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THE IMPLICATIONS OF CREDIT ACTIVITY ON ECONOMIC GROWTH IN ROMANIA

Abstract:

The economic crisis has questioned the efficiency of the existing economic model and created many doubts regarding the role that banks play in supporting the economic growth. Currently, the lack of confidence in the banking sector, due to the macroeconomic imbalances manifested, led to a contraction in credit activity which slowed down the economic recovery. The paper aims to analyze the relationship between credits and economic growth in Romania at a regional level. The analysis takes into account data for the period of 2005-2014. The results of this study indicate that credits have a significant influence on the evolution of gross domestic product in Romania.

Keywords:

banking sector, credit, gross domestic product, economic growth, panel data

JEL Classification: E51, R15