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Analysis of the "New Home" Credit at National Level

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The "New House" programme is a government programme aimed at facilitating access to the purchase of housing by individuals through state guaranteed loans. The Romanian Government approves a specific guarantee threshold for each year, and after this legislative process, the National Credit Guarantee Fund distributes the annual guarantee threshold that can be issued for each institution participating in the government programme. This limit is determined according to the weight of guarantees offered by each participating banking institution in the previous year, and with the agreement of the Ministry of Finance, it is distributed to each bank according to this criterion.

Keywords: bank, credit, portfolio, threshold, guarantees, government program

1. Statistical data on the volume of loans granted at national level

"The New House Programme is the most effective counter-cyclical instrument applied by the Romanian Government in the sector, given that 3 out of 4 mortgage loans, out of the total loans granted by the banking system, are accessed through the programme. While the balance of First Home and New House guarantees in the FNGCIMM portfolio since 2009 has reached more than 275,000, with a total value of 24.5 billion lei supporting financing of 50 billion lei, the default rate remains subunit, at 0.30%. The programme supports Romanian citizens and the entire economic system created around this programme"- said Mr. Dumitru Nacu, General Director of the National Credit Guarantee Fund for Small and Medium-sized Enterprises. [17]

Figure 1.1 Balance of total guarantees
Source: Made by the author

[17] Quote from the statement of the Director General of the FNGCIMM available at https://www.fngcimm.ro/start-la-noua-casa-2021-cu-comision-redus,

Thus, through the statement of the FNGCIMM's general director, the efficiency of the governmental credit program is once again highlighted by the benefits it holds and also highlights the fact that this form of credit is one that is approved and preferred by the Romanian people when considering the purchase of a house.

Therefore, according to Mr Dumitru Nancu, General Director of FNGCIMM, we observe the increase in the number of portfolios for government lending throughout the course of this program and also the impressive amount of the balance of guarantees supporting financing granted with an equally impressive total accumulated over the years.

The balance of guarantees for government lending is distributed by the National Credit Guarantee Fund for Small and Medium-Sized Enterprises, with the agreement of the Ministry of Finance, to credit institutions participating in this financing process. There are 14 such institutions, namely:

Table 1.1 Credit institutions participating in the governmental **lending process**

Participating banks	
BRD-GSG	Romanian Bank
Romanian Commercial Bank - BCR	Unicredit Bank
Transilvania Bank	Garanti Bank
CEC Bank	First Bank
ING Bank	Vista Bank
Raiffeisen Bank	Intesa Sanpaolo Bank
OTP Bank	Alpha Bank

Source: Made by the author

These participating banks mentioned above in Table 1.1 are the intermediaries between the citizen-state relationship for financing various situations such as the purchase or modernisation of a house or its construction.

In the following, I will present the threshold of the guarantees granted by the Romanian State during the period of the governmental program " First House" from the year in which it came into force, more precisely, 2009 and up to 2020 included, taking into account the first semester.

Table 1.2 Romanian State annual guarantee threshold for 2009-2020

Current year	Threshold granted
2009	1 billion euro
2010	700 million euro
2011	200 million euro
2012	200 million euro
2013	200 million euro
2014	275 thousand euro
2015	565 thousand euro
2016	290 thousand euro
2017	550 thousand euro

Current year	Threshold granted
2018	430 thousand euro
2019	420 thousand euro
2020	416 thousand euro

Source: Made by the author based on source: Norms of 17 June 2009 available at - http://legislatie.just.ro/Public/DetaliiDocumentAfis/222290

From Table 1.2, which shows the threshold of annual guarantees granted by the National Credit Guarantee Fund for Small and Medium-Sized Enterprises to financiers in the period 2009-2020, it can be seen that in 2009 there was the highest threshold of guarantees in terms of value, and in 2011-2013 the threshold reached the minimum value.

In the period 2011-2013 the guarantee ceiling was built up annually from the unused amounts left over from previous years (especially in 2009 and 2010 but not exclusively from these). In 2013 there was an additional amount of 1 billion lei approved by Article 1 paragraph 3 of Government Emergency Ordinance No 60/2009, approved with amendments and additions by Law No 368 of 26 November 2009, and then through the same ordinances and laws another 200 million lei were allocated. Of this additional amount, 500 million lei were earmarked specifically for the purchase of housing through the National Housing Agency (ANL-ule) programmes.[18]

In 2014, in addition to the established threshold for credit guarantees, 25 million lei were granted from the remaining 500 million lei allocated for the purchase of houses under the ANL programmes for Romanian citizens working abroad on the basis of work and residence permits issued by the authorised persons of the respective state where these persons are located. In the years 2015-2020 the threshold of guarantees had, with small exceptions (2016 with a ceiling of 290,000 thousand euros) the same limits of amounts, namely between 416,000 and 565,000 thousand euros expressing a constant period in terms of granting loans through the government program " First Home".

The remaining and unused amount at the time of entry into force of the presented decision on the threshold granted in full for the provision of guarantees in the "First House" loan program in 2020 was used for the issuance of guarantees and guarantee promises under the government program "New house".

In terms of the government credit known through the two programs "First House", respectively "New House", the guarantee threshold approved in 2020 was worth 3.6 billion lei, with a figure of 16,102 guarantees. Since the beginning of the new version of the "New House" governmental credit, meaning the third quarter of 2020, 7,882 guarantees have been issued in support of financing worth 1.95 billion lei. This significant number of guarantees was joined by 2,188 guarantee pledges made in 2019-2020, worth 299,201,680 lei, which by 15 March 2020 had already been honoured. For 2021, the Romanian government has approved a guarantee threshold for lending through the government program "New House" in the amount of 1.5 billion lei, which has supported over 18,000 applicants to this program. By Order no. 441 formalized on 24.03.2021 the administration fee was reduced by 0.10% by the Ministry of Finance, from 0.40% to 0.30% of the guarantee balance.[19]

[18] Decision no. 615 of 14 August 2013 on the completion of Article 3 of Annex no. 1 to Government Decision no. 717/2009 approving the rules for the implementation of the "First home" programme available at- http://legislatie.just.ro/Public/DetaliiDocumentAfis/150828
[19] Ordinance No. 441 of 24 March 2021 available at - https://legislatie.just.ro/Public/DetaliiDocument/240000,

Table 1.3 The annual "New House" loans granted by CEC Bank

Current year	Number of loans granted	Loans value Lei
2016	2.362	436.800.000
2017	2.475	463.400.000
2018	2.126	419.200.000
2019	1.790	373.690.000
2020	2.986	312.315.439

Source: Made by the author based on source: https://www.cec.ro/situatii-financiare-si-rapoarte-de-transparenta,

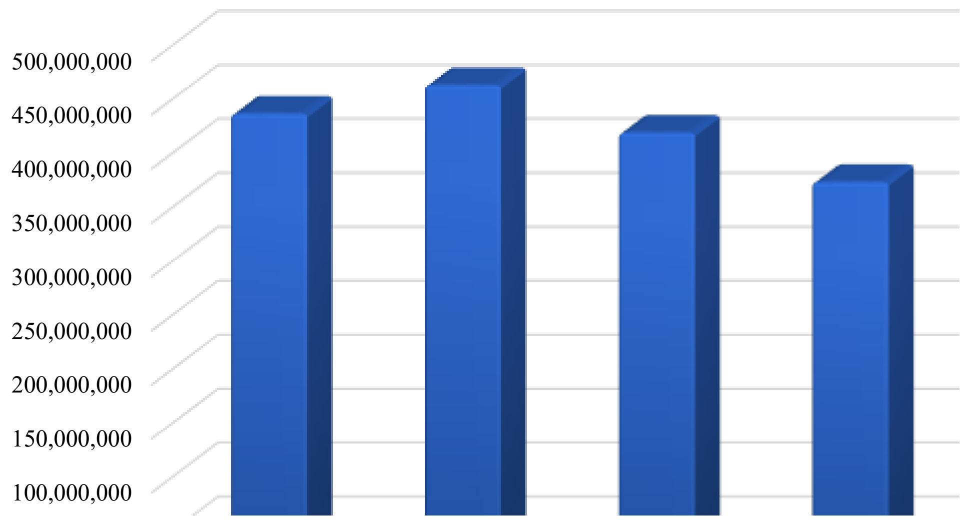

Figure 1.2 The evolution of "New House" loans granted by CEC Bank

Source: Made by the author

In Table 1.3 and Figure 1.2 we have presented the evolution of the government loan "New House" in terms of annual loans granted by CEC Bank over a period of 5 years, from 2016 to 2020. Thus, it is noted that, over the period analyzed within the banking institution, the number of loans granted and their value has decreased from year to year.

The maximum value recorded, was in 2017, where it resulted in the amount of 463.4 million lei to a total number of loans granted of 2,475. On the other hand, the minimum value recorded in the time interval analysed was 312.31 million lei achieved in 2020 made up of 2,986 loans granted.

The year 2016 ended with government loan approvals amounting to 436.8 million lei, associated with a portfolio of 2,362 such loan approvals. In 2018 there was a loan value of 419.2 million lei with a total of 2,126 loans and at the end of 2019 the value of the "New Home" loan granted by CEC Bank was 373.69 million lei with a total number of loans of 1,790.

2. The main steps in obtaining a government loan

The whole process of obtaining a government loan through the "New Home" program is made up of several preliminary steps followed in a certain timeline, which are quite numerous and mandatory, involving a waiting period and automatically requiring patience on the part of applicants who access this financing for the purchase or construction of a house. The main basic steps that must be taken to obtain this type of financing are as follows:

1. Ensuring compliance with eligibility criteria required by law.
2. Choosing the desired building or the details of its construction.
3. Choosing a participating bank to acquire the necessary information.
4. The calculation of the costs of such a loan which can be done on the official website of the chosen bank.
5. Completion of the credit file and its evaluation by the credit officer.
6. Evaluation of the building chosen by the credit institution.
7. After the evaluation of the asset and the determination of its value, the bank can approve the file.
8. Attaching the information statement and sending the file to the Guarantee Fund.
9. Analysis and approval of the file by the Guarantee Fund.
10. Payment of the analysis fee of 0.25% of the total amount.
11. Annexing the guarantee contract issued by the Fund to the credit file.
12. Signing contracts in the presence of a notary.
13. Registration of the property in the Land Register and payment of the countervalue to the seller.

Figure 2.1 The main basic steps for obtaining a government loan

Source: Made by the author

The first step, the first fundamental stage to be taken into account is for the person intending to take out a loan to meet the criteria to ensure that they comply with the rules imposed by the legislation in force.

The steps are linked and interconnected so that, as soon as all the criteria for the first step have been established and ensured, the second step follows, namely the choice of the desired property or the details of the construction of the desired future home.

The third step refers to the choice of a bank participating in the government programme in order to obtain the necessary information on the documents to be attached to the credit file. Although it is not the rule, most people choose the same institution where their salary is transferred or where they have their savings account. At the credit institution you will need to present documents such as the credit application, identity papers, income statements as well as supporting documents for your own advance and a notarised statement that you meet the eligibility criteria.

Once the credit institution has been chosen, as a next step, it is important to calculate the cost of the loan according to the chosen repayment period, which can be done either together with the credit agent or individually by the person wishing to apply for the loan, by visiting the website of the bank in question.

In step five, the credit file is completed and submitted to the bank to be evaluated by a credit officer and immediately afterwards, the next step is the evaluation of the property by the credit institution. Depending on the two steps, the bank will ultimately approve or reject the credit file.

If the file is complete and complies with the requirements, the information statement will be attached and the credit institution will send the file to the Guarantee Fund where it will again be assessed and analysed and subsequently approved or rejected. The analysis of the file may take up to four working days, during which time at least six copies of the guarantee contract are drawn up. If the file is approved, the analysis fee of 0.25% of the total amount is paid and the related invoice is attached to the credit file together with the guarantee contract issued by the Guarantee Fund.

The second last stage involves the signing of the guarantee, credit and all-risk insurance contracts by the applicant and the credit institution in the presence of a notary, where both the applicant and the bank and the Guarantee Fund will receive original copies of each signed contract.

The final stage involves the registration of the property in the Land Register and the payment of the countervalue to the seller.

Table 2.1 The cost of a 30-year loan

No. Crt.	Credit value	Monthly rate	Credit Cost	Time period
1	60.000 euro	1.300 lei	94.756 euro	30 years
2	70.000 euro	1.500 lei	110.882 euro	30 years
3	80.000 euro	1.700 lei	126.700 euro	30 years
4	100.000 euro	2.150 lei	158.350 euro	30 years
5	119.000 euro	2.700 lei	183.667 euro	30 years

Source: Made by the author based on source - https://calculator-rate-credit.bcr.ro/

Table 2.1 shows the cost of a certain amount borrowed by an individual with a commitment to repay the amount in full over 30 years. It can be seen that for the maximum repayment period of 30 years of a loan taken out, the amount repaid is considerable in relation to the value of the loan, due to the interest costs and the long period of time available to repay the loan.

Table 2.2 The cost of a 20 - year loan

No. Crt.	Credit value	Monthly rate	Credit Cost	Time period
1	60.000 euro	1.690 lei	82.225 euro	20 years
2	70.000 euro	1.971 lei	96.130 euro	20 years
3	80.000 euro	2.252 lei	110.000 euro	20 years
4	100.000 euro	2.815 lei	137.275 euro	20 years
5	119.000 euro	3.266 lei	159.219 euro	20 years

Source: Made by the author based on source - https://calculator-rate-credit.bcr.ro/

Table 2.2 aims to show the cost of borrowing over a 20-year repayment period. In this situation, the cost of borrowing decreases visibly, but there is an increase in monthly repayments.

Tabel 2.3 The cost of a 10 - year loan

No. Crt.	Credit value	Monthly rate	Credit Cost	Time period
1	60.000 euro	2.920 lei	70.700 euro	10 years
2	70.000 euro	3.407 lei	82.563 euro	10 years
3	80.000 euro	3.893 lei	94.341 euro	10 years
4	100.000 euro	4.867 lei	117.895 euro	10 years
5	119.000 euro	5.650 lei	136.739 euro	10 years

Source: Made by the author based on source - https://calculator-rate-credit.bcr.ro/

In Table 2.3 we have shown the cost of a loan for a period of 10 years. This has considerable advantages, the cost of the loan is reduced by reducing the repayment period to 10 years, but also disadvantages that put pressure on the borrower by increasing the monthly repayment rate.

3. Case study conducted through a questionnaire

In order to find out what people's preferences are when they intend to benefit from a loan for the purchase of a home, through the government loan made through the "New Home" program, we conducted a questionnaire, consisting of 20 questions.

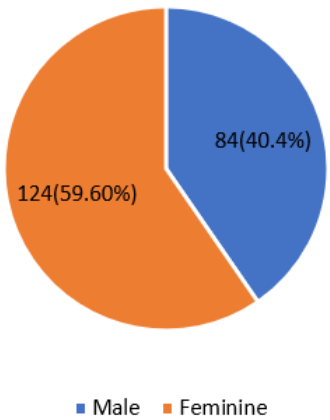

Figure 3.1 Respondents' gender
Source: Made by the author

Thus, the questionnaire was completed by a total of 208 people, as shown in Figure 3.1, which we have drawn up above based on the survey, i.e. 124 female respondents who took part in the questionnaire with a percentage of 59.6% and 84 male respondents who constitute a percentage of 40.4%.

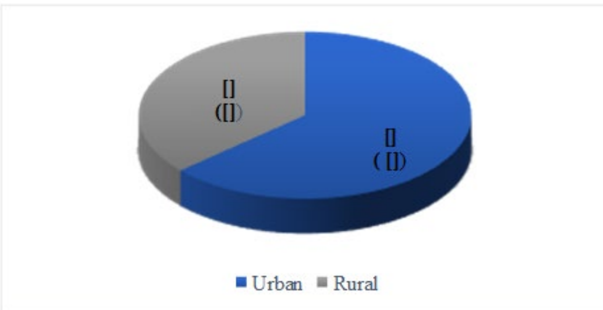

Figure 3.2 Respondents' backgrounds
Source: Made by the author

Figure 3.2 shows the analysis of the questionnaire in terms of background that we conducted based on the responses of all participants. Thus, we noted that 63.5% of these respondents come from urban areas, i.e. 132 people living in various cities and 36.5% from rural areas, i.e. 76 people living in various villages or communes.

We consider that the information on the residence of the persons participating in the survey is relevant because through it, we were able to analyse and compare them.

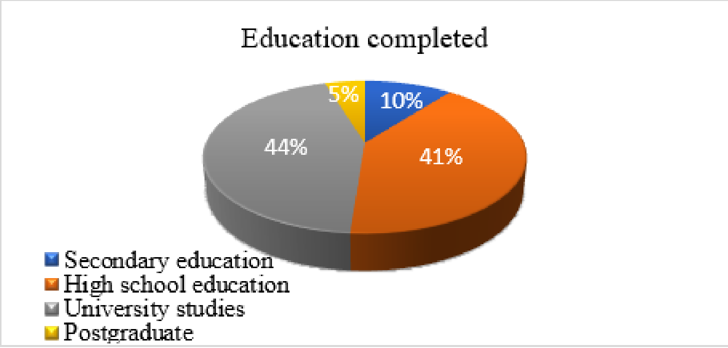

Figure 3.3 Respondents' last education
Source: Made by the author

The "respondents' last completed education" represented by Figure 3.3 provided valuable information that I centralized in order to observe the majority educational background among those who completed the survey. Thus, the most responses were given by those who had completed university studies, 44% of which were made up of 92 people, followed by 41% of respondents who had completed high school, made up of 85 people, followed by 10% for secondary education and the lowest percentage of 5% for those who had completed postgraduate studies.
Through this classification I was able to establish commonly shared points among the participants' responses in order to further understand their perspectives on credit through the government's "New Home" program.

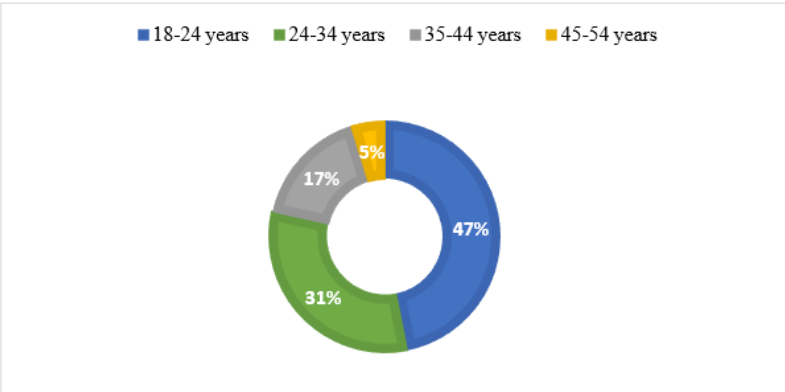

Figure 3.4 Age range of persons who completed the questionnaire
Source: Made by the author

With Figure 3.4, which I have elaborated above using the survey results, I intended to identify the predominant age range in order to be able to establish the perspective of respondents, who are relatively at the same stage of life and who may have common ideas, goals and objectives, on a personal loan, the preference of the type of loan chosen as well as the repayment period of a possible loan.

Thus in this survey I found that most of the people who filled in the questionnaire are between 18 and 24 years old, so they are young people at the beginning of their careers who are mostly both students and employed and have a monthly income. The percentage of this age group is the highest at 47%, i.e. 98 people, followed by the 25-34 age group with 31% and 66 people. This age group includes people who have already taken out at least one type of credit such as a personal loan or mortgage, and even people who have applied for and obtained loans through the government's "New Home" programme.

The last two age categories are between age 35 and 44 and respectively 45 and 54. Although the number of people in these age brackets is smaller, with their help we were able to collect information relevant to the case study such as: the form of credit they chose and considered most advantageous when taking out a loan, the period for which they opted to repay the loan and the maximum amount they chose to take out when applying for a loan.

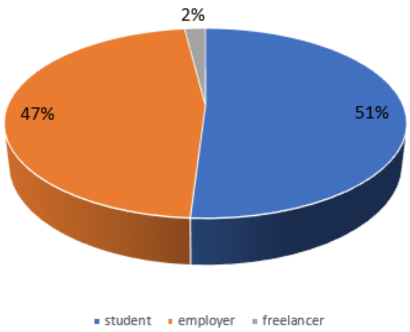

Figure 3.5 Respondents' occupation
Source: Made by the author

In order to be able to produce a relevant questionnaire, one of the questions constructed refers to the occupation of each person who participated in the survey, as shown in Figure 3.5 entitled "Occupation of respondents".

With this information, I aimed to link the respondent's intention to take out a loan in order to purchase a house and his real possibility of being able to do so by generating a steady income as an employee. Thus, from the answers given by the respondents, the following percentages emerged: 51% of the respondents are predominantly students, some of whom are also employed and have a source of income.

The next percentage that includes employee status is 47%, resulting in 130 employed people who have secure monthly income. We added 3 more variants such as freelancer, unemployed or retired but these cases were in the minority or non-existent and made up a less relevant percentage of only 2%. We understand that the people who filled in this questionnaire have discovered their vocation and have well-defined objectives that have been or will certainly be put into practice, objectives such as the purchase of a house through the government's "New House" programme.

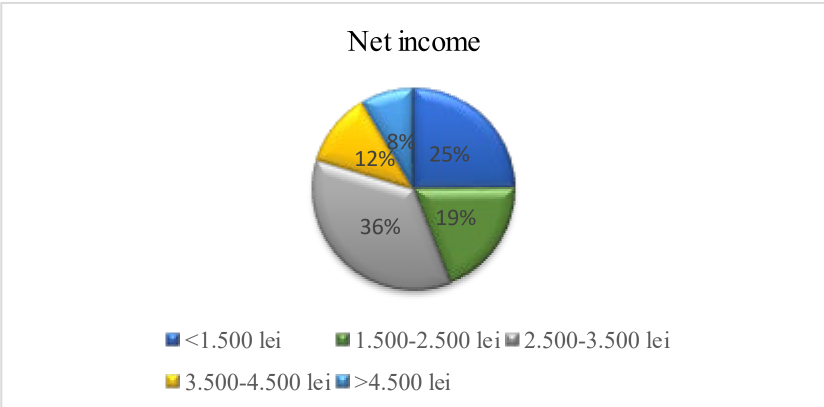

Figure 3.6 Monthly income categories of the respondents
Source: Made by the author

Given that the survey was completed by people who are employed or who have an occupation that can generate income (such as a scholarship student, or a part time job or even a full time employee), the next step was to find the income category in which the respondents fall.
Figure 3.6 shows the centralisation of these data, which are necessary for the research work as they provide important information about the purchasing and repayment power of a loan, i.e. the creditworthiness of the applicant and the maximum level of indebtedness that can be reached when applying for a loan. We found that most people have a salary between 2,500 and 3,500 lei, with a resulting percentage of 36%, i.e. a number of 63 people who actively participated in the survey, a salary that I tend to believe is considered modest and is moving towards an average salary compared to the national level.

The next income category has a share of 25%, i.e. 44 persons concerned and represents an income up to a maximum of 1,500 lei, a situation in which I tend to think students or master's students who are at the beginning of their career. Then we have the income category between 1,500 and 2,500 lei, which has a share of 19% and is made up of 34 responses, and this category includes employees with a medium level of education or future graduates who do not have sufficient experience. Next comes the category with a net income between 3,500 and 4,500 lei obtained by 21 people with a share of 12%, and the category with the smallest share but the most attractive salary exceeding 4,500 lei is made up of 15 responses with a share of 8%. We found that although salaries are not very affordable, with proper management of monthly income, in a family where there are two salaries obtaining and repaying a government loan should not impose any financial problems.

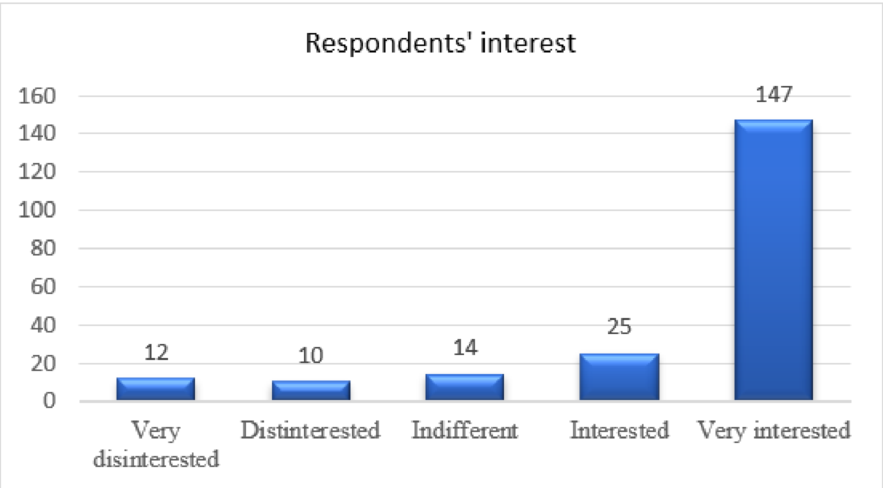

Figure 3.7 Respondents' interest in buying their own house
Source: Made by the author

In order to be considered for a government loan under the "New Home" programme, an individual must consider whether there is a prior desire or intention to purchase or build their own house in the relatively near future. Thus, as shown in Figure 3.7, the interest of respondents in purchasing their own home in the next 5-10 years is very high for the majority of respondents.

Out of the 208 responses from different individuals, 147 of them comprising 71% admitted that they are very interested in owning their own home along with another 25 respondents who are roughly at the same level of interest, both levels reaching a predominant 83%. In a smaller share of 17% we also have people who have no immediate goal or no intention at all to buy their own home, so therefore most likely will not be interested in government credit.

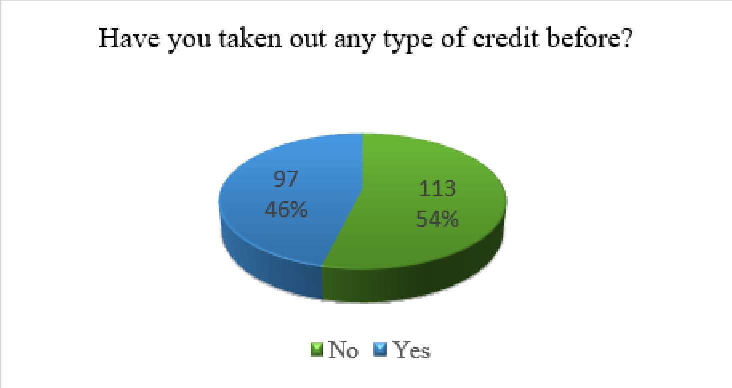

Figure 3.8 Share of respondents who have already applied for loans

Source: Made by the author

The survey questions were constructed in such a way that they start from general questions and then become specific, in order to get to the core of the issue and to be able to analyze the information provided by the respondents as accurately and in detail as possible, so that I can finally formulate some relevant conclusions. Therefore, up to the key question of the questionnaire which refers to the intention of the respondent to apply for a loan in the near future through the government program "New Home", I made a classification that divides the respondents into two main categories, namely: people who, by the time of filling out the questionnaire, have taken out a loan according to their needs and people who have not had any type of loan so far. Following the answers, we found that, with a predominance of 54% (113 respondents) people who have not applied for any kind of loan so far, however the score is quite narrow given that the remaining people, 46% and a considerable number of 97 responses were affirmative resulting in the fact that they have taken out various types of loans over the years.

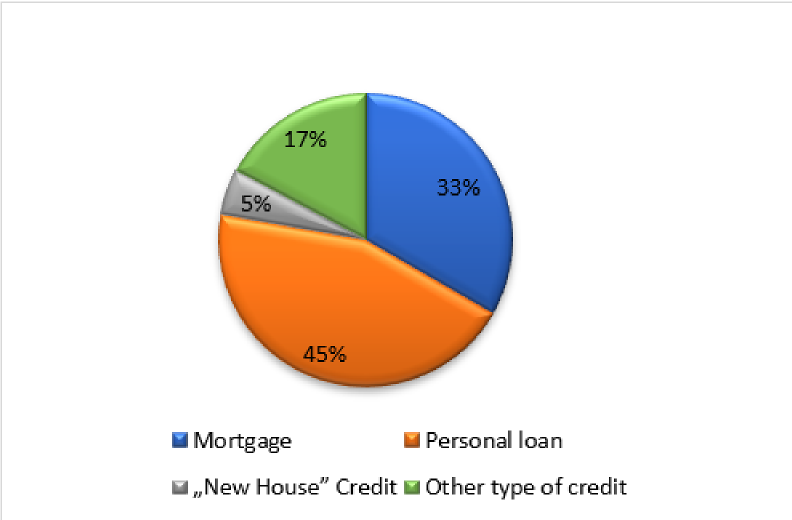

Figure 3.9 Types of credit contracted

Source: Made by the author

Respondents who answered yes to the question about taking out a type of loan, had further to mention what kind of loan it was, where I intended to find out the purpose of the loan, the size of the loan and finally the repayment period. This information was relevant for the case study because with its help we made a classification that looks at two perspectives: firstly, the fulfilment of the eligibility conditions and the creditworthiness of the respondent in terms of the loan and, secondly, we identified the people who prefer the mortgage loan as a method of financing their home and those who prefer the government loan through the "New Home" programme.

The response suggests that the predominant type of loan was personal loans, which accounted for 45%, followed by mortgages with 33%, 5% of respondents had already taken out a government loan for a "New House", and 17% of respondents had another type of loan than those mentioned above.

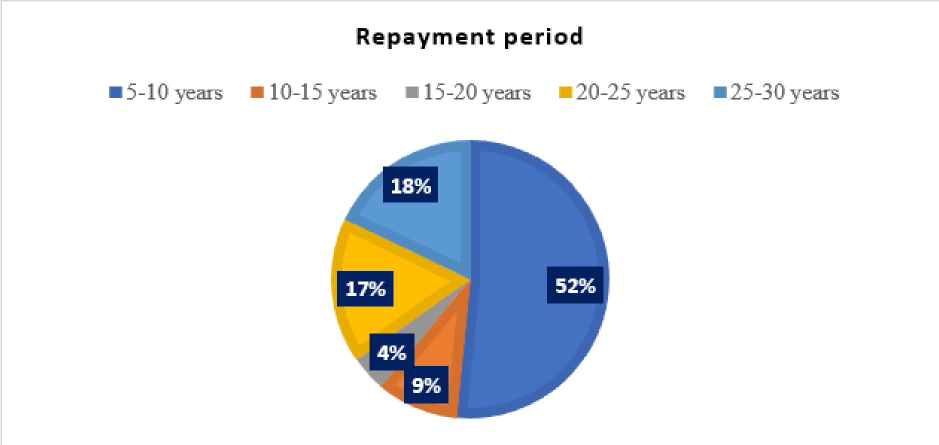

Figure 3.10 Repayment period of loans held by respondents
Source: Made by the author

Figure 3.10 shows the analysis we conducted on the repayment period of loans already held by survey respondents. With the majority of people having a loan for personal needs, where usually the amount required is not as high as in other situations for a different type of loan, the predominant repayment period was between 5 and 10 years, with 51% of all people holding this type of loan.

Then, the next percentages are significantly decreased but similar in value with a percentage of 18% for the period between 25 and 30 years, 16% is the percentage associated with the time interval between 20 and 25 years followed by the interval between 10 and 15 years with a percentage of 9% and finally the repayment period between 15 and 20 years was the least applied in this case with a percentage of 6%.

The aim of this question was to be able to create an overview of respondents' preferences when taking out a type of credit, presenting all the technical details used and agreed by them.

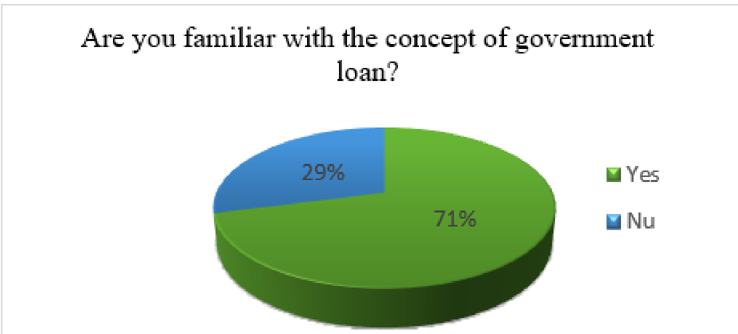

Figure 3.11 General knowledge about the concept of government loans
Source: Made by the author

In order to understand whether there is the minimum general knowledge of the respondents about the concept of government loans through the "New House" program, we initially set a simple "yes" or "no" elimination question for them. When the questionnaire was centralized, we found that there is an information base, which is spread through different methods, since as shown in figure 3.11, 149 people, i.e. 71% of them, say that they are aware of the mentioned credit concept. However, 29% of 61 people say that they do not know or have not even heard about this form of government credit.

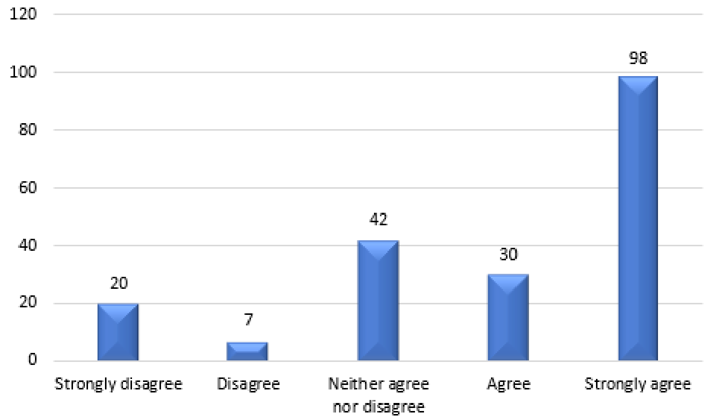

Figure 3.12 Expressing agreement on government loans
Source: Made by the author

In Figure 3.12 we have shown the extent to which they agree with the government's "New House" loan, with respondents who participated in the survey selecting the options that correspond to their opinion. As the above figure shows, the opinions are diversified, with 98 respondents, representing 49.7% of the total, fully agreeing with this type of loan and 30 respondents, representing 15.2% of the total responses to this question, also agreeing with this type of loan. Here again we have a percentage of 21.3% made up of 42 responses indifferent to government lending, neither agreeing nor disagreeing, but with a reserved opinion, and for disapproval of this form of financing there were 7 responses and another 20 for total, firm and determined disagreement. With these percentages obtained, it can be said that the "New House" loan is preferred by a considerable part of Romanian citizens who certainly want to benefit from this form of credit for the purchase or construction respectively renovation of their own residence.

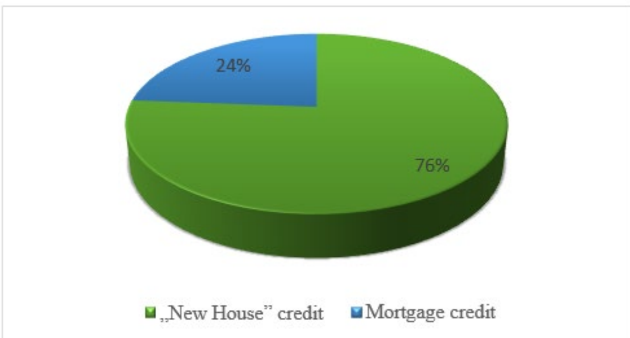

Figure 3.13 Most advantageous type of credit
Source: Made by the author

We established which type of credit most respondents considered more advantageous in order to deduce which form of financing would be chosen when taking out a home loan. Figure 3.13

shows the type of credit considered the most advantageous, with mortgage credit and the government's "New House" credit as options.

After completing the survey, the responses were as follows: 157 people chose the government loan with a predominant percentage of 76% and the remaining 49 people considered the mortgage loan to be more advantageous from their point of view. Taking into account this aspect, I was able to better outline the preferences of Romanian citizens and their opinion on real estate loans and I also discovered the share of people who want to benefit from the "New House" loan.

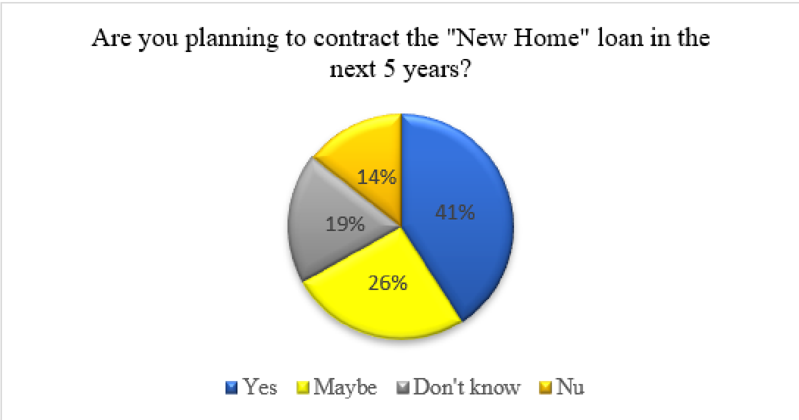

Figure 3.14 Buying a home through the "New House" programme

Source: Made by the author

Figure 3.14 reflects respondents' intention to choose government credit through the programme under study as a financing method in the near future of up to 5 years. Participants answered this question as follows: affirmatively, with a simple and certain "yes" 85 of all respondents with a majority percentage of 41%, followed by a similar variant but differing by a probability with a lower weight, the variant "maybe", with a percentage of 26% formed by the answers of 54 people, the "don't know" option for those who have not yet made such a decision was selected by 39 of those who completed the survey, making up 19%, and in last place, with 14% and 30 responses, the negative option was chosen, suggesting that the participant does not want to take out this type of government loan.

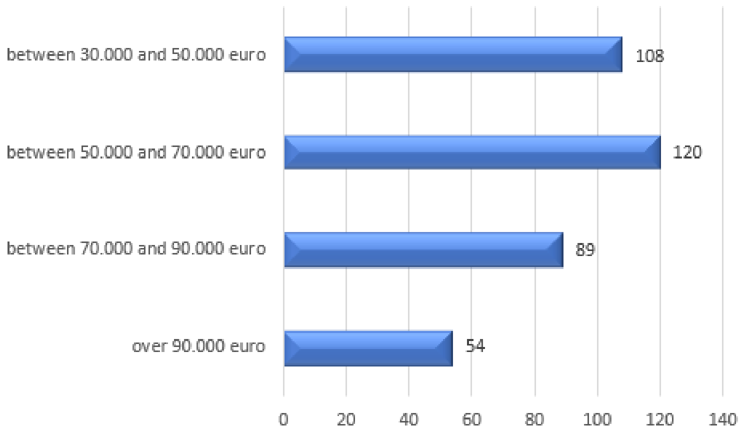

Figure 3.15 Maximum amount for buying a house

Source: Made by the author

In order to have a complete analysis, another relevant piece of information for the research paper is the maximum amount, which respondents are willing to borrow, to purchase, modify or build their own home. Therefore, in Figure 3.15 we have presented the answers of the respondents regarding the estimated amount they are considering to dispose for their future home within a certain value range. Thus, the most preferred of all the variants was between 50,000 euros and 70,000 euros, accepted by 120 people, followed by a smaller range of between 30,000 and 50,000 euros, preferred by 108 people, and the other two variants, between 70,000 and 90,000 euros and over 90,000 euros respectively, were preferred by 89 people and 54 people respectively. I mention that there were multiple answers to this question for people who were wavering or not really decided yet so there was a possibility that a respondent marked more than one range.

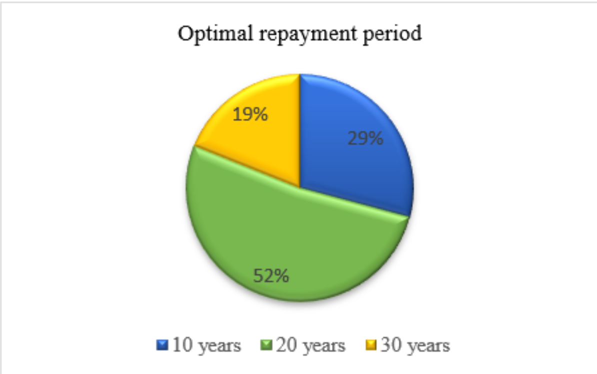

Figure 3.16 Optimal repayment period of a government loan
Source: Made by the author

After establishing the maximum amount intended to be borrowed at a given time, another essential step would be to determine the optimal time period for each respondent to reimburse the loan obtained. Therefore, based on the survey responses we have produced Figure 3.16 which shows the preference of each participant regarding the reimbursement period and which depending on the choice made can represent a real financial advantage. Thus, the resulting percentages were as follows: 52% for a repayment period of 20 years, 29% equivalent to a 30-year loan and 19% for the third option, which includes a 10-year period. It can easily be seen that the period considered optimal by the majority of respondents is the one that extends over a maximum of 20 years and the least preferred by them is the minimum repayment period, i.e. 10 years.

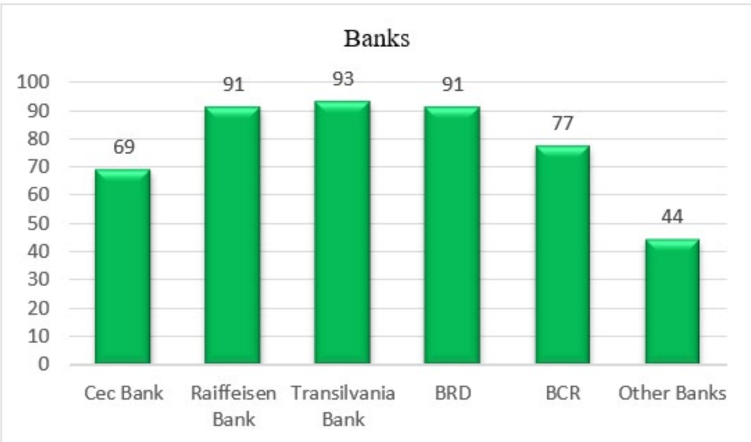

Figure 3.17 Favourite commercial banks
Source: Made by the author

In Figure 3.17 we have represented the commercial banks that are preferred by respondents and to which they would turn if they wanted to apply for a loan. Based on their answers, the following results were obtained: the most preferred banking institution is Transilvania Bank, which was preferred by 93 respondents, followed immediately by two other institutions that ranked on the same place, namely BRD-Groupe Société Général Bank and Reiffeinsen Bank, which had a total of 91 ratings. In the category of banking institutions preferred by Romanian citizens are also BCR and CEC Bank, being considered optimal for 77 respondents for the first mentioned bank and for 66 of them for the second. Although the predominant answers were for the banks listed above, there are still people who prefer to use other banking institutions as well, 44 of them.

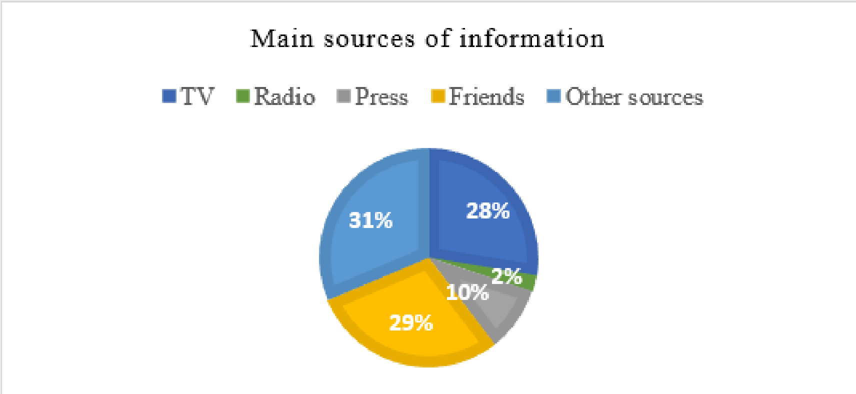

Figure 3.18 Respondents' main sources of information
Source: Made by the author

According to Figure 3.18, based on the questionnaire responses, the main sources of information to which respondents have access and through which they can inform themselves about essential elements pertaining to the government's "New House" loan, such as features, conditions and/or eligibility criteria are: television, radio, press, friends and of course other sources.

The percentages for the sources of information that are used and have a strong impact on the respondents are as follows: 28% for the information transmitted via television, only 2% for the information method via radio, 10% for the press, 29% for the information provided by friends, and 31% for other sources such as the internet, media, etc.

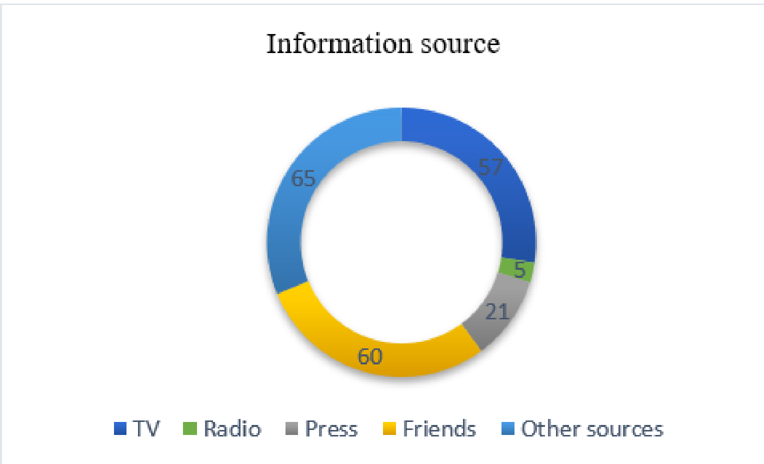

Figure 3.19 The source with the greatest impact on the loan decision
Source: Made by the author

While all sources of information are important, there are some situations where only one of the sources presented manages to have the greatest impact on a person. Thus, according to Figure 3.19 that we have created from the survey results, the source with the greatest impact on the government credit decision is other sources than television, press, radio or friends, as we can guess that they are: internet, media or information received directly from the competent bodies of a banking institution. In this opinion, 65 respondents were of this opinion, which represents a percentage of 31%, but the sources of television and friends are close in terms of value, with a percentage of 29% and 27% respectively. Radio and press sources have a less significant impact, with a percentage of 2% for the radio source and 10% in the case of press influence.

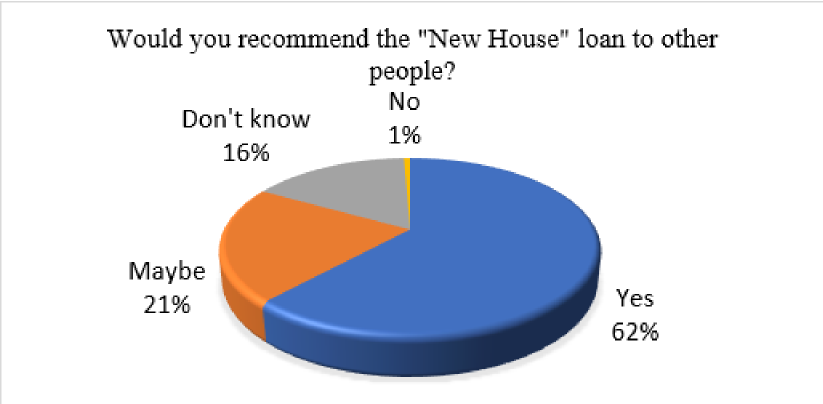

Figure 3.20 The "New House" government loan recommendation
Source: Made by the author

At the end of the questionnaire, in order to be able to summarize and evaluate the respondents' general and final opinion on government loan, we asked a final question: "Would you recommend loaning through the government program "New House" to other people?". The majority of their responses were affirmative, as can be seen in Figure 3.20, with a predominant percentage of 62% approving of this method of lending, followed by a relatively favorable response, although not as strong as in the first case, the "maybe" option, which is represented by 21%. A percentage of 16% were undecided or perhaps reserved on this issue and last but not least a percentage of 1% of respondents said they would not recommend this form of loan.

After thorough research on home acquisition loans, we believe that currently, the government-backed "New Home" loan is the most advantageous form of financing, and we recommend it to individuals intending to own their own home.

4. Conclusions

Taking into account all the information that we have managed to obtain with the help of the questionnaire presented above, as a conclusion it can be stated that the government loan developed through the "New House" program is one of the preferred real estate loans by Romanian citizens who intend to purchase their own house, considering it an advantageous and practical form of credit unlike other types of loans for the purchase of such property. In other words, the governmental form of credit is the preferred form of credit when considering taking out a loan for a considerable amount of money over a long period of time, as there are a multitude of facilities and various benefits that can only be found in the case of this method of financing.

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