

ANALYSIS OF PLACING THE POPULATION SAVINGS IN ROMANIA IN THE CURRENT PERIOD

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In Romania, after a careful study of the saving process and the analysis of the determinant factors, it could be highlighted a number of ways of population savings. Because the permanent correlation of income and expenditure by business entities is not part of the economic and social reality, issue of placement of saved income rises, in certain periods of time, and also making use of investments in previous periods, in which case the need to use the savings appears. It is important to make distinction between the different possible allocations of savings, because depending on their destination, the economic effects are radically different.

Key Words: savings, income, investments

JEL Classification: E2, E21, E22

The paper "The savings in Romania" was designed based on the belief that in our country, after 1989, the saving contribute greatly to economic growth and to reach the goals of European Union membership. In this context it has been studied and analyzed the saving in conditions of freedom and in terms of access to financial and monetary market.

The purpose and tasks of the work are formed by the theoretical and methodological study of the forms and motives underlying the romanian population process of saving and the impact of the influence factors on this process. Achieving of its purpose is conditioning the following research tasks: (i) analysis of scientific papers that are directly or indirectly the subject of research data, (ii) studying the nature and the content of economic category of "saving", (iii) research into the causes, the reasons and the assessment methods of inequality savings of the population;

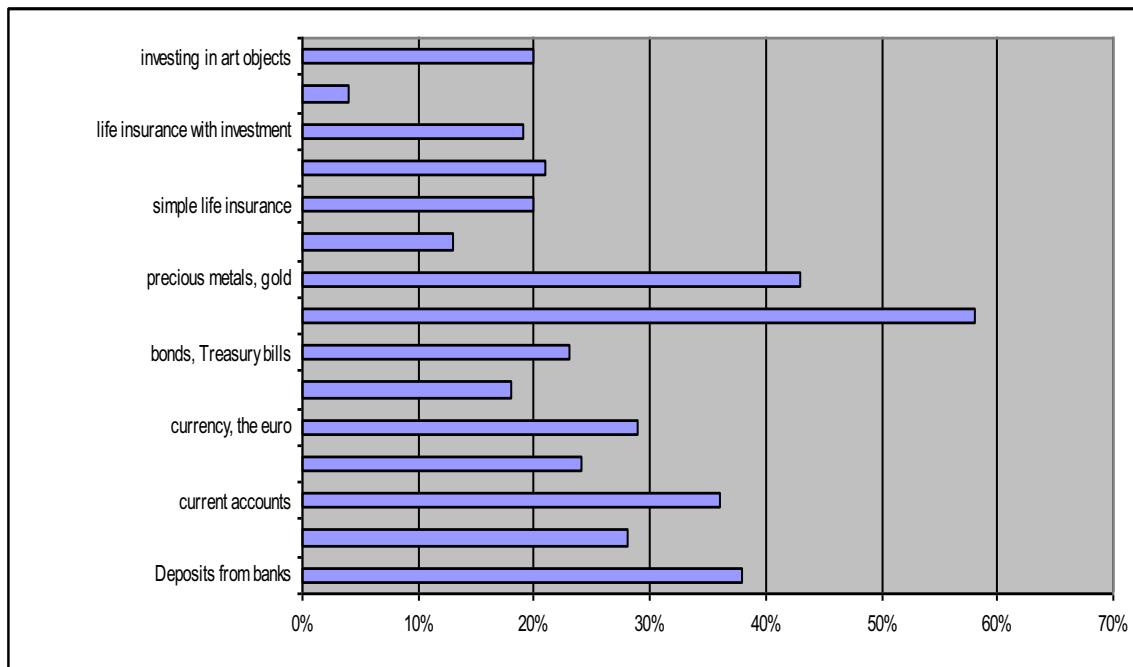
The Research subject is the process of population saving, especially the impact of several factors influencing the evolution of this process. Theoretical-scientific and methodological support of the presented work is based on the works of renowned scientists: A. Smith, D. Ricardo, JS Mill, D. Marshall, J. M. Keynes and other economists from abroad and domestic. The informational support of the work was the data of the National Institute of Statistics, National Bank of Romania, the Deposit Guarantee Fund in the Banking System, sociological data and statistics in Central and Eastern European countries.

The Research methodology was based on the use of methods such as dialectical method with its components - analysis, synthesis, induction, deduction, research from simple to complex, from the historical to logical, from qualitative changes to quantitative changes and the internal methods of economic subjects - observation, comparison, selection, grouping, etc.

After a study made by HVB Bank with GfK group, and in conformity with the studies conducted by Metro Media Transylvania can be said that public confidence in savings instruments is increasing.

According to all these analyzes the preferred way to save money is buying apartments or houses (58%), respectively investing in real estate. These rules are, at present, the most profitable forms of savings, but also the safest.

Chart 1 –Forms of savings (%)



Source: data processed from National Bank statistics

For many people, buying a land or buying a building or a home is an important saving. In addition to the dream of having a house with own garden, an important role is played by the desire to have a safe investment and that of ensuring a stable situation for old age.

Bidimensionality scale assessment of the main ways of saving - safety and profitability - indicates an inclination to appreciate the savings in real estate, the banking investment in precious metals as the safest and profitable. Bank placements are better appreciated in terms of safety than in terms of earnings.

Preferences for bank deposits are found in greater for categories: over 50 years, people with high occupational status, with higher studies, medium and large cities, with a monthly personal income between 900 and 1,500 lei from Bucharest.

Generally, the bank deposits and savings books CEC type are very low risk instruments, but with minimal gains. Socio-demographic differentiators being analyzed shows that young people prefer saving tools evolved, characterized by risk and high profitability. CEC preferences deposits will be found in greater on people over 50 years and retired with elementary education, relatively low-income urban areas.

The main tools promoted by savings institutions are:

- librettos with interest on demand savings account;
- librettos of term interest savings deposits;
- teenager deposit;
- youth deposit;
- deposit with fixed interest rate, etc..

Keeping savings at home is preferred by 18% of the population, being largely preferred by young people with relatively low education level, with a maximum personal income of 300 lei monthly. But it also found that this preference decreases with increasing education levels. Thus, young people do not think to save, and the elderly are based on the youth for support in old age.

A very important form of investment is the purchase of securities. The securities are investment securities with legal regime by which people can ensure the funds to cover the expenses. Percentage of interest rate, the current issue and the redemption period shall be such that acquisition of such securities to be an attractive investment option for investors. There are two types of securities: stocks and bonds. Statistics shows that 23% of Romanian invests in bonds, Treasury bills, government securities, 13% in shares and 20% in simple life insurance. So the trend now is for people to save in real estate. Lack of diversity of these tools, but also of confidence in them, leads more towards consumption than for saving.

Keeping savings in Euro or dollars is preferred, usually, by the people with high occupational status, with higher education in cities of over 20,000 employees, with personal and household monthly income of over 900 lei. Thus, the share of those who have opted for the euro (29%), being by 5 percentage points higher than those who have opted to save the U.S. currency (24%). However, saving money as deposits are classified as economic behavior fitting in general causality which works in the wider economy. Although many financial-related behaviors have non-economic causality (psychological, contagion generated etc..), generally, they are subsumed to the dynamics of some macroeconomic variables that are either generating or conditional for saving behavior, both in volume as and the structure of the "portfolio" of saving.

It should be noted that the consumption/saving border is far from being clear, obvious; so, buying jewelry or paintings can be seen as a form of savings, although it is consumer goods. If diamond kept in a box is then placed to achieve capital gains, it is undoubtedly speculative purposes. But more often, buying carpets and paintings from East is part of consumption that integrates a heritage whose function of precautionary saving is often located in the background in relation to the main use.

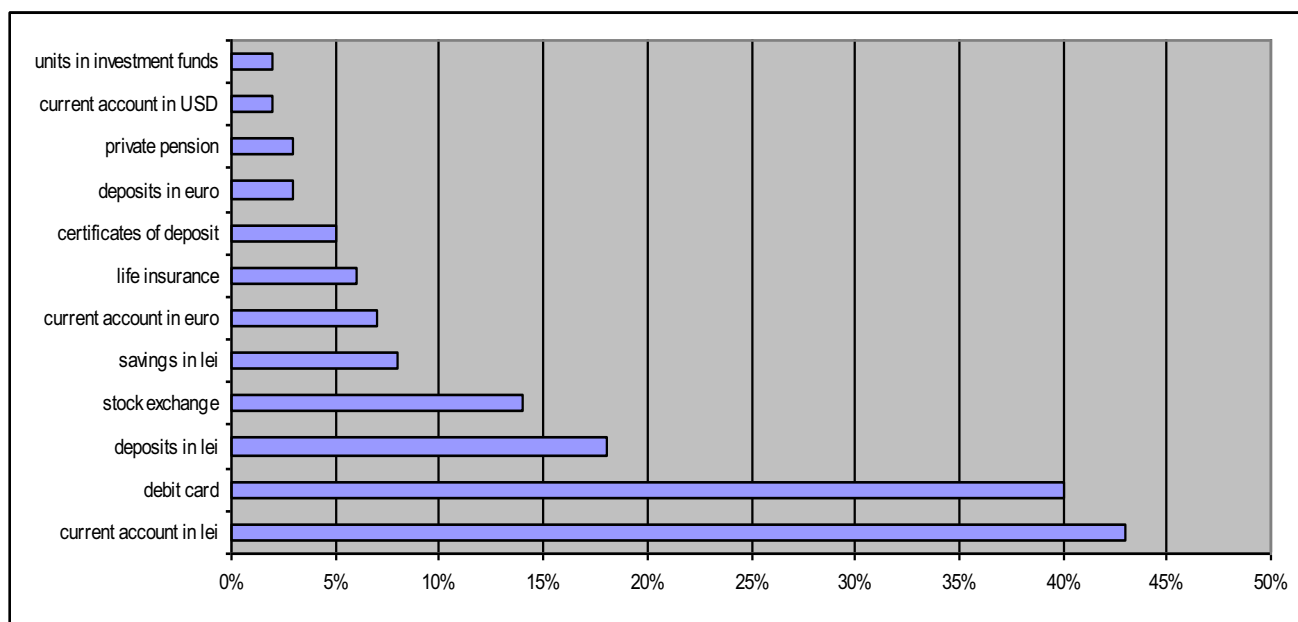
So, we can conclude that saving is immediate unconsumption of an income part and raising money for a certain period, a process that has as possible destinations the hoarding, placement and investment.

In terms of profitability that measures the difference between profits when investing in real assets and the interest rate that would be obtained by placing the used capital to finance these investments.

It's a key indicator to understand the inclination to investment and the decision of capital holders when they have to choose between industrial adventure and financial investment.

As noted, between 2009-2011, the investment portfolio has as main instrument of saving, the current accounts and debit cards used in the last year by 40-43 percent of accessed household members. Then comes the deposits in lei and shares used in 18 percent and 14 percent of visited households (in the study conducted by Metro Media Transylvania). The following are placed in descending order the books in domestic savings (8 percent), euro current accounts (7 percent), life insurance (6 percent), deposit certificates (5 percent), euro term deposits (3 percent), private pensions (3 percent), units in investment funds (2 percent).

Chart 2 - Savings instruments (%)



Source: data processed from National Bank statistics

Most households with savings instruments have only one instrument of some sort in this category, notices are valid for credit instruments.

In 2011, total savings instruments of some kind held in the household usually overcomes 1,000 lei.

Also, at this moment, in Romania the population invests small amounts in private pensions. The number of those who seek special funds and pension savings products is relatively low (about 21%). But in the future we hope to increase demand for advisory services in asset management. Due to this growth and market potential, pension plans will become increasingly important. Since 2008 in Romania and the countries of Central and Eastern Europe, almost half of the working population began to invest or consider investing in individual pension in addition to state pension. By this pension program, young people have a huge advantage: due to the longer period of saving, they will have to make smaller investments to receive sufficient additional payments from sources such as private pensions. The young people will start saving earlier, so they will benefit from greater savings during idle.

In conclusion we can say that in this paper this problem has been treated both theoretically and in practical terms, being made a sociological study on how to keep the savings. There are many reasons for saving, which reasons the literature has structured so: the reason of speculation, of precaution, business or income. Of course, one of the basic ideas of people about what saving is, is to put aside, regularly every month, for example, a certain amount of money for the next period.

Savings portfolio is generated by building upon the structure of possible savings. As the promise of fructification is accompanied by an associated risk factor, we can say that, in fact, savings portfolio is generated by profit-risk ratio associated with each possible way of financial investment. Based on the above, saving can take the following forms: pure savings, which preserve the saved material (such as bank deposit, non-bank money saving), savings and investment, which not preserves the saved material but preserves an equivalent form of it (such as real estate investments).

The paper concludes with an analysis of placing savings, analysis that is aimed to highlight the growing confidence of the population in saving instruments. According to these analyzes it could

be highlighted the fact that in Romania the people's most preferred way to save is to invest in real estate, which currently represent the most profitable forms of savings, but also the safest. Regarding the savings instruments, they have been studied throughout the end of the work, using statistical and mathematical analysis. Thus, it could be concluded that currently the investment portfolio has as principal saving instruments the current accounts, followed by deposits in lei and shares acquired on the capital market. Starting in 2008 in Romania, began to take shape the people's confidence in private pension saving because they have a huge advantage: young people will begin to save early and both will benefit from greater savings during idle.

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