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Young People's Financial Preferences: The Impact of Loan and Deposit Interest Rates on Borrowing and Saving Behaviors

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Abstract

This study aims to investigate the preferences of young people aged 17 to 30, as well as the preferences of graduates who are already employed, regarding their desire to take out a loan or purchase goods using their own resources. At the same time, the paper examines the impact of the evolution of deposit interest rates on young people, determining their inclination towards other forms of savings rather than bank deposits. The study employs a quantitative method, applying an online questionnaire created through Google Forms, which automatically collected data between January and April 2024, with a total of 188 respondents. The analysis of the obtained data was conducted using the SPSS program. The results show that respondents consider current loan interest rates to be high, thus preferring to purchase goods using their own resources rather than taking out loans. Furthermore, they show interest in other forms of savings, such as government bonds, corporate bonds, listed shares, mutual funds, real estate investments, and insurance policies, instead of bank deposits. In general, the results indicate that as loan interest rates decrease, young people become more inclined to take out loans, and as bank deposit interest rates become more advantageous, they are more likely to establish deposits.

Keywords: interest, loans, deposits, monetary policy interest, the economic crisis, the COVID-19 pandemic, the Romanian banking system

JEL classification: D14, E21, G21, G41

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1. Introduction

The economic crisis marks an important event for Romania, as a result of which the economy was affected by the evolution of interest rates on loans and deposits in the banking system, having an impact on loans, investments, and the financial balance. In addition, the banking sector was hit much harder during the economic crisis of 2008 compared to the COVID-19 pandemic. Thus, during the crisis, the number of banks decreased, the loan portfolio deteriorated, the rate of non-performing loans increased, banks were dependent on external financing, and during the pandemic banks were more prepared, managing to grant loans without encountering difficulties. At the same time, in his work, King (2017) states that people's trust in the banking system turned into mistrust between the months of August 2007 and October 2008 and, at the same time, he claims that this financial crisis also appeared as a result of "the reduction and stabilization of the rate inflation, the free movement

of capital from one country to another, the reduction of the number of regulations in the financial-banking system to encourage competition and to allow banks to diversify their portfolio". Moreover, Jackson (2022) mentions that due to this distrust in banks, the economy went into recession, which meant an increased demand for money, and if central banks did not intervene to increase the money supply, interest rates increased more. On the other hand, Dăianu (2021) argues that in addition to the economic crisis of 2008, the pandemic caused an extreme shock through the loss of human lives and an economic crisis. Also, following the pandemic, the middle class was eroded, with those with low incomes affected much more, and people who lost their jobs and had limited incomes were hit economically and psychologically.

The purpose of this paper is to show the responses of young people regarding their perception of the evolution of interest rates on loans and deposits and how the evolution of these interests affects them when it comes to contracting a loan or opening a deposit. A first research objective of the paper is to identify young people's preferences regarding contracting a loan or purchasing certain goods from their own resources. A second research objective is to identify young people's decisions to take out credit and open deposits regarding the evolution of their interest rates. A third research objective is to identify young people's preferences regarding opening deposits but also their inclination towards other savings alternatives.

Based on the previous research objectives, we developed the following hypotheses:

✓ *H1. Young people are more willing to purchase goods from their own resources, rather than take out a loan with a fixed interest rate.*

✓ *H2. The decision among young people to take out loans and open deposits is affected by the evolution of their interest rates.*

✓ *H3. Young people are more willing to other forms of savings such as government bonds, corporate bonds, listed shares, mutual funds, real estate investments, insurance policies, than to open deposits in lei-euro for a period of more than 12 months with an interest of minimum 5%.*

The relevance of this study lies in its novel contribution to the existing literature. Specifically, the originality of the article is demonstrated through its examination of young people's perceptions regarding the evolution of interest rates on loans and deposits, based on the data collected from the applied questionnaire. Furthermore, this study introduces aspects that are scarcely addressed in the Romanian context, particularly concerning the views of individuals aged 17 to 30 on interest rate trends. As such, the article provides a fresh perspective and a comprehensive analysis that complements and expands upon the limited existing research on this topic.

The paper is organized as follows: in the next section, an overview of the existing literature will be provided. The third section will describe how the research was conducted. Next, the fourth section will present the obtained results and subsequent discussions. Finally, the paper concludes with the fifth section that will summarize the conclusions and implications of the study.

2. Literature review

Considering the economic crisis of 2008 and the COVID-19 pandemic, the National Bank of Romania increased the monetary policy interest rate between 2008 and 2018 due to high inflation, and with the outbreak of the COVID-19 pandemic, it decreased the monetary policy interest rate in order to avoid a potential recession. In addition, due to the depreciation of the leu, the increase in the interest rate, and the fluctuation of the exchange rate, the demand for loans decreased (National Bank of Romania, 2009). On the other hand, during the pandemic, the demand for credits did not encounter difficulties due to the government support programs, the public moratorium in 2020, and the decrease in the monetary policy interest rate. In this ideational framework, banking dynamics intersected almost indissolubly with the perceptions and expectations of stakeholders that evolve simultaneously with changes in the socio-economic environment (Neamțu, 2013a, 2013b; Neamțu & Zaiț, 2013).

Anghel (2021) states that Romania was one of the countries in the European Union with high inflation for a long time and, therefore, it was natural that the monetary policy interest rate was at a high level in relation to other states. At the same time, "from the level of the monetary policy interest rate upwards, we should have the interest rates on loans", and "the more loans the banks have compared to the deposits attracted, the more they will want to stimulate the attraction of deposits with higher interest rates and inverse". In addition, due to high inflation, banks had to return interest "at a level close to inflation" to people who opened long-term deposits. Moreover, if the interest on the deposit exceeds the rate of inflation, then the interest is considered really positive, which means that the money deposited by the depositors in the bank is multiplied. However, if inflation exceeds the level of interest on bank deposits, then we have real negative interest rates and depositors lose out on the purchasing power of the money that is deposited in the bank.

Saving through bank deposits was, is, and will remain the most accessible way for the population (Treapăt, 2013). Thus, for people who deposit money in bank deposits, saving represents, on the one hand, a form of defence against possible unforeseen negative events that may occur later, and, on the other hand, an opportunity for the bank to increase the temporarily available capital by bringing in income in the form of interest. Furthermore, in their work, Hoye *et al.* (1996) stated that people make deposits because they have confidence that they will be able to access their money without problems, but if this confidence decreases and bank customers want to withdraw their money at the same time, then banks will not be able to give money to all applicants withdrawal requests and at the same time banking will suffer, as it reduces "opportunities for financial intermediation and limits the ability to generate credit". Also, if short-term interest rates are close to zero, people are encouraged to hold more cash, thus, bank deposits decrease or increase very slowly (Croitoru, 2012). Furthermore, Greco (2011) mentions that, in addition to bank deposits, "other forms of saving and investing in various financial products are: stocks, bonds, mutual funds, insurance policies, annuities, and certificates of deposit".

Perpelea (2022) claims that loans in euros exceeded loans in lei starting in 2007 and reaching a percentage of approximately 65% in 2011-2012, exposing borrowers/creditors to a currency exchange rate risk. Moreover, Treapăt (2011) states that debtors, individuals and legal entities, ignored the currency risk and took loans in foreign currency, especially in euros, even if their income was in lei, because the nominal costs were lower. Thus, the credit risk appeared for the banks in Romania, which suffered a significant structural change in the loan portfolio in favor of foreign currency loans.

In 2008, the Romanian banking system went "from excess liquidity to deficit liquidity, respectively from aggressive lending in the first three quarters of the year to the considerable reduction in the rate of credit growth and to promotions to attract deposits in quarter IV". Thus, the loan portfolio deteriorated, and in 2008 the loan growth rates decreased compared to 2007. In 2008, loan growth was 33.7% in nominal terms, respectively 25.8% in real terms, while, in 2007, it was 60.4% in nominal terms and 50.5% in real terms. At the same time, the loans and interests classified in the "doubtful" and "loss" categories increased, reaching 5.95% at the end of 2008, compared to December 2007, which were 3.76%. (National Bank of Romania, 2009)

Moreover, the National Bank of Romania (2009) claims that, due to the increase in interest rates on new loans, the fluctuation of the exchange rate, and the depreciation of the leu, the demand for loans has been affected. Thus, on the one hand, in the last seven years the lowest value was 30.5% and was reached in December 2008 by the growth rate of loans granted to the population. On the other hand, the annual growth rate decreased for loans granted to companies by 14.2 percentage points in 2008, compared to December 2007, which was 21.3%. At the same time, consumer loans decreased by 2.8 percentage points, reaching 25.8% in 2008, compared to the end of 2007, which were up to 74.3%. In addition, loans granted to households in the case of non-financial companies increased from 29.7% in 2007 to 38.7% in 2008. On the other hand, loans granted to households

in foreign currency increased by 53.6% in 2008, compared to those in lei, which only increased to 22% in 2008. (National Bank of Romania, 2009)

In his work, Croitoru (2012) states that, due to external financing, i.e. excessive foreign capital, in the period 2004-2008, the liabilities coming from outside the banks increased from 3.8 billion euros to 24.5 billion euros, causing gradual reductions of interest rates on loans and deposits. Also during the same period, the external debt of the private sector reached 45.6 percent of the gross domestic product from 12 percent, the economy evolved by more than 5 percent per year, the current account reached 12.3 percent of the gross domestic product from 8.4 percent, the foreign exchange reserve of the National Bank of Romania reached 25.9 billion euros from 6.3 billion euros, the loan/deposit ratio reached 1.37 from 0.72, the leu, which was 3.1 lei/euro in July 2007, reached 4.1 lei/euro in January 2008, thus encouraging the population to take loans in foreign currency; banks were dependent on foreign capital.

With the outbreak of the COVID-19 pandemic, the reference index for consumer loans was 2.66% in 2019 quarter IV, gradually decreasing and reaching 2.36% in 2020 quarter I, in 2020 quarter IV at 2.17% and in 2021 the first quarter to 1.88%. At the same time, the average interest rate on new loans granted to the population in January 2021 fell to 7.01%, being at a level below 2019 by 0.59 percentage points. Also in 2021, new housing loans decreased by 0.92 percentage points to reach 4.54%, and consumer loans decreased by 0.55 percentage points to 9.10%. Moreover, the average interest rate on new loans of non-financial companies decreased by 1.20 percentage points, reaching 4.59% in January 2021, and the average interest rate on new term deposits decreased by -0.55 percentage points compared to December 2019, reaching 1.43% in January 2021. (National Bank of Romania, 2021)

Moreover, in the period 2020-2021, new loans granted to the population and companies amounted to 194.5 billion lei. In addition, the percentage of new credits in 2021 “represents one third (34%) of the government credit balance at the end of the year, which amounted to 324 billion lei”. This high percentage “of new loans in the balance of government credit is explained by the short maturity of the loans, under one year, especially in the area of companies”. Thus, Romanian banks were not affected by the pandemic and managed to grant loans as in a normal period. On the other hand, compared to loans, savings among the population was low due to vacation periods and high inflation with a percentage of 9.7% in July 2022. (Romanian Association of Banks, n.d.)

It is necessary to increase the number of people active in the field of work who contribute to our pension system, as do the Romanians who have gone to other countries which contribute to the pension system of that country, to reduce the debts that our country has, to reduce payment evasion and exceptions. Moreover, increasing contribution rates and investment performance, simplifying retirement rules, improving communication between the government and citizens, etc. will certainly bring improvements to the pension system.

At the same time, the research analysis shows that there is a direct relationship between the dependent variable, the independent variables, and the control variables. On the one hand, the significance threshold for Q1, Q2, Q6, Q7, Q9, Q10, Q12, Q13, and Q14 has a lower value than 0.05, thus, the regression model is valid and can be used to analyze the dependence between variables. On the other hand, for the rest of the questions in the questionnaire, the significance threshold exceeds 0.05, the correlation between them being insignificant, however, the dependent variable does not influence the independent variables.

The limits of literature and case study research are as follows: the subject is constantly changing and, thus, you must constantly look for new information, the limited access to statistics, the articles or research may be influenced either by the writer’s opinion or by the prejudices he has towards the subject, the complexity of the pension system can make it difficult to identify and solve certain problems. As the case study concerned

the students of the Faculty of Management within the National University of Political Studies and Public Administration (SNSPA) and adults outside it, aged between 18 and 35, we were only able to see a certain perception that they have, so we don't know what they think, for example, students from the Academy of Economic Studies, from the Polytechnic, Law or from the Faculty of Medicine about this topic.

Finally, in the future we can use the same topic as a frame of reference for our dissertation, we can apply the research to a much larger sample or redo the same study to see if student perception has changed especially for freshmen and sophomores. At the same time, we can also apply the questionnaire to other faculties to make a comparison between the answers of students within our faculty and the chosen faculty.

3. Research methodology

3.1. Database

The purpose of this article is to show what is the perception of young people, aged between 17 and 30, regarding the evolution of interest rates on loans and deposits and how the evolution of these interest rates affects them when it comes to contracting a loan or open a warehouse.

The sample consists of 188 respondents, the data being collected between January and April 2024, following an applied questionnaire. The distribution of the sample according to age, gender, education is presented in Table 1.

Table 1. Distribution of the sample according to age, gender, and education

Construct	Frequency	Percent
17-20 years	65	34.6
21-25 years	97	51.6
26-30 years	26	13.8
Total	**188**	**100.0**
Female	113	60.1
Male	75	39.9
Total	**188**	**100.0**
Employed – I have completed my studies	23	12.2
Student – Bachelor, first year	59	31.4
Student – Bachelor, second year	24	12.8
Student – Bachelor, third year	56	29.8
Student – Master, first year	22	11.7
Student – Master, second year	4	2.1
Total	**188**	**100.0**

The results show that the majority of respondents are in the age category between 21 and 25 years, with a percentage of 51.6%, followed by the age category 17-20 years, with a percentage of 34.6%, then the age category 26-30 years, with a percentage of 13.8%. Regarding the gender of the respondent, the majority were female, with a percentage of 60.1%, and the male gender had a percentage of 39.9%. In terms of education level, 31.4% are currently first-year undergraduate students, 29.8% are currently third-year undergraduate students, and 12.8% are currently second-year undergraduate students. 12.2% are currently employed with completed studies, 11.7% are currently students in the first year of the master's degree, and 2.1% are currently students in the second year of the master's degree.

Further, Table 2 shows how the three hypotheses were developed and how they are represented in the form of questions in the questionnaire.

Table 2. Hypotheses constructs

Construct	Objectives	Hypotheses
1. Are you willing to take credit in the future?	Identifying the preferences of young people with regard to taking a loan or purchasing certain goods from their own resources	H1
2. What would you get credit for?		
4. Do you want to take various goods from your own resources or on credit?		
5. What percentage of your savings or net income are you willing to pay as interest on a loan?		
6. What type of credit would you like?		
10. If you were to take out a loan, do you want the interest rate to be fixed or variable?		
3. If you were to get a loan, would you compare the interest rates from several banks to see which one is more advantageous?	Identifying young people's decisions to take out credit and open deposits regarding the evolution of interest on them	H2
7. How do you feel about the interest rates, which at the moment are around 6-15% on loans?		
8. Do you think you could afford to take out a loan with these interest rates?		
9. Will the evolution of loan interest rates affect your decision to get a loan?		
12. If you were to open deposits, would you compare interest rates from several banks to see which one is more advantageous?		
14. How do you feel about interest on deposits?		
11. Are you willing to save and put money away by making deposits?	Identifying young people's preferences regarding opening deposits but also their inclination towards other savings alternatives	H3
13. In which of the following periods would you prefer to open your deposits?		
15. In which currency would you like to make deposits?		
16. What minimum interest would be tempting to make a deposit?		
17. Would you be interested in government bonds, corporate bonds, listed shares, mutual funds, real estate investments, insurance policies, rather than bank deposits?		

3.2. The variables included in the study and the econometric model

In this study, three types of variables were applied to test the previously developed hypotheses, namely dependent, independent, and control variables, based on works such as those of Ciuciuc *et al.* (2024), Mititean and Sărmaș (2023) or Mititean (2023a).

On the one hand, the dependent variables are represented by the following aspects:

1. The percentage of the money saved or of the respondents' net income that they are willing to allocate as a loan installment.

2. If the respondents think they will be able to afford a loan at today's interest rates.

3. Respondents' willingness to save and put money aside as bank deposits.

On the other hand, the independent variables are represented by 14 specific questions related to loans and deposits. These questions address various aspects such as the respondents' attitudes towards interest on loans, their perceptions of saving through bank deposits, and their preferences for other forms of saving or investment.

As for the control variables, they are represented by the demographic characteristics of the respondents, especially their age and gender. These control variables are used to examine how age and gender differences may influence respondents' lending and saving attitudes and behaviors.

This complex structure of variables allows for a detailed and rigorous analysis of the factors influencing the financial behavior of employed youth and graduates in the current context of the financial market.

The method used to test the hypotheses of this case study is multiple linear regression. This type of econometric model estimates a single equation model, including several independent and control variables. Among the authors who used this type of research in their studies are Mititean (2023b) and Constantinescu *et al.* (2021). The equation model used in this study is as follows:

$$Saving_{it} = \beta_0 + \beta_1 Lending\ and\ interest\ variables + \beta_2 Control\ variables_{it} + \varepsilon_{it}$$

Where:

- Saving successively takes the values of the three dependent variables.
- Lending and interest variables are represented by the questions presented in Table 2.
- The control variables are the demographic characteristics of the respondents.
- i represents the number of responses that make up the sample, and t, the reference period.
- β_0-β_2 are the regression coefficients.

4. Results

4.1. Analyzing the data obtained from the questionnaire for each question

Following the analysis, it is found that the young people who answered the questionnaire are willing to take out a loan with a fixed interest rate in the future for certain goods, such as a house, car, their own business, but if they have the opportunity, they will want to purchase these goods from their own resources. In order to do this, Gen Z would have to save money in advance to be able to have at least half of the total amount of the asset, and for the other half, they would have to take out a loan. For example, if the price of a house is 50,000 euros, then, in order to have half the amount, young people should save 100 euros per month in advance for 20 years. And if the price of a car is 10,000 euros, young people would have to save 30 euros per month for 14 years to have half the amount of the car.

Moreover, when respondents were asked whether the loan they want to make in the future should be with a fixed interest rate or with a variable interest rate, they said that they want to make a loan with a fixed interest rate. Thus, it can be seen that young people prefer to have a loan where the interest rate will not change throughout the contract period, than to have a loan with an interest rate that changes according to the bank's fixed margin and one of the benchmarks, such as IRCC for loans in lei, ROBOR for loans in lei, LIBOR for loans in dollars and Swiss francs, EURIBOR for loans in euros (Chițu, 2023).

Furthermore, when respondents were asked what percentage of their savings or net income they would be willing to pay as interest on a loan, the answers varied from one respondent to another, showing that they are aware of how important it is to put money aside for the monthly loan payment, whether it's from their savings or their net income. Moreover, it is noted that Generation Z prefers to have a property in the future for which they are willing to pay a certain percentage for the loan interest, from the savings they have accumulated during their life or from their net income.

Thus, through these three statements above, the first hypothesis is validated, namely, young people are more willing to purchase certain goods from their own resources than to take out credit with fixed interest.

At the same time, it can be seen that young people want to be informed/find out about the interest rates offered by different banks for loans and deposits, to see which one is more advantageous. By doing this, they

consider the loan interest rates to be high or average and we think they will not be able to afford a loan with these interest rates, which are around 6-15%. Generation Z is therefore discouraged by these loan interest rates and, hence, prefers to purchase the desired goods from their own resources, even if they are willing to take out a loan. Moreover, the young people who answered the questionnaire said that the decision to take out a loan and the desire to open a deposit will be influenced by the evolution of interest rates. Thus, this statement validates the second hypothesis, namely, the decision among young people to take out loans and open deposits is affected by the evolution of their interest rates.

Moreover, it can be noted, first of all, that Generation Z is eager to save money by opening deposits of more than 12 months, in lei-euro, with an interest rate of at least 5%, and, secondly, that they have understood/ are aware that they need to save money ahead of time to make it easier for them in the future when they want to purchase certain goods. Therefore, for assets such as a house, a car, their own business, young people will not have to take out a loan for the total amount of the respective asset, because they will already have part of the amount from what they have saved and thus could make a loan with a smaller amount.

Furthermore, even though the young respondents said that they found interest on deposits advantageous, they would also be interested in government securities, corporate bonds, listed shares, mutual funds, real estate investments, insurance policies, rather than deposits at the banks. Therefore, it can be seen that Generation Z prefers higher returns, even if the risk is higher regarding some of the savings' alternatives compared to bank deposits, which are "some safe investments but with a limited return" (Anghel, 2021).

Thus, by these two statements above, the third hypothesis is validated, namely, young people are more willing to other forms of saving, such as government securities, corporate bonds, listed shares, mutual funds, real estate investments, insurance policies, rather than open deposits in lei-euro for a period of more than 12 months with a minimum interest of 5%.

4.2. Descriptive statistics and correlation analysis

In that analysis, descriptive statistics are calculated for the variables in the linear regression. Therefore, the results of the descriptive statistical analysis, for all the dependent, independent, and control variables, are presented in Table 3. The descriptive statistics of the variables show that the total number of respondents who answered the questionnaire questions is 188, and the minimum value is 0 and the maximum value is between [1; 6]. The mean is between the values [0.04; 3.51], the standard deviation is between [0.190; 2.393], and the variation is between [0.036; 5.742].

In addition, the skew direction is negative for Q1, Q2, Q9, Q10, Q11, Q12, Q13, Q14, Q15, and Q17 and positive for Q3, Q4, Q5, Q6, Q7, Q8, Q16, Q18, Q19, and Q20. Furthermore, the curve of the variable is flattened for negative values and sharp for positive values.

For the three research hypotheses, the correlation table presented in Table 4, Table 5, and Table 6 was made. Moreover, the total number of respondents who answered the questionnaire questions is 188. In addition, the variables that were correlated with itself had a perfect correlation because the value was 1, but did not have a significant correlation.

For the first hypothesis (Table 4), Q1 correlated with Q2 and Q2 correlated with Q4, Q5, Q6, and Q10 had a negative correlation because the Pearson values were negative, and the rest of the variables correlated with each other had a positive correlation because the Pearson had positive values.

For the second hypothesis (Table 5), Q3 correlated with Q7, Q8, Q9, Q12, and Q14 had a negative correlation because the Pearson values were negative, and the rest of the variables correlated with each other had a positive correlation because the Pearson values were positive.

For the third hypothesis (Table 6), Q15 correlated with Q11, Q13, Q16, and Q17 had a negative correlation because the Pearson values were negative, and the rest of the variables correlated with each other had a positive correlation because the Pearson values were positive.

Table 3. Analysis of descriptive statistics

Variables	N	Min	Max	Average	Standard deviation	Variance	Asymmetry	Flattening
Q1	188	0	1	0.60	0.491	0.241	-0.416	-1.847
Q2	188	0	4	2.19	1.802	3.247	-0.312	-1.769
Q3	188	0	2	1.23	0.446	0.199	0.930	-0.131
Q4	188	0	1	0.04	0.190	0.036	4.928	22.522
Q5	188	0	4	1.48	1.234	1.524	0.179	-1.081
Q6	188	0	6	2.37	2.393	5.742	0.474	-1.406
Q7	188	0	2	0.35	0.488	0.238	0.793	-1.023
Q8	188	0	1	0.42	0.495	0.245	0.326	-1.914
Q9	188	0	2	1.36	0.911	0.830	-0.768	-1.357
Q10	188	0	2	0.77	0.533	0.284	-0.152	-0.187
Q11	188	0	2	1.74	0.633	0.440	-2.213	3.010
Q12	188	0	2	1.73	0.665	0.442	-2.177	2.878
Q13	188	0	5	3.51	1.851	3.428	-0.967	-0.552
Q14	188	0	1	0.51	0.501	0.251	-0.043	-2.020
Q15	188	0	2	1.13	0.845	0.715	-0.257	-1.557
Q16	188	0	5	2.39	1.662	2.763	0.226	-1.146
Q17	188	0	1	0.73	0.446	0.199	-1.037	-0.934
Q18	188	0	2	0.79	0.666	0.443	0.261	-0.771
Q19	188	0	1	0.40	0.491	0.241	0.416	-1.847
Q20	188	0	5	1.77	1.627	2.648	0.654	-0.499

Table 4. Pearson correlation analysis for *H1*

Variables	Q1	Q2	Q4	Q5	Q6	Q10
Q1	1	-0.729**	0.160*	0.696**	0.657**	0.691**
Q2		1	-0.099	-0.566**	-0.689**	-0.544**
Q4			1	0.038	0.170*	0.190**
Q5				1	0.541**	0.647**
Q6					1	0.459**
Q10						1

Table 5. Pearson correlation analysis for *H2*

Variables	Q3	Q7	Q8	Q9	Q12	Q14
Q3	1	-0.07	-0.123	-0.689**	-0.407**	-0.167*
Q7		1	0.281**	0.034	0.120	0.236**

Variables	Q3	Q7	Q8	Q9	Q12	Q14
Q8			1	0.212**	0.195**	0.165*
Q9				1	0.449**	0.162*
Q12					1	0.281**
Q14						1

Table 6. Pearson correlation analysis for *H3*

Variables	Q17	Q16	Q15	Q13	Q11
Q17	1	0.013	-0.017	0.057	0.139
Q16		1	-0.159*	0.033	0.034
Q15			1	0.012	-0.062
Q13				1	0.705**
Q11					1

4.3. Discussion of research hypotheses

For the first hypothesis, the dependent variable was Q5, the control variables were Q18 and Q19, and the independent variables were Q1, Q2, Q4, Q6, and Q10. For the second hypothesis, the dependent variable was Q8, the control variables were Q18 and Q19, and the independent variables were Q3, Q7, Q9, Q12, and Q14. For the third hypothesis, the dependent variable was Q11, the control variables were Q18 and Q19, and the independent variables were Q13, Q15, Q16, and Q17.

Table 7. Summary table analysis of the model + ANOVA + coefficients for the first hypothesis

Variables	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.
Constant	0.039	0.764	1.969	0.000	1.133	0.000	0.410	0.005	0.069	0.637
Q1	1.764	0.000**								
Q2			-0.393	0.000**						
Q4					0.247	0.598				
Q6							0.293	0.000**		
Q10									1.469	0.000**
Q18	0.280	0.003**	0.230	0.036*	0.199	0.141	0.162	0.142	0.172	0.095
Q19	0.395	0.002**	0.473	0.002**	0.447	0.016*	0.621	0.000**	0.351	0.013*
R	0.735[a]		0.615[a]		0.225[a]		0.606[a]		0.671[a]	
R-squared	0.540		0.378		0.051		0.367		0.450	
Adjusted R-squared	0.532		0.368		0.035		0.357		0.441	
Durbin-Watson	1.846		1.893		1.871		1.860		1.859	
F	71.859		37.269		3.265		35.556		50.209	
Sig.	0.000[b]		0.000[b]		0.023[b]		0.000[b]		0.000[b]	

For the first hypothesis (Table 7), the table proves that between the dependent variable, the independent variables, and the control variables there is a direct relationship because R has values between [0.225; 0.735]. Furthermore, R-squared shows what percent of the variation in the dependent variable is explained by the

model. Thus, for Q1 only 54% of the variation of the dependent variable is explained by the model. For Q2 only 37.8%, for Q4 only 5.1%, for Q6 only 36.7%, and for Q10 only 45% of the variation of the dependent variable is explained by the model.

The Durbin-Waston test for autocorrelation in the residuals has values between [1.846; 1.893], which means that the autocorrelation is positive because the value is between 0 and 2.

The F-test has values between [3.265; 71.859], and Sig. is 0.000 for Q1, Q2, Q6, and Q10, which means the independent variables are significant because the value is below 0.05. For Q4, Sig. is greater than 0.05 because it has a value of 0.598, which indicates that the dependent variable does not influence the independent variables, so the variables do not have a significant correlation. Additionally, Adjusted R-squared has values between [0.035; 0.532].

Table 8. Summary table analysis of the model + ANOVA + coefficients for the second hypothesis

Variables	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.
Constant	0.518	0.000**	0.258	0.000**	0.207	0.007**	0.131	0.221	0.271	0.000**
Q3	-0.129	0.109								
Q7			0.264	0.000**						
Q9					0.114	0.003**				
Q12							0.132	0.014*		
Q14									0.143	0.048
Q18	-0.029	0.593	-0.002	0.973	-0.032	0.141	-0.022	0.677	-0.002	0.967
Q19	0.210	0.004**	0.181	0.012*	0.211	0.016*	0.198	0.007**	0.196	0.008**
R	0.240[a]		0.333[a]		0.296[a]		0.274[a]		0.254[a]	
R-squared	0.058		0.111		0.088		0.075		0.064	
Adjusted R-squared	0.048		0.096		0.073		0.060		0.049	
Durbin-Watson	1.915		1.953		1.949		1.933		1.928	
F	3.748		7.629		5.906		4.994		4.226	
Sig.	0.012[b]		0.000[b]		0.001[b]		0.002[b]		0.006[b]	

For the second hypothesis (Table 8), the table proves that between the dependent variable, the independent variables, and the control variables there is a direct relationship because R has values between [0.240; 0.333]. Furthermore, R-squared shows what percent of the variation in the dependent variable is explained by the model. Thus, for Q3 only 5.8% of the variation of the dependent variable is explained by the model. For Q7 only 11.1%, for Q9 only 8.8%, for Q12 only 7.5%, and for Q14 only 6.4% of the variation of the dependent variable is explained by the model.

The Durbin-Waston test for autocorrelation in the residuals has values between [1.915; 1.953], which means that the autocorrelation is positive because the value is between 0 and 2.

The F-test has values between [3.748; 7.629], and Sig. is 0.000 for Q7, 0.003 for Q9, 0.014 for Q12, and 0.048 for Q14, which means that the independent variables are significant because the value is below 0.05. For Q3, Sig. is greater than 0.05 because it has a value of 0.109, which indicates that the dependent variable does not influence the independent variables, so the variables do not have a significant correlation. Additionally, Adjusted R-squared has values between [0.048; 0.096].

Table 9. Summary table analysis of the model + ANOVA + coefficients for the third hypothesis

Variables	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.
Constant	0.799	0.000**	1.725	0.000	1.655	0.000	1.501	0.000
Q13	0.252	0.000**						
Q15			-0.043	0.462				
Q16					0.007	0.831		
Q17							0.214	0.051
Q18	0.056	0.292	0.021*	0.777	0.029	0.709	0.048	0.517
Q19	0.032	0.650	0.117	0.246	0.114	0.257	0.111	0.264
R	0.707[a]		0.111[a]		0.098[a]		0.172[a]	
R-squared	0.501		0.012		0.010		0.030	
Adjusted R-squared	0.492		-0.004		-0.007		0.014	
Durbin-Watson	1.764		1.825		1.824		1.792	
F	61.468		0.763		0.595		1.881	
Sig.	0.000[b]		0.516[b]		0.619[b]		0.134[b]	

For the third hypothesis (Table 9), the table proves that between the dependent variable, the independent variables, and the control variables there is a direct relationship because R has values between [0.098; 0.707]. Furthermore, R-squared shows what percent of the variation in the dependent variable is explained by the model. Thus, for Q13 only 50.1% of the variation of the dependent variable is explained by the model. For Q15 only 1.2%, for Q16 only 1%, and for Q17 only 3% of the variation of the dependent variable is explained by the model.

The Durbin-Waston test for autocorrelation in the residuals has values between [1.764; 1.825], which means that the autocorrelation is positive because the value is between 0 and 2.

The F-test has values between [0.595; 61.468], and Sig is 0.000 for Q13, which means that the independent variables are significant because the value is below 0.05. For Q15, Q16, and Q17, Sig. is greater than 0.05, which indicates that the dependent variable does not influence the independent variables, so the variables do not have a significant correlation. Additionally, Adjusted R-squared has values between [-0.007; 0.492].

5. Conclusions

This study offers an in-depth exploration of how young individuals perceive and respond to the evolution of interest rates on loans and deposits, shedding light on the financial behaviors and attitudes of this demographic group. By examining the interplay between dependent, independent, and control variables, the research highlights the significant influence of factors such as age, gender, and education on decisions related to saving and borrowing. The findings reveal a nuanced understanding of young people's willingness to allocate income for installment loans or deposits, as well as their perceived ability to afford loans at current interest rates. Moreover, the study underscores the importance of demographic diversity in shaping financial preferences, emphasizing the need for tailored financial education and policy interventions to support informed decision-making in the face of evolving market conditions.

The results show that the majority of respondents are in the age category between 21-25 years, with a percentage of 51.6%, followed by the age category 17-20 years, with a percentage of 34.6%, then the age category 26-30 years, with a percentage of 13.8%. Regarding the gender of the respondents, the majority were female, with a percentage of 60.1%, and the male gender had a percentage of 39.9%.

It can be seen that for the three research hypotheses there is a direct relationship between the dependent variables, the independent variables, and the control variables. Moreover, the significance threshold (Sig.) is less than 0.05 for Q1, Q2, Q6, Q7, Q9, Q10, Q12, Q13, and Q14, which means that the variables are significant, and for Q3, Q4, Q15, Q16, and Q17, Sig. is greater than 0.05, which indicates that the dependent variable does not influence the independent variables, thus having a correlation insignificant. Also, the Durbin-Waston test for each questionnaire question had positive correlations of the residuals because the test values were between 0 and 2.

According to specialized literature, events such as the 2008 economic crisis and the COVID-19 pandemic have highlighted how important it is not to take out loans that exceed repayment capacity and to avoid loans in foreign currencies when the income is in lei, because risks associated with exchange rate fluctuations and interest rate variations. Also, establishing a savings fund for unforeseen situations and diversifying investments are necessary measures to ensure financial stability. Thus, in order for young people to be aware of these aspects, it is necessary to introduce financial education in schools and their desire to inform themselves about the interest rates that banks offer, to see which is more advantageous, and, at the same time, about the various forms of savings, to see which is more favorable.

The relevance of the study comes with a new study and a new analysis that addresses the perception of young people between the ages of 17 and 30 regarding the evolution of interest rates on loans and deposits. In addition, this new study complements the existing studies identified. At the same time, the data collection was obtained automatically, through an online questionnaire made through Google Forms, being applied between January and April 2024, and collecting a number of 188 respondents. Furthermore, the distribution of the questionnaire was done through social media groups. Also, the sampling of the research is one of convenience and the selection criterion was the age of the respondents. The questionnaire had a number of 20 closed questions and, at the beginning of filling out the questionnaire, the respondents were informed about the purpose of the research and the anonymity of the answers.

Within this research, there were several limitations. Firstly, the number of respondents was low – even though the questionnaire was distributed in large groups, not all members of these groups responded to the survey. Secondly, the questionnaire was addressed only to students aged 17 to 30 from the Faculty of Management of SNSPA, as well as to those under 30 who have graduated and are now employed. Thus, it was not possible to obtain a complete picture of the opinions of students of the same age category from other faculties or those of other age groups regarding the evolution of interest rates on loans and deposits. Thirdly, the questionnaire did not allow obtaining detailed answers to each question and did not provide the opportunity to observe the non-verbal behavior of the respondents.

Future research or tracing new research directions could approach the literature in a different way. Thus, a comparison can be made regarding the evolution of interest on loans and deposits in lei with the evolution of interest on loans and deposits in foreign currency. At the same time, more relevant sources for specialized literature can be identified. Moreover, in terms of the research methodology, a questionnaire targeting respondents between the ages of 17 and 30 from several faculties in Romania can be carried out in future studies.

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