

Central bank's Badea: Romania's financial system has resources to resist and contribute to economic recovery

The financial system in Romania has the resources to resist and contribute to supporting the effort of economic recovery, but this is not enough, Leonardo Badea, deputy governor of the National Bank of Romania (BNR), said in a debate on Tuesday.

"We could say that, currently, at the level of the banking system in Romania we have a total own funds ratio of 22.8 pct, at the end of June 2020, compared to 18.3 pct of the EU average that was in March 2020. The 1st quarter's own funds rate was 20.7 pct compared to 15.8 pct, the European average. Compared to December 2019, the volume of own funds increased by 0.2 pct in the context of the bank's compliance with our recommendations on the non-distribution of dividends of the registered profit. If we look at the rate of non-performing loans, it stood at 4.3 pct in June 2020, from 4.4 pct in the previous month, after around 4 pct in the first five months. The European average is 3 pct, but we are around the European average. The coverage of non-performing loans in the banking sector was strengthened during this period being 63 pct in July, starting from a reference value of 58.7 pct in February, or 57.1 pct in July 2019. The liquidity coverage indicator stood at 268.43 pct at the end of July, compared to 256.66 pct in February, while the European average was around 148 pct. The financial system in Romania has the resources to resist and contribute to supporting the economic recovery effort, but this is not enough. Here we need much more, a symbiosis between what is achieved at the level of public policies through fiscal and budgetary policies and what we can do at the level of the National Bank of Romania through monetary policies," Badea stressed.

The BNR official pointed out, in context, that, globally, there is a concern to find measures to encourage incentive packages to be applied by public authorities.

"The positive effects of these additional measures are already visible at the level of the solidity indicators of the financial system in Romania," said the deputy governor of the National Bank of Romania.

The DC Media Group Press Trust organizes, on Tuesday, the online debate dubbed "Upgrade Romania - Plan to restart the economy", in which topics such as the economic balance sheet are addressed six months after the trigger of the emergency state, the real situation "on the ground", the sources of financing for the economy and access to European money.