

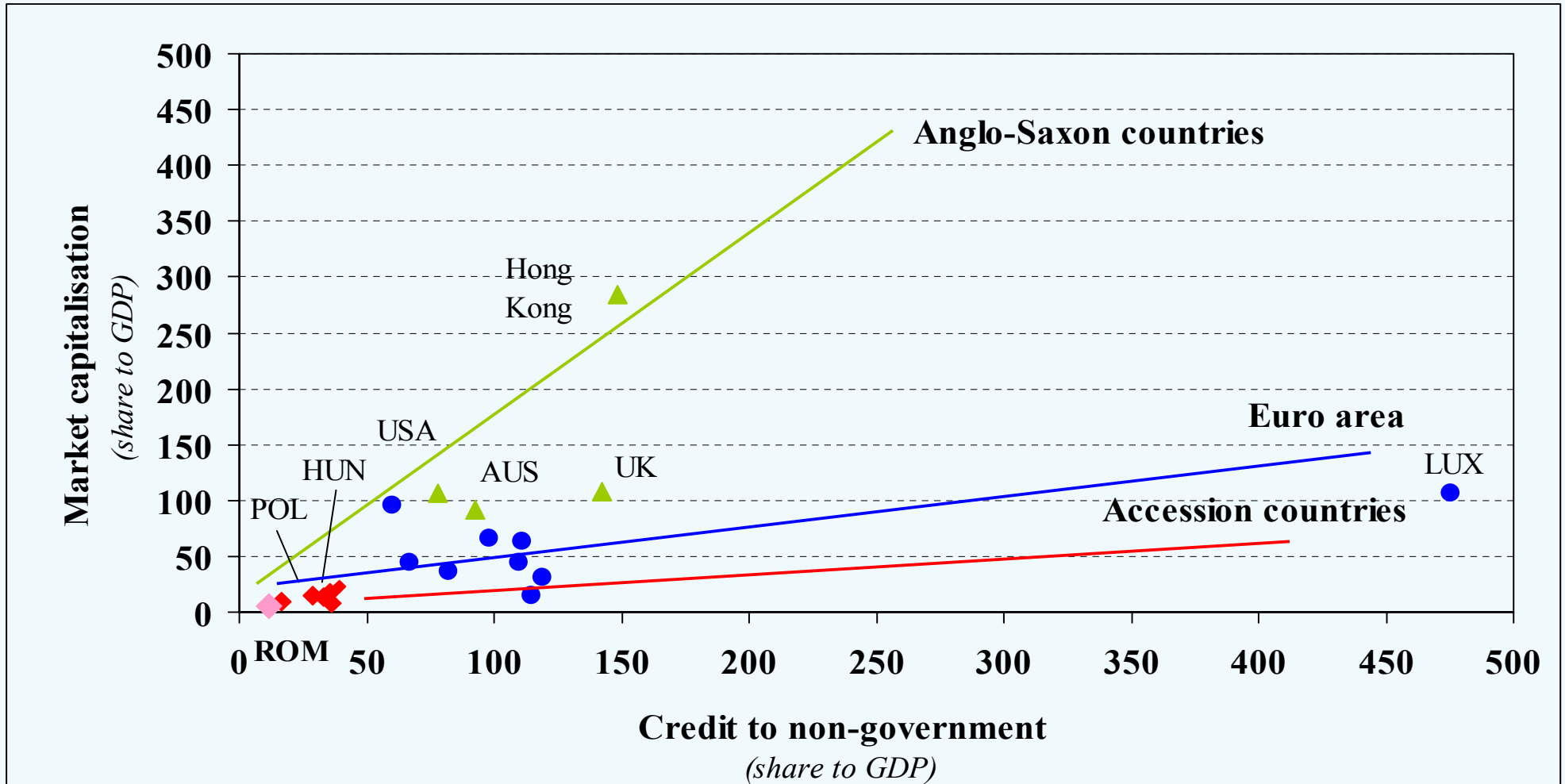
Financial Sector Development and Credit Expansion in Eastern and South-Eastern Europe

Mugur Isărescu

Governor of the National Bank of Romania

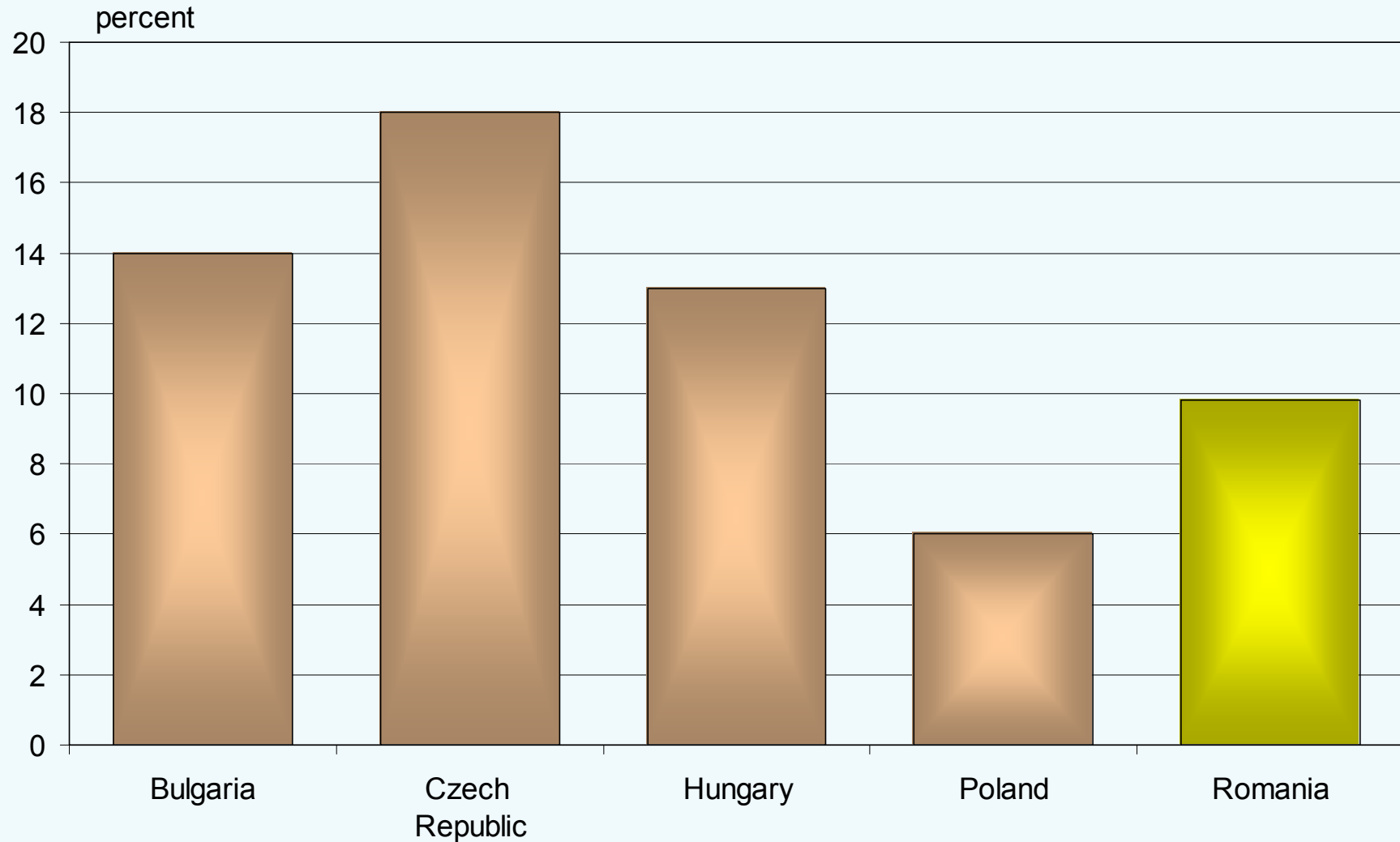
October 15, 2003

Banks vs Capital Market, 2002



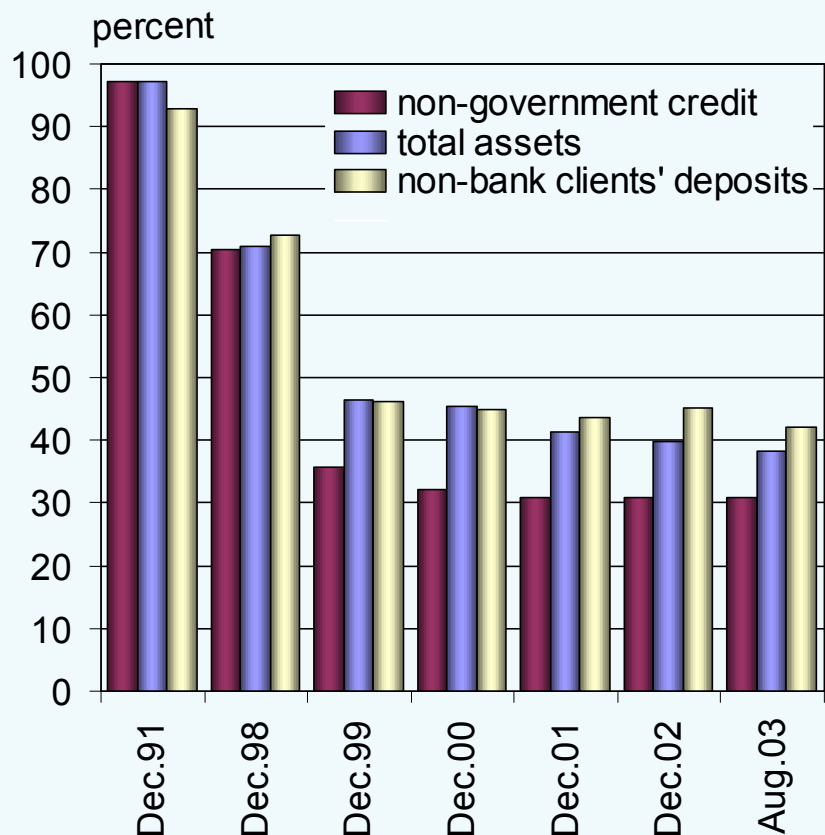
Source: International Federation of Stock Exchanges, IMF, BSE, NBR

The Cost of Bank Consolidation in Selected Countries, 1990s



Source: NBR, IMF

ROMANIA: Share of Majority State-owned Banks* in Total Banks



share in total banks (%); August 2003

	Total assets	Non-govt. credit	Non-bank clients deposits
Banks with majority foreign capital	58.1	64.9	54.7
Banks with majority domestic state-owned capital¹	38.2	30.9	42.0
Banks with majority domestic state-owned capital^{1,2}	8.3	2.8	9.4

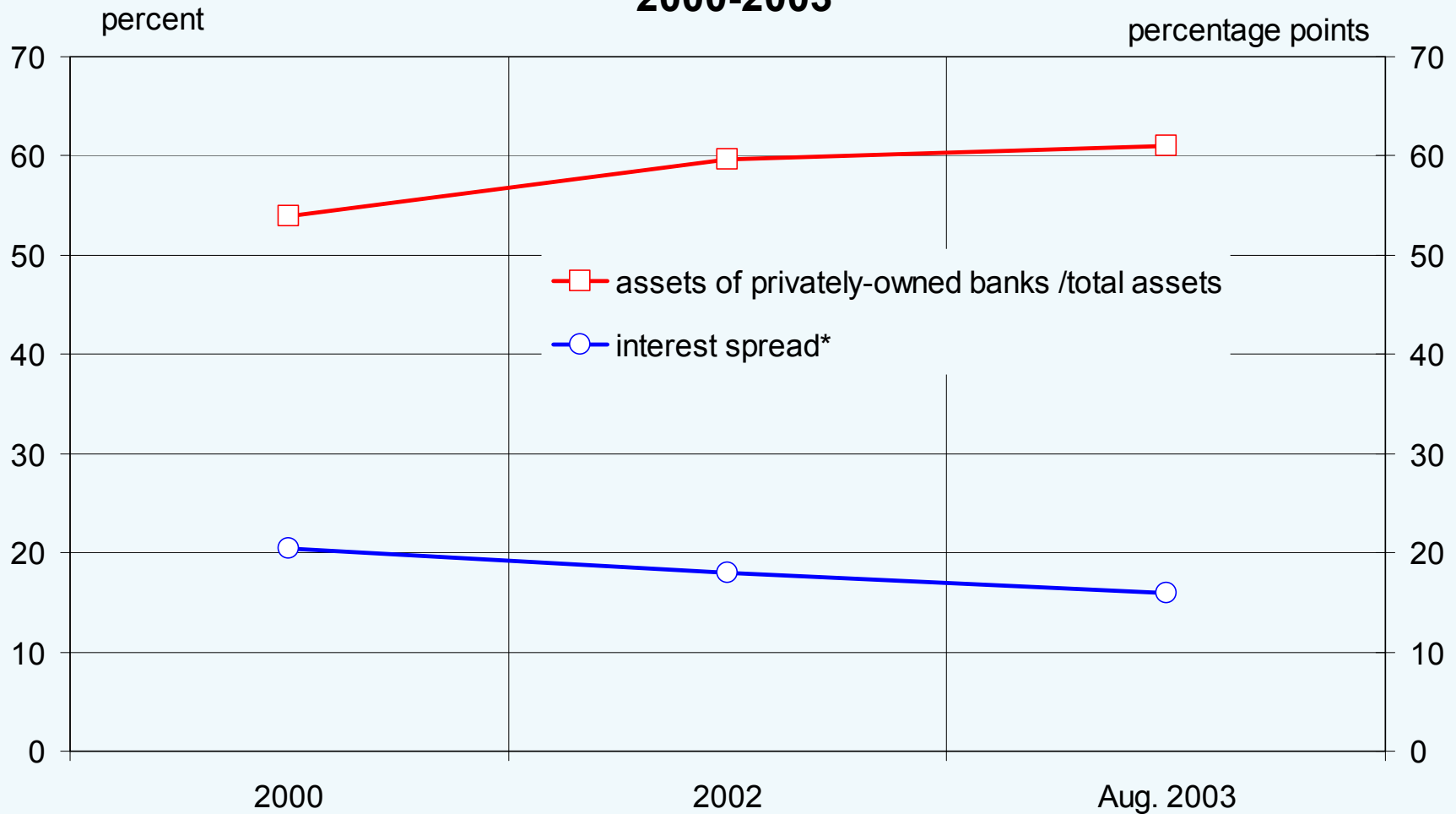
1) including CEC; 2) excluding BCR

*) Banca Comercială Română (BCR), Banca de Export-Import a României (EXIMBANK), Casa de Economii și Consemnațiuni (CEC);

BANC POST and Banca Română pentru Dezvoltare (BRD) until Feb. '99 and Banca Agricolă (BA) until Sep. '01.

Source: National Bank of Romania

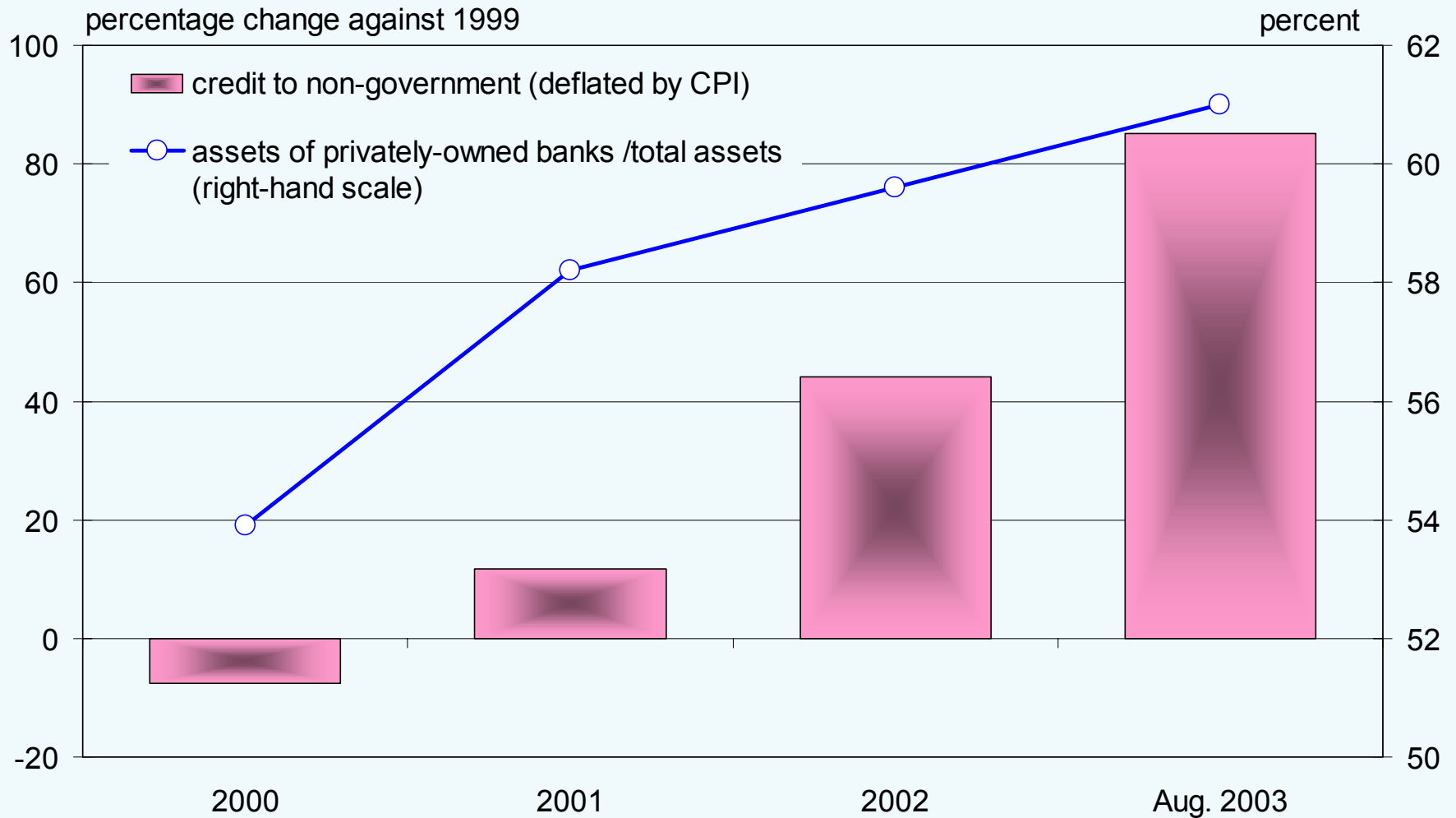
ROMANIA: Private Ownership and Interest Spread, 2000-2003



* Lending rate to non-bank non-government - Deposit rate to non-bank

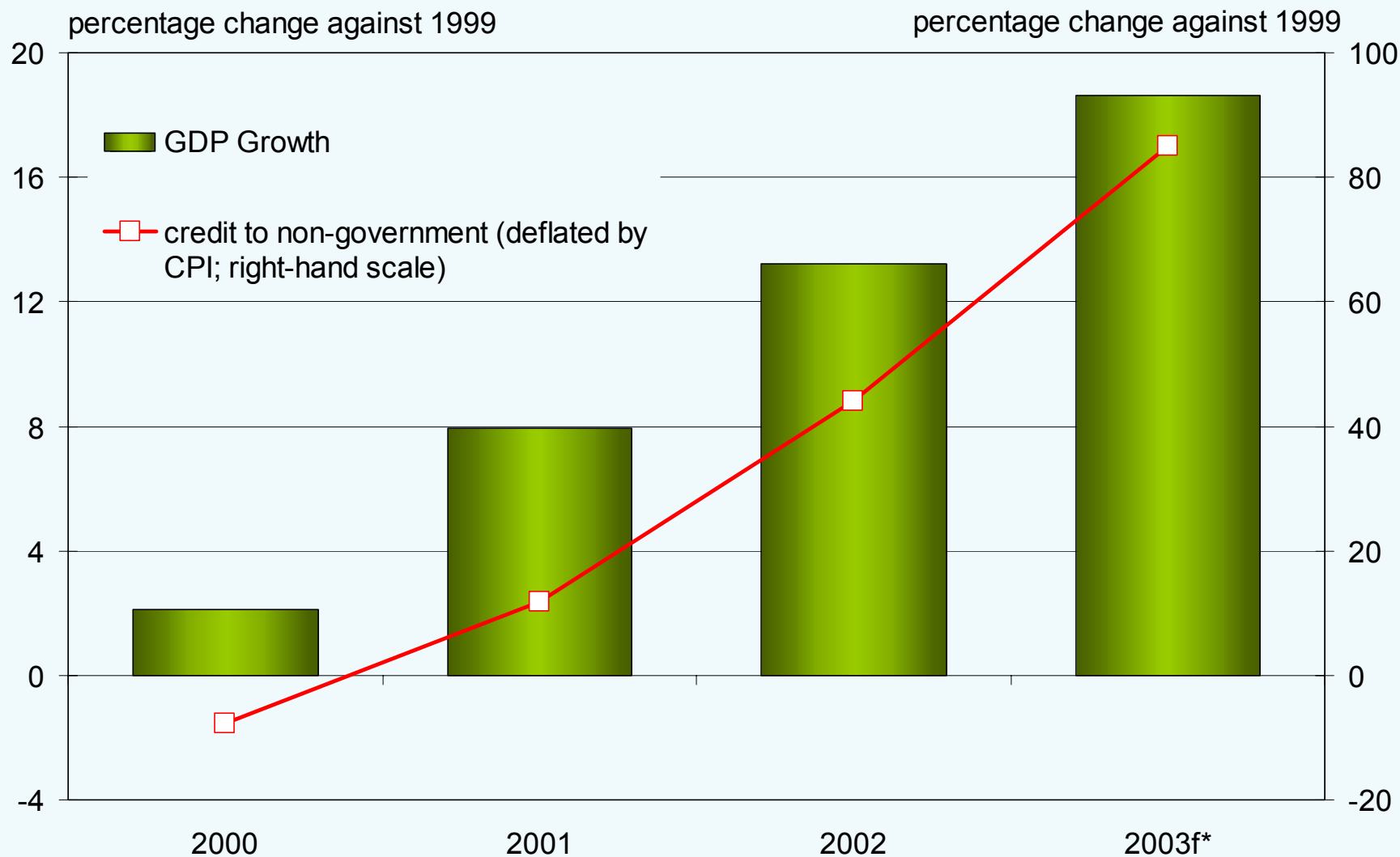
Source: NBR

ROMANIA: Private Ownership and Credit to Non-government, 2000-2003



Source: NBR

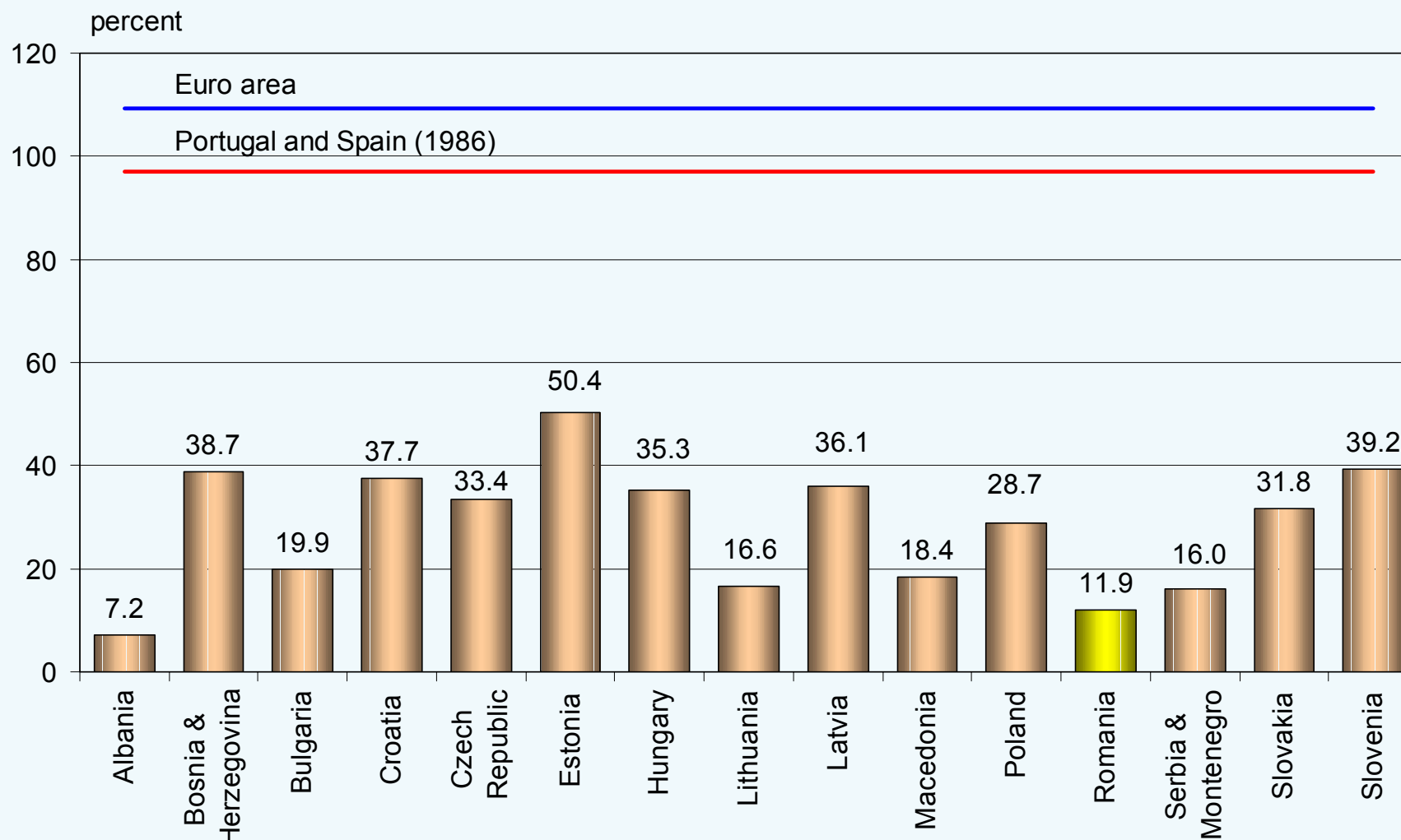
ROMANIA: GDP and Credit to Non-government, 2000-2003



Source: NSI, NBR

*) credit to non-government as at August 2003

Credit to Non-government to GDP, 2002



Source: NBR, IMF

Banking Intermediation, 2002

	CEE	Balkans	Fmr. CIS	EU*
Total Loans / GDP (%)	32	14	17	172
Total Deposits / GDP (%)	53	25	22	186
Banking Assets per Capita (EUR)	4,336	695	628	64,535
Banking Assets / No. of Banks (EUR mill.)	1,375	173	92	5,288

*) 2001

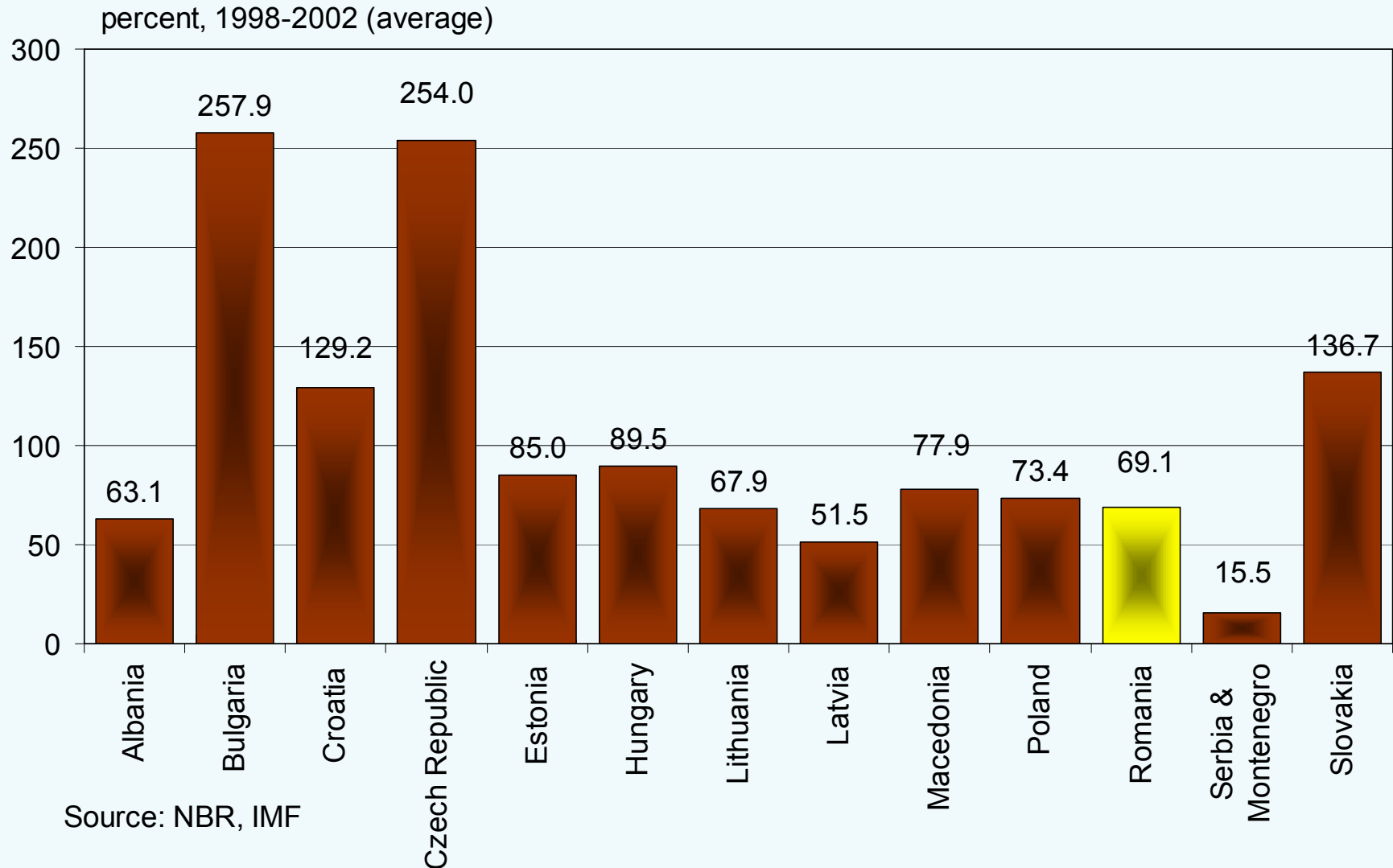
Source: ECB and EBRD

ROMANIA: Capital Account Liberalisation

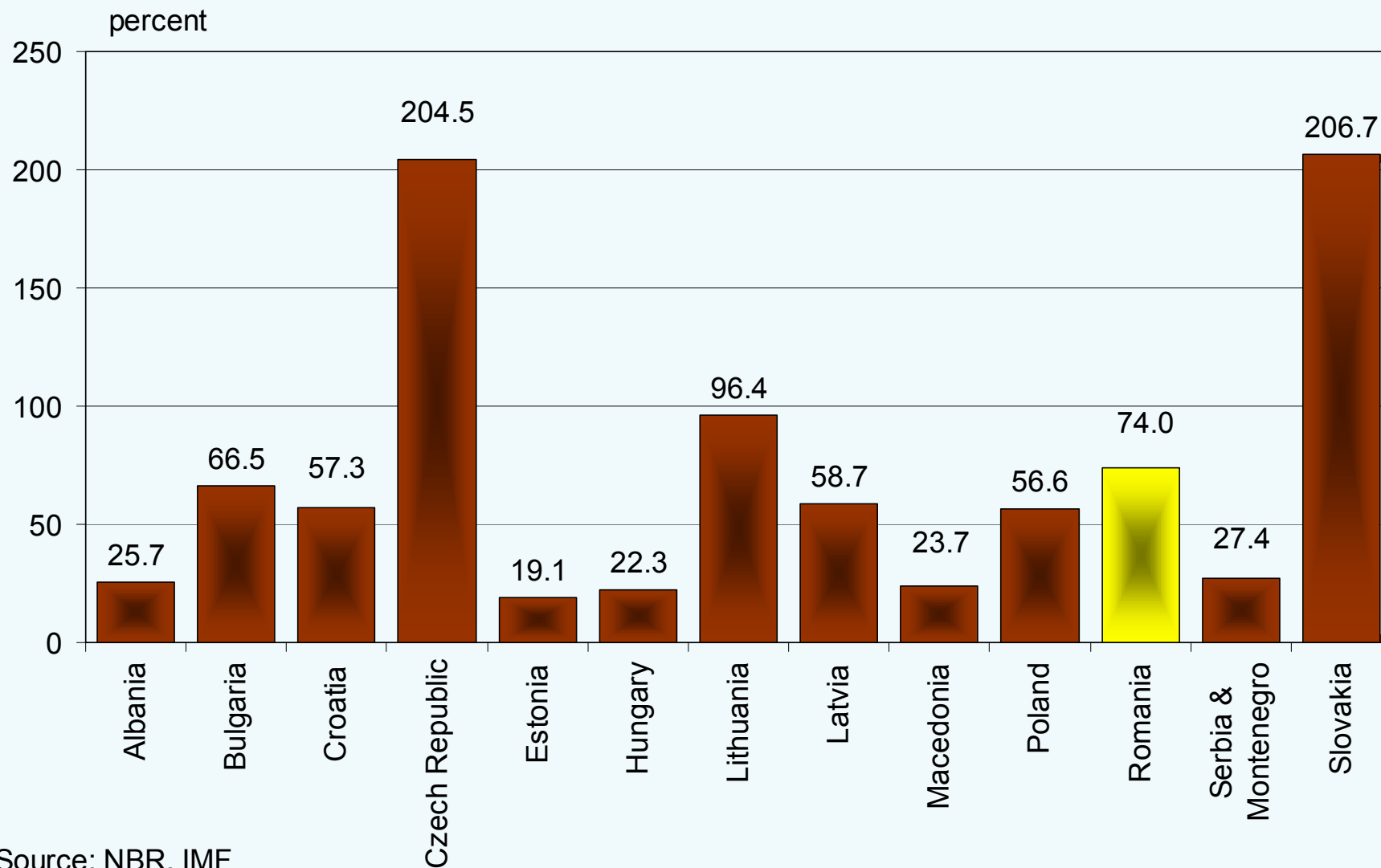
Risks to affect macroeconomic stability alleviated by:

- prevalence of FDIs in current account deficit financing
- beneficial influence of consistent current transfers surplus on the financing needs of the current account
- an interest rate policy steered as to discourage excessive real interest rate and, therefore, speculative inflows
- a flexible exchange rate regime allowing absorption of shocks arising from volatility of capital flows

FDI Contribution to Current Account Deficit Financing



FDI Contribution to Current Account Deficit Financing, 2002



Source: NBR, IMF