THE EFFECTS OF CREDIT, INTEREST RATES AND GOVERNMENT POLICIES ON HOUSEHOLD WEALTH IN ROMANIA

Costinela Fortea[1*], Valentin Marian Antohi[2], Monica Laura Zlati[3]
[1)2)3)] *Dunarea de Jos University of Galati, Galati, Romania*

Abstract
This study investigates how key financial variables—namely, the volume of new consumer credit, the level of interest rates, and government loan guarantees—influence household wealth accumulation in Romania. The research question guiding this study is: To what extent do credit dynamics, borrowing costs, and public financial interventions shape the structure and evolution of household wealth in an emerging economy? Based on annual data from 2010 to 2022 provided by the National Bank of Romania, the study employs multiple linear regression to test the impact of these factors on household net wealth, measured as the sum of financial and non-financial assets minus liabilities. The econometric model includes as explanatory variables the volume of new consumer loans, the effective annual interest rate, and government guarantees for both mortgage and business loans. The results show that household wealth is positively influenced by increased credit availability and government support for non-financial companies, while high interest rates significantly constrain wealth accumulation. The study contributes to the literature by quantifying these relationships in the context of a post-transition economy and highlights the need for targeted fiscal and monetary policies that ensure both access to affordable credit and macroeconomic stability. The findings have important policy implications for balancing short-term credit expansion with long-term financial resilience.

Keywords
household wealth, credit, interest rates, financial assets, economic resilience, financial stability, public policy

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[*] Corresponding author, **Costinela Fortea** – costinela.fortea@yahoo.com.