorities and for the achievement of their monetary policy objectives. In Romania, the National Bank must pay special attention to financial institutions given their significant role in the process of financial intermediation (bank-based system). This study aims to conduct an investigation of the main coordinates of the Romanian financial system that are relevant for the study of the monetary policy transmission mechanism. The study focuses on the following features of the Romanian financial system: financial deepening, the existence of a bank-based system, the concentration degree of the Romanian banking sector, the balance sheet structure of monetary financial institutions and the soundness of the banking system. The study also considers the effects of the recent financial market turmoil on the financial system. The span of the empirical study covers the period after 2000 but brings to the forefront the period before and after October 2008. We believe that this research provides useful information for a future analysis of the Romanian monetary policy transmission mechanism.*

Keywords: financial system, banking system, Romania, monetary policy transmission mechanism

JEL Classification: E50, G21

INTRODUCTION

The transmission of monetary policy decisions in the real economy is achieved in different ways which will eventually reflect themselves on the evolution of prices and output. The monetary policy transmission mechanism is a combination of all economic channels through which the monetary policy affects real economy for a certain time period. It is extremely necessary and important for the monetary authorities to know the particularities of the monetary policy transmission mechanism (MPTM hereafter) they implement, as well as the economic environment in which monetary policy decisions are made, from the perspective of professionals in the field or of policy makers. The transmission channels receive and transmit monetary policy decisions in an efficient and fast manner, and this is eventually reflected in the capacity of the central bank to steer real economy in the desired direction.

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While there are numerous works on the monetary policy transmission mechanism, in general, and on the interest rate channel, in particular, things are different with regard to the factors influencing the *pass-through* of interest rates. From this perspective, Bernanke's and Gertler's (1995) black box of the MPTM continues to be a topical subject. The accurate knowledge of the factors which influence the behavior of banking institutions and the market responses to the actions of the central bank would have significant implications in the sense of the improvement of the efficiency of the implementation of the monetary policy.

In economic literature (Cecchetti, 1999, Antohi et al., 2003 and others), *the structure of the financial system* is of utmost importance for both segments of the MPTM. In the presence of certain values of the coordinates of the financial system, the impulse of a decision made by the monetary authorities at the moment t turns into a response of one/several financial variables at a moment $t+m$, in a certain direction and at a certain scale, with a specific duration and persistence. For the member countries of the monetary union, the source of the asymmetries in the financial structure of economies is given firstly by discrepancies at the legislative level, and, secondly, by the particularities of financial markets (Cecchetti, 1999). As concerns Romania, the modifications which occurred at the level of the financial system starting with 2000 had a favorable impact on the MPTM, in the sense that its efficiency increased.

In this context, this study aims at conducting *an analysis of the main coordinates of the Romanian financial system*, relevant to the transmission mechanism of monetary policy impulses. In other words, the objective of our scientific paper is to outline the main structural characteristics of the Romanian financial system by focusing on those features which exert a particular influence on the transmission of monetary policy decisions.

The findings of our study emphasize the cessation of the financial disintermediation and demonetization phenomena starting with 2001 and their redirecting towards an ascending trend (see Antohi et al., 2007, for a detailed analysis). If we refer strictly to financial intermediation, although it evolved significantly over the 2000-2010 period, from 9.30 to 40.74%, its level continues to be low, with considerable differences in comparison with other countries from Central or Eastern Europe, respectively in comparison with the euro area. This study also reveals the prevailing role of the bank-based system in the financial system of Romania (at the end of 2010, banks owned over 80% of the total assets of financial institutions, respectively over 90% of the financial sector, together with nonbanking financial institutions). Thus, bank loans constitute the basis of the Romanian financial system, situation very similar to the one of the European Union. As concerns the level of competition between banks, the analyzed indicator (the degree of concentration of the

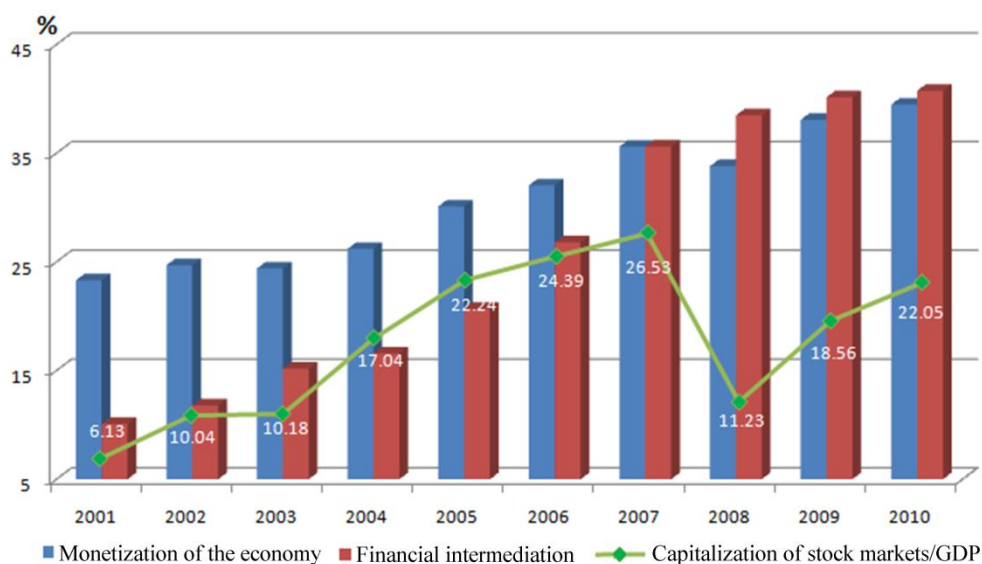
banking system) registered a decreasing trend over the 2004-2009 period (with a slight increase in 2010), situation also confirmed by the evolution of the Herfindahl – Hirschmann index.

1. FINANCIAL DEEPENING

In order to quantify the financial deepening of an economy, specialized literature (Levine, 1992; Levine and Zervos, 1998) focuses on the following two indicators: *the degree of monetization of the economy* (calculated as the share of the M2 aggregate in the GDP) and *the level of financial intermediation* (share of non-government credit in the GDP).

According to table A1, attached at the end of the study, both indicators of the degree of financial deepening of the Romanian economy registered a strong descending trend starting with 1990 and until the end of 2000. These severe disintermediation and demonetization phenomena took place in the context of the occurrence of significant transformations at the level of the economy, specific to the transition period in which Romania was at that time. As a result of the prolonged economic decline (see the dynamics of the real GDP indicator or the evolution of industrial output, table A1) and of the persistence of the inflationist process (IAPC indicator, table A1), over the 1990-2000 period, the degree of financial deepening of the Romanian economy was low, and this is why the traditional channels (interest rate and credit channels) of transmission of monetary policy impulses were inefficient.

Figure 1 - Dynamics of the financial deepening of Romania, 2001-2010

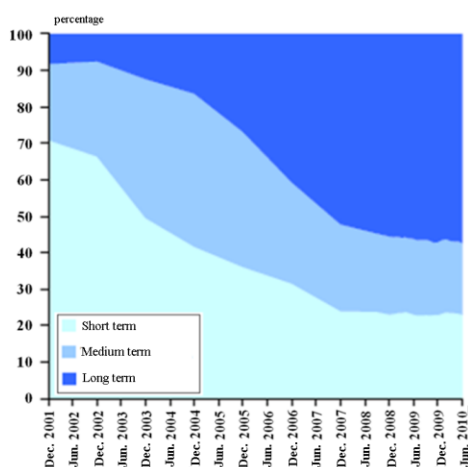


Source: NBR, Authors' calculation

Starting with 2001, financial disintermediation and demonetization ceased, thus creating the premises for the commencement of the recovery of financial intermediation and of the connections between financial variables and real economy (according to figure no. 1, the monetization of the economy and financial intermediation are back on an ascending trend). Thus, the economic agents' and population's requests for financial resources, necessary for the financing of projects deemed sustainable, enabled the resuming of the loan granting process after 2000. This was accompanied by a recapitalization of the stock market as an alternative to financing resources. Oscillating between values below 7% over the 1996-2000 period, the ratio between the capitalization of stock markets (BVB and RASDAQ) and the GDP went up during the 2001-2007 period. Although the financial intermediation indicator evolved, registering a significant increase over the 2000-2010 period, from 9.30% to 40.74% (a four times increase, with an annual average growth of the degree of intermediation of 1.4 percentage points over the 2001-2004 period, in comparison with the 5.6 percentage points during the 2005-2009 interval), there are significant differences in comparison with countries from Central and Eastern Europe, respectively in comparison the Euro area (according to NBR, 2010:38 the average is 150%). Antohi et al. (2007) also mention a low value of the financial deepening of the Romanian economy in comparison with EU countries, for the 2000-2006 period, despite the extremely high dynamics registered by monetary indicators during the analyzed period.

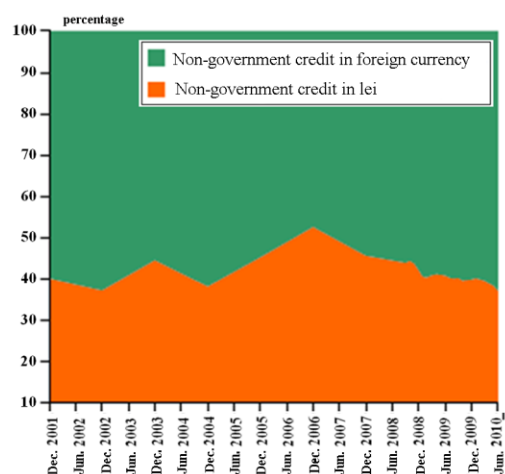
Other specific features of non-government credit, which affect the efficiency of the monetary policy transmission mechanism, are: the maturing debts or maturities structure of credit (see figure no. 2), the denomination currency (see figure no. 3), as well as the type of debtor (see figure no. 4).

Figure 2 - Dynamics of non-government credit according to maturing debts



Source: NBR, Authors' calculation

Figure 3 - Dynamics of non-government credit according to the denomination currency



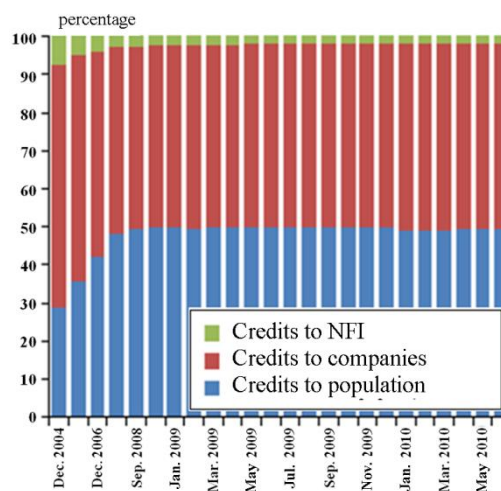
According to figure no. 3, we may notice a significant augmentation of the share of credits with a reimbursement period longer than 5 years in the aggregate non-government credit, from approximately 8% in 2001 to 57% in June 2010, whereas short and medium term loans accounted for 20%, respectively 23% of non-government credit towards the first half of 2010.

As concerns the dynamics of non-government credit according to the denomination currency (see figure no. 3), foreign currency credits represent a large part of the aggregate non-government credit, accounting for approximately 60% during the January 2009- March 2010 period, with a slight increase towards the end of the first half of 2010. The smaller number of credits in lei in the total credit granted to the private sector over the 2007-2010 period is caused, to a great extent, by the easy access of banks to external financing, supported by the strengthening of the position of foreign capital banks in the banking sector (according to table A1, the share of the assets owned by banks with foreign capital or with majority foreign capital, including the branches of foreign banks, in the total assets of the banking system augmented from approximately 51% in 2000 to over 86% in 2010).

As concerns the evolution of non-government credit according to the type of debtor (see Figure 4), we may notice the existence of approximately equal shares for the population segment, as well as for the segment of financial companies.

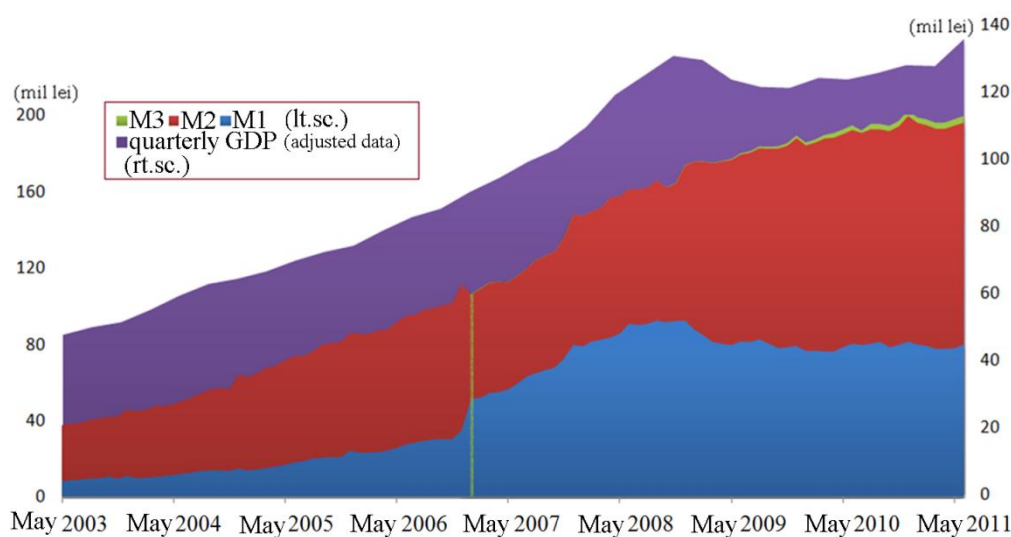
The current configuration of the credit structure according to customer categories was the result of the positive evolution of household loans starting with 2004 (from approximately 30% towards the end of 2004, to almost 50% during the first months of 2009).

Figure 4 - Dynamics of non-government credit according to the type of debtor



Source: NBR, Authors' calculation

Figure 5 - Evolution of monetary aggregates and of the quarterly GDP in Romania, during the May 2003 - June 2011 period



Note: ¹⁾ the values of the aggregate M3 are available starting with January 2007; the data for aggregates M1, M2 and M3 are monthly (the scale in the left); ²⁾ the GDP is nominal, expressed in millions of lei at current prices PIB (BNR, monthly reports, 2003-2011); the data are quarterly and were adjusted after every season, in Eviews, by using a procedure of the mobile average type (the scale in the right).

All these modifications at the level of the financial deepening indicators of the Romanian economy, as well as at the level of the stock market, influence the way in which monetary policy impulses are captured at the level of liquidity and of the financial market process and then transmitted to the macroeconomic components.

2. THE PREVAILING ROLE OF BANKS WITHIN THE ROMANIAN FINANCIAL SYSTEM

The Romanian financial system is a bank-based one, for banks owned over 80% of the total assets of financial institutions (respectively over 90% of the financial sector, together with nonbanking financial institutions at the end of 2010). Thus, bank loans represent the foundation of the Romanian financial system, situation similar to that of the European Union (Rajan and Zingales, 2002) or of other economies from Central and Eastern Europe. Table no. 1 sketches a profile of the Romanian financial system, revealing the dominant position of banks and the strong dynamics of private retirement plans towards the end of the period. At the same time, we may notice that, although banks dominate the financial system, the process of convergence of domestic financial markets towards the European ones creates the perfect environment for the development of insurances and capital market investments.

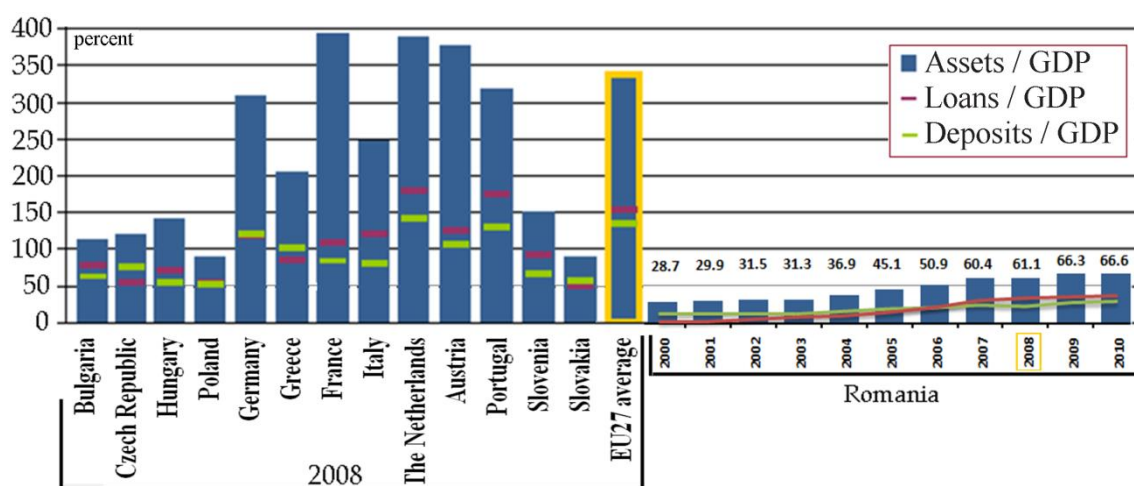
Table 1 - Profile of the Romanian financial system, 2000-2010

Financial institutions	Net assets as a share to GDP (%)									
	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Credit institutions ¹⁾	28.73	31.46	31.27	36.94	45.08	50.91	60.44	61.09	66.30	66.55
Insurance companies ²⁾	1.17	1.51	1.78	1.90	2.20	2.50	3.00	3.00	3.34	3.27
Open-end investment funds ³⁾	0.05	0.09	0.09	0.21	0.17	0.30	0.30	0.20	0.67	1.07
Private pension funds	0	0	0	0	0	0	0	0.17	0.47	0.84
Financial investment companies	1.44	1.45	1.45	1.29	1.76	2.30	2.80	1.20	1.49	n.a.
Non-bank financial institutions	n.a.	1.89	2.21	3.62	4.50	4.70	7.20	8.40	7.53	7.00
Total – Financial system (FS)	31.39	36.4	36.8	43.96	53.71	60.71	73.74	74.06	79.8	78.73
BVB ⁴⁾	1.36	6.02	6.17	13.80	19.40	21.28	20.66	8.88	16.08	19.94
RASDAQ ⁴⁾	2.57	4.02	4.01	3.23	2.84	3.11	5.87	2.35	2.48	2.11
Total – other financial institutions	3.93	10.04	10.18	17.04	22.24	24.39	26.53	11.23	18.56	22.05
Total – FS and stock market capitalization	35.32	46.44	46.98	61.0	75.95	85.1	100.3	85.29	98.36	100.8

Source: NBR annual and monthly reports, ([www.http://bnro.ro](http://bnro.ro)), Report on Insurance Market and for the Activity (www.csa-isc.ro/), Monthly reports of the Asociatiei Administratorilor de Fonduri (www.kmarket.ro/), Activity reports of the CNVM, (www.cnvmr.ro/), Authors' calculations

Note: ¹⁾ in the calculation the total of net assets of credit institutions, including CREDITCOOP, has been considered; ²⁾ the total value of the net assets according with the centralized balance-sheets; ³⁾ the total value of the net assets according with the centralized balance-sheets from the annual reports; ⁴⁾ stock market capitalization

Figure 6 - International comparisons with regard to the degree of intermediation of the banking system



Source: NBR, Financial stability report for 2010 and 2011, Eurostat, Authors' calculation

Returning to the data presented in table A1, we may notice the increasing number of banks in Romania after the shift to the market economy and the increasing share of private-owned banks in the total assets of the banking system. With regard to the degree of financial intermediation of the

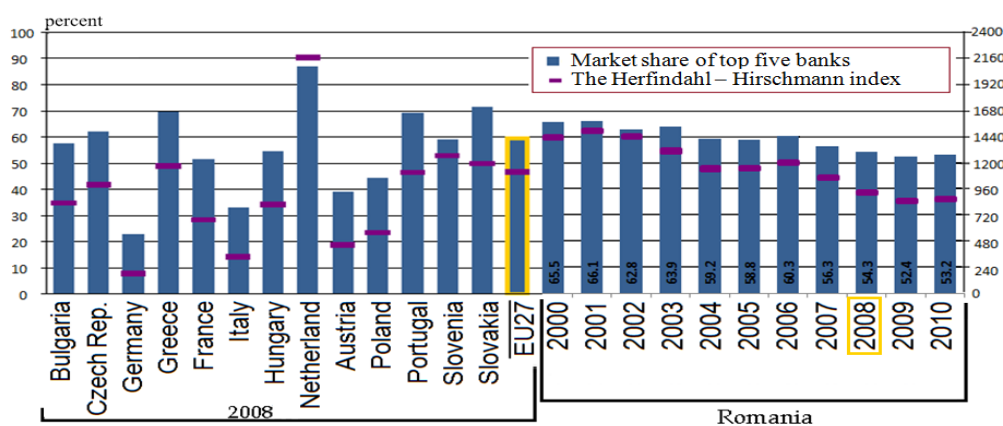
banking system in Romania, although it registered an ascending trend starting with 2000 (the critical threshold was exceeded due to: favourable macroeconomic conditions, restructuring at the level of the banking sector and the improvement by the banks of their portfolio of customers and of banking products), it remains considerably below the average of the European countries and even below the average of the newest EU member states (see figure no. 6).

3. CONCENTRATION IN THE ROMANIAN BANKING SYSTEM

According to the data in table A1, the degree of concentration in the banking system (outlined by using the indicator related to the share of the first five banks in the total assets) registered decreasing values starting with 1991, but started to increase again towards the end of 1997. Its value oscillated over the 2000-2010 period, but the trend was a decreasing one, from approximately 66 % in 2000 to 53% in 2010. It is worth mentioning that, when compared with 2008, the level was below the average values registered in the European Union (see figure no. 7).

The situation is also confirmed by the evolution of the Herfindahl – Hirschmann index, which started to decline in 2006, reaching a value of 857 points at the end of 2009, thus indicating the existence of a competitive banking sector, as far as assets were concerned. In 2010, the value of the HH index augmented by 17 points in comparison with the value registered in 2009. The relatively low value of the HH index positions Romania below the average of 1120 points registered at the level of the European Union in 2008 (see figure no. 7).

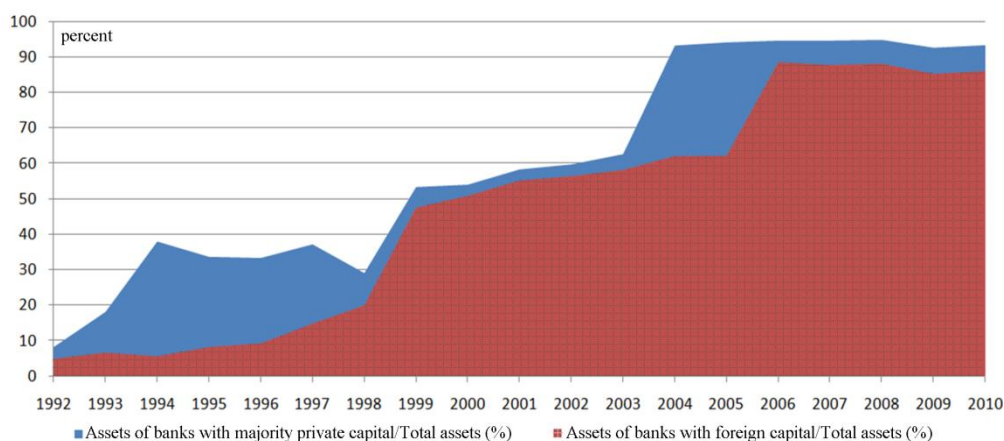
Figure 7 - International comparisons with regard to the degree of concentration in the banking system



Source: NBR, Financial stability report for 2010 and 2011, Eurostat, Authors' calculation

The relatively high degree of concentration of the Romanian banking system creates the premises for some banking institutions to function, for certain time periods, as oligopolies. Thus, these banks have the possibility of influencing liquidity at the level of the banking system, on the monetary market and also the liquidity of interest rates. In such a scenario, the monetary policy impulses are inaccurately received and unequally transmitted by the banks involved (thus affecting interbank interest rates). Also, the responses of the interest rates applied to deposits and credits are unequal and asymmetrical, with direct effect on the spread between them. In addition, Sandler and Kleimeier (2004) argue that the level of the competition in the banking system affects in an unequal manner the *pass-through* of the interest rate and has a more significant impact on the interest rates of deposits than on those of loans.

Figure 8 - Dynamics of the share of the assets of banks with majority privately owned capital and with foreign capital, Romania 1992-2010



Source: Authors' calculation using data from Table A 1

The study of the evolution of the two indicators can be supplemented by the analysis of the dynamics of the market shares of banks, including of the modifications which occur in their classification. According to a recent study (Radu, 2010), the variations of the market shares of banks that are in the “top 10”, function of the size of their assets and, implicitly, of their position in such a hierarchy, became even more intense over the 2000-2010 period, thus confirming the intensification of competition in the banking sector.

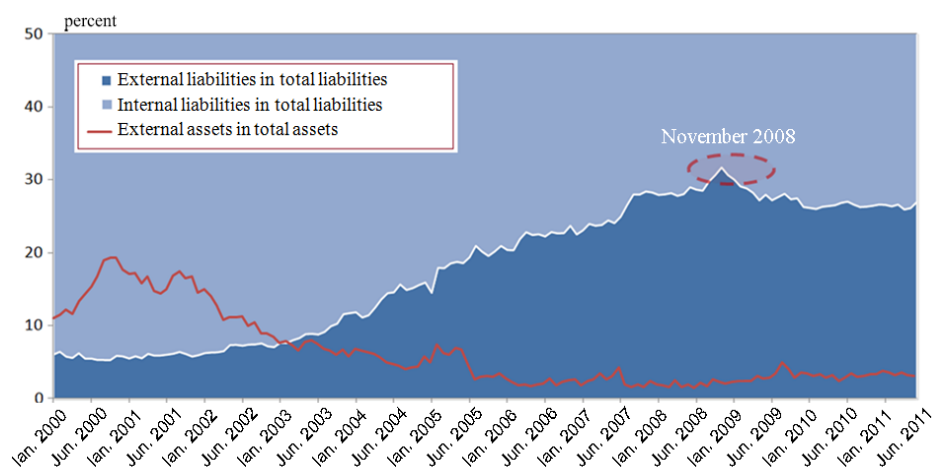
The reforms made after 2000 in the Romanian banking system created the premises for the occurrence of transformations at the level of the capital of banking institutions. Thus, state-owned banks were privatized, and the number of partially or completely privately-owned banks, rose from 5 in 1992 to 29 in 2000 and to 40 in 2010. We also witnessed the increase of the share of private

capital, and especially of foreign capital coming from the EU, in the Romanian banking industry starting with 1998 (see figure no. 8). The presence of banks with foreign capital in the Romanian economy may bring certain advantages, such as better governance at the level of the banking system, as well as the improvement of competition, both with favourable effects on the interest rate channel of the monetary policy transmission mechanism, as well as on the channel of large loans and on the channel of bank loans (both registered a very good evolution starting with 2001, following the restructuring and privatization of the banking system).

4. BALANCE SHEET STRUCTURE OF MONETARY FINANCIAL INSTITUTIONS

The transmission mechanism of monetary policy impulses is also influenced by the orientation of banks towards domestic deposits or towards the financial resources of non-residents at a given moment.

Figure 9 - Dynamics of the share of external debts in the total debts of FMI in Romania



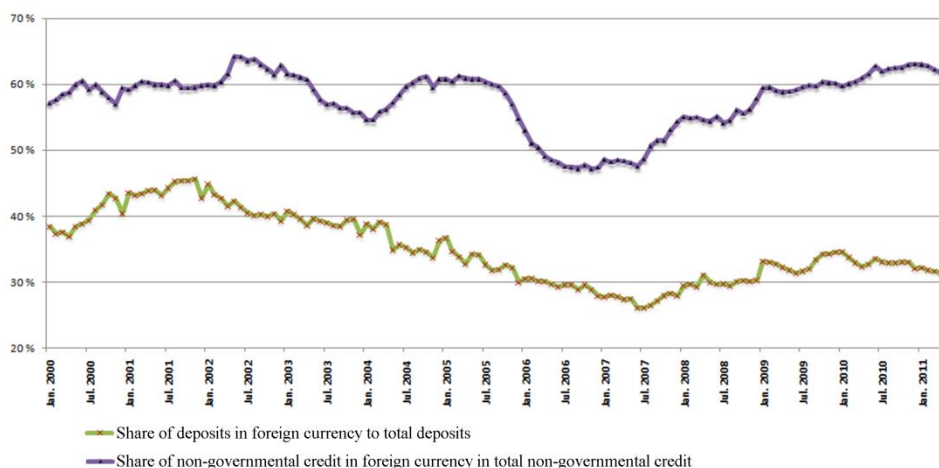
Source: Author's illustration using Eurostat and NBR data

Note: starting with January 2007 the (monthly) data refer to the aggregate monetary balance sheet of credit institutions (banks, Romanian legal entities; branches of foreign banks; cooperative credit institutions) and of monetary market funds (which invested at least 85% of their assets in certain financial instruments).

The orientation of monetary financial institutions towards foreign resources may expand the channel of the influence of external markets on internal financial variables, thus affecting the functionality of the transmission channels. In the case of Romania, the situation of the share of foreign resources in the portfolio of financial resources available for monetary financial institutions is presented under the form of a chart in figure no. 9.

The share of external debts in the total debts of banks decreased from 10% in 1997 to 5.9% in 2001, but started to increase again in January 2002, reaching its peak, of 31.66% in November 2008, in the context of the problems which existed at the level of the financial system (see figure no. 10). At the end of June 2011, the contribution of external debts to the financing of the activities of monetary financial institutions equalled 26.9%.

Figure 10 - Distribution of the foreign capital in the assets and debts of the banks in Romania



Source: NBR, monthly bulletins 2000-2011, Author's illustration

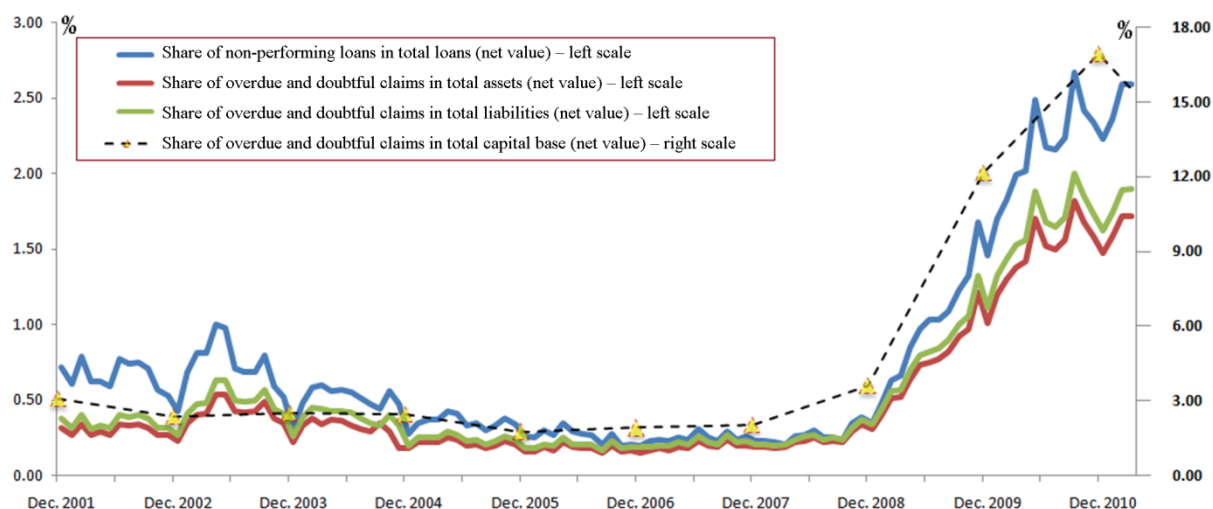
Note: table elaborated based on monthly data

According to the analyses, starting with the middle of 2007, the Romanian banking system has been flooded by foreign currency, situation which affects the efficiency of the transmission mechanisms of monetary policy impulses, both from the perspective of deposits and from that of loans (see figure no. 10).

5. SOUNDNESS OF THE BANKING SYSTEM

An efficient mechanism for the transmission of monetary policy impulses involves the existence of a sound banking system and its functioning in accordance with sound principles. Hence, the quality and performance of the granted loans are of utmost importance. Towards the end of 1998, the share of bad loans in the total number of granted loans was of 58%, and most of them were registered at the level of state-owned banks (Bichi and Drăgulin, 2003).

Figure 11 - Dynamics of the main indicators used for the analysis of the Romanian banking system



Source: BNR, Annual reports, 2001-2010 and monthly reports, 2001-2011, processed by me.

Note: the indicators referring to the share of overdue and doubtful loans granted to customers in the NGC portfolio (net value) and the share of overdue and doubtful debts in the total assets and total debts (net value) were calculated by using monthly data; the indicator related to the share of overdue and doubtful loans in the total equity (net value) was taken from the annual reports of BNR and has annual values (at the end of the year).

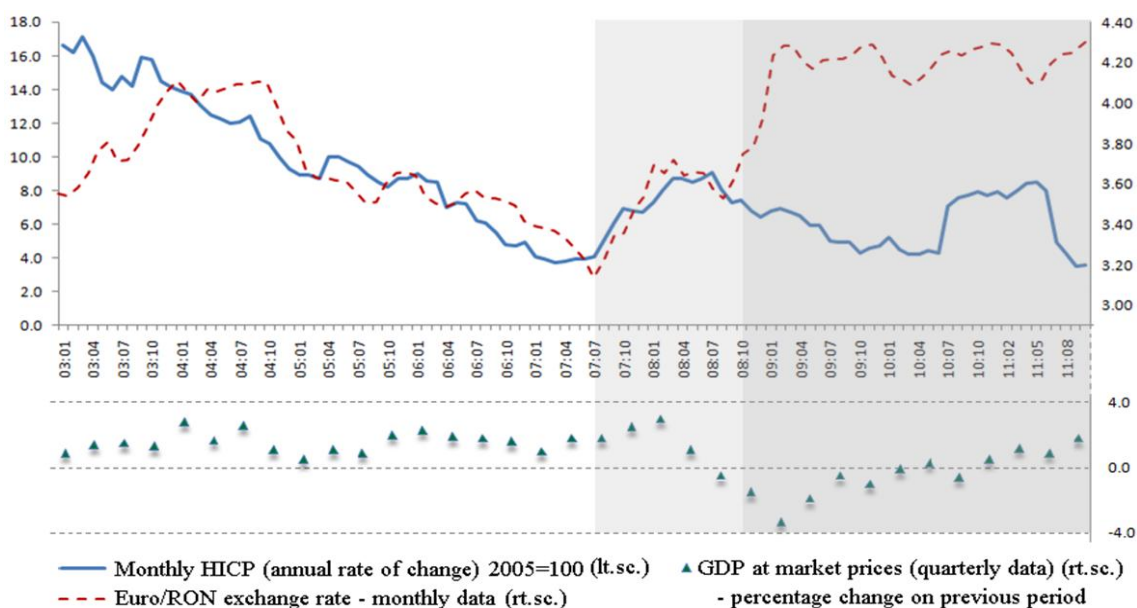
As a result of the restructuring of the financial system and of the recovery and strengthening of the banking sector, the share of overdue loans in the total number of non-government credits declined substantially, from 32.21% in 1998 (see table A1) to 1% in 2003 and below 0.5% in 2008. Despite all this, in the context of the propagation of the effects of the international financial crisis in Romania, too, and of the distress existing at the level of the financial system, the quality of the portfolio of debts worsened, and the indicators related to the analysis of the banking system “exploded” (see figure no. 11).

6. THE CURRENT CONTEXT

When interpreting the values – figures and tables – that characterize the Romanian financial system we must pay special attention to the period before and after the month of October 2008, when the effects of the international financial crisis were felt in the Romanian economy. Thus, before the effects of the international financial crisis had become more visible: 1) the Romanian economy registered a period of sustained growth, accompanied by a continuous process of disinflation and nominal appreciation of our national currency (see Figure 12) with effects on the risk premium; 2) there was a gradual intensification of the competitive process in the banking

sector, and the credit institutions used their resources for augmenting their market share; 3) following the loosening of monetary control, there was excess liquidity.

Figure 12 - Indices if economic health



Source: Author's illustration using Eurostat data

Following the economic and financial shocks in the Romanian economy, we witnessed: 1) the deterioration of the macroeconomic conditions (including inflation); 2) the powerful increase of competitiveness in the banking sector, focusing on the efficient management of the quality of the credit portfolio and the structure of the balance sheets; 3) the modification of the net position of the banking system, supported by the increasing level of mistrust among credit institutions (the amplification of the risk perceived by banks was one of the main effects).

CONCLUSIONS

This scientific paper deals with the analysis of the main coordinates of the Romanian financial system, relevant for the study of the transmission mechanism of monetary policy impulses. In other words, our study consisted in the revealing of the main structural characteristics of the financial system in Romania, with emphasis on those features that exert a particular influence on the transmission of the monetary policy decisions. The accurate knowledge of the factors which influence the behaviour of banks and of the responses of the market to the actions of the central

bank would have significant implications in the sense of the improvement of the efficiency of the implementation of the monetary policy.

The findings of our study revealed the cessation of the financial disintermediation and demonetization phenomena starting with 2001 and the fact that they started an ascending trend (without expanding on the topic of the main factors which determined these phenomena, as this study was already conducted by Antohi et al., 2007). Referring strictly to financial intermediation, although this evolved considerably over the 200-2010 period, from 9.30% to 40.74%, the level continues to be low, with significant differences when compared with other countries from Central and Eastern Europe, respectively with the euro area. This paper also outlined the prevailing role of the bank-based system in the financial system in Romania (at the end of 2010, banks owned over 80% of the total assets of financial institutions, respectively over 90% of the financial sector, together with nonbanking financial institutions). Thus, bank loans constitute the foundation of the Romanian financial system, situation similar to that of the European Union (or even to that of other countries from Central, Eastern and Southeast Europe). As concerns the level of competition between banks, the analyzed indicator (the degree of concentration of the banking system) declined over the 2004-2009 period (with a slight increase in 2010), situation also confirmed by the evolution of the Herfindahl – Hirschmann index. This study is also aimed at paving the way for a subsequent analysis of Bernanke's and Gertler's black box – of the monetary policy transmission mechanism, a subject which, although no longer topical, has managed to remain in the spotlight.

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Appendix

Table A1 - Indicators of the financial system and of the Romanian economy, 1990-2011^{a)} (percentages, unless otherwise specified)

Indices	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999 ^{b)}	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 ^{c)}
Macroeconomic indicators of economic health																						
Real GDP ¹⁾	-5,60	-12,90	-8,80	1,50	3,90	7,10	3,90	-6,60	-5,40	-3,20	1,60	5,60	5,10	5,30	8,50	4,20	7,90	6,30	7,30	-7,10	-1,30	1,70
Ind. Output ²⁾	-23,7	-22,8	-25,6	0,7	3,5	9,9	5,7	-6,9	-13,9	-2,8	32,1	4,1	0,3	-0,9	1,6	-3,1	9,6	10,5	3,0	-6,4	5,5	11,4
HICP	5,10	170,2	210,4	256,10	136,70	32,3	38,8	154,8	59,1	45,8	45,7	34,5	22,5	15,3	11,9	9,1	6,6	4,9	7,9	5,6	6,1	7,5
Indicators of financial development																						
Monet. economy ³⁾	55,70	27,40	20,10	13,80	13,30	18,10	20,50	18,10	24,90	24,80	23,20	23,30	24,70	24,40	26,20	30,10	32,04	35,60	33,81	38,07	39,48	-6,4 ²⁰⁾
Fin. intermed. ⁴⁾	79,70	62,40	31,70	24,50	19,10	22,80	24,60	14,20	15,80	10,60	9,30	10,10	11,80	15,18	16,58	20,69	26,80	35,62	38,48	40,14	40,74	-6,8 ²⁰⁾
Stock cap. ⁵⁾	x	x	x	x	x	x	...	6,40	3,70	4,50	3,93	6,13	10,04	10,18	17,04	22,24	24,39	26,53	11,23	18,56	22,05	...
NGL ⁶⁾	...	-38,0	-54,0	-35,0	19,0	36,0	4,0	-47,0	17,0	-37,0	-8,0	21,0	28,9	47,8	26,2	33,8	47,0	50,0	26,0	-3,46	x	...
Structural indicators of the Romanian banking system																						
No. cr. instit.	12	8	17	20	27	31	40	43	45	41	41	41	39	39	40	40	39	42	43	42	42	42
HH Index ⁷⁾	1296	1375	1427	1381	1264	1120	1124	1171	1046	926	857	874	...
% Privat Cap. ⁸⁾	8,13	18,04	37,87	33,55	33,23	37,08	28,98	53,23	53,90	58,20	59,60	62,50	93,10	94,0	94,5	94,50	94,70	92,50	93,20	93,40
% Foreign Cap. ⁹⁾	4,88	6,57	5,54	8,15	9,17	14,77	19,95	47,55	50,88	55,20	56,40	58,20	62,10	62,20	88,60	87,80	88,20	85,30	86,10	85,40
%5 banks ¹⁰⁾	...	83,0	76,0	76,0	69,0	64,0	66,0	61,0	62,0	66,70	65,50	66,10	62,80	63,90	59,20	58,80	60,30	56,30	54,30	52,40	53,15	...
Indicators of the aggregate balance of monetary and financial institutions ¹¹⁾																						
%Exter. liabilities ¹²⁾	-	-	-	-	-	-	-	-	-	-	5,69	5,91	6,98	9,20	13,86	18,91	22,23	25,57	29,04	27,91	26,42	26,48
%Exter. assets ¹³⁾	-	-	-	-	-	-	-	-	-	-	15,00	15,99	10,97	7,01	5,31	4,80	2,19	2,44	1,96	3,05	3,10	3,46
%Dep. foreign ¹⁴⁾	-	-	-	-	-	-	-	-	-	-	39,70	44,19	41,41	39,21	36,24	33,14	29,58	27,39	29,94	32,90	33,10	31,90
%NGL foreign ¹⁵⁾	-	-	-	-	-	-	-	-	-	-	58,72	59,84	62,25	58,30	58,25	59,59	48,72	49,89	55,26	59,55	61,74	62,66
Indicators of banking system																						
% ODL in NGL ¹⁶⁾	-	-	-	-	-	-	-	-	32,21	14,76	0,65	0,72	0,43	0,31	0,28	0,26	0,20	0,23	0,35	1,46	2,23	2,59
% ODC on A ¹⁷⁾	-	-	-	-	-	-	-	-	14,54	2,36	0,29	0,32	0,23	0,22	0,18	0,16	0,15	0,19	0,31	1,01	1,47	1,72
% ODC in D ¹⁸⁾	-	-	-	-	-	-	-	-	26,29	2,61	0,30	0,40	0,27	0,26	0,20	0,18	1,19	0,21	0,34	1,11	1,62	1,90
% ODC in PC ¹⁹⁾	-	-	-	-	-	-	-	-	253,64	31,21	3,32	2,66	1,97	2,11	2,05	1,35	1,50	1,63	3,19	11,78	16,59	11,47

Note: ^{a)} end-of-period data (unless otherwise specified); ^{b)} 1999 is the year of the commencement of the recovery and consolidation of the banking sector, followed by a period of stabilization of its performances; ^{c)} the period refers to the first quarter of 2011 (T1 or Q1). ¹⁾ the indicator refers to the annual growth rate of the GDP, percentage variations ²⁾ industrial output: data series adjusted according to working days, percentage modification in relation to the period corresponding to the previous year. Source: Eurostat; ³⁾ the indicator “monetization of the economy” refers to the share of the aggregate M2 in the GDP; ⁴⁾ the indicator “financial intermediation” refers to the share of non-government credit in the GDP; ⁵⁾ the indicator “market capitalization” refers to the share of the total capitalization of stock markets (BVB and RASDAQ) in the GDP; ⁶⁾ percentage modification of the real non-government loans (NGL or NGC) in relation to the previous year; ⁷⁾ the Herfindahl – Hirschmann index (points); ⁸⁾ the share in the total assets of banks with majority privately owned capital; ⁹⁾ the share in the total assets of banks with foreign capital; ¹⁰⁾ the share of the first five banks in the total assets (for the 1991-1998 period, the indicator refers to the first four banks); ¹¹⁾ for the 2000-2007 period, the indicators are calculated for banks, whereas in the case of the 2007-2011 period they refer to credit institutions and monetary market; the data are calculated as annual average values. ¹²⁾ share of external debts in total debts; ¹³⁾ share of external assets in total assets; ¹⁴⁾ share of foreign currency deposits in M2; ¹⁵⁾ share of foreign currency NGL in the total NGL; ¹⁶⁾ share of overdue and doubtful loans (ODL) granted to customers in the NGL portfolio (net value); ¹⁷⁾ ¹⁸⁾ ¹⁹⁾ share of overdue and doubtful claims (ODC) in the total assets, total debts and total equity (net value); ²⁰⁾ the indicators express the percentage modifications of the values registered in T1, 2011, in comparison with the value registered in T1, 2010. ... = lack of data; x = does not apply; - = was not calculated;

Source: NBR, Eurostat, Authors' calculations