

Romania

Romanians: To Save or to Consume

Ten years ago the Romanians' relationship with a bank was mainly concerned with savings (used by 16% of the population aged at least 15, with a 35% banking population). Cards and loans were taken advantage of by very few (6% and 3% respectively). In 2010 the scene has changed completely: for the Romanians banks mean loans, which they are very eager to obtain (23% hold a consumer loan or a mortgage), and cards (35%) that generally are the vehicle for access to their salaries. Romania is ranked 13th out of 14 CEE countries when it comes to the use of savings products and 3rd with regard to loans.

Low incomes are a significant barrier to saving money. Even in 2008, on average 56% of Romanians were only able to just make ends meet on their income and only 22% managed to save. Throughout 2009, incomes decreased and by December 2009 only 12% were still saving. As for future savings activity, 80% of Romanians think it is unlikely (compared to 75% in 2008).

On the other hand, for the Romanians the banks' savings products are not the only means of investing the money that they are able to set aside. Even though the real estate market has suffered a fall in value, ownership of land and apartments has still retained some ability to attract Romanians. Thus, in terms of the most interesting means of saving or investing money, bank savings products and real estate share first place, with around 40% of the population declaring they find them attractive.

Large numbers of Romanians also regard cash as a good way of saving money: 17% in 2009, an increase from 9% in 2007. The fact that this solution is also more convenient for most people, as compared to real estate, makes it the main "competitor" of savings products. Having said this, the second half of 2008 saw an increased utilisation of banks for keeping their savings. The greatly increased interest rates paid between November 2008 and June 2009 attracted almost all the Romanians who were still able to set money aside to the banks.

The temptation to indulge in consumption is another factor that has helped to increase the use of loans and led to savings being used up.

According to the GfK Roper Reports, for Romanians even more than for other nations, a "good life" is typified by possessing a luxury item or a second car (30% of Romanians, compared to 24% globally), really nice clothes, accessories or jewellery (32% of Romanians, compared to 24% globally) and having the latest electronic items and gadgets for the home (30% of Romanians versus 20% globally). Romanians are also enthusiastic about technology and high-tech products with 33% considering new technology exciting and using it as much as possible (as compared to 25% globally).

Another likely influencer of major purchases, for which loans are used very often, can be found within the Romanians' personal values system. Personal values are at the core of human behaviour and thus influence people's needs in all areas of their lives. One personal value that is much more important to Romanians than to most other nations is social status (ranked 16 in Romania, as opposed to 49 globally, out of a set of 53 basic values).

This importance of status in the Romanian values system has an influence on decisions to purchase "status items", such as cars, electronics and tech products.

The use of consumer loans decreased during 2009 and the first part of 2010, but is still quite high: approximately 20% of Romanians aged 15 or over have a consumer loan (as compared to 24% at the beginning of 2009). This decrease is a consequence of both action on the part of banks (higher interest rates and more demanding conditions) and reticence on the part of consumers whose intentions to take out consumer loans had already started to decrease slowly even as early as the first half of 2008.

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