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## Comparative analysis of the level of satisfaction with the financial situation in Romania and EU countries

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# COMPARATIVE ANALYSIS OF THE LEVEL OF SATISFACTION WITH THE FINANCIAL SITUATION IN ROMANIA AND EU COUNTRIES

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**Abstract:** *The paper analyzes the satisfaction regarding the financial situation in Romania compared to the rest of the member countries of the European Union. The work analyzed indicators that express the material well-being of a society such as: GDP and Median Income, but also satisfaction regarding the financial situation, based on the latest statistical data available on the Eurostat website for the years 2013 and 2018 (data from 2021 are not published). With the help of the scores obtained by the semantic differential method, it was possible to evaluate the degree of satisfaction with the financial situation of the population of the EU member countries, as well as Romania's position among them. The conclusion of this paper was that Romania is among the last places in terms of GDP per capita or median income, and despite this the population of our country has an average degree of satisfaction with regard to the financial situation, obtaining a higher score compared to other countries that have a higher median income or GDP.*

**Keywords:** *quality of life, well-being, financial situation, GDP, Median income*

**JEL classification:** I31, Q01, R11

## INTRODUCTION

Quality of life research is of particular importance, both at European and international level (Buligescu Bianca, Toc Sebastian, 2021). In the Treaty establishing the European Community in Rome of 1957 and in the consolidated versions of 1992, 1997 and 2002, the Union's objectives include raising the standard of living and quality of life (European Parliament, 2023).

For each person, the quality of life represents the value of his life, how good or bad it is, evaluated as a whole and on particular components: health, financial resources, work, family, leisure, etc. (Zamfir C., 2022). Each factor influencing quality of life has a different weight, for example poverty affects part of the population, while pollution affects everyone's life (Scrigroup.com). Quality of life represents the quality of all objective conditions of which life is composed, as well as the subjective way in which each person evaluates his life - the degree to which it produces satisfaction, happiness, fulfillment (Zamfir C., 2022), (David Mihaela, Năstase Sorina, 2012).

The concept of quality of life is closely related to standard of living and lifestyle. Social indicators have an increasing importance in assessing the quality of life, given that the role of the economy in assessing the well-being of a nation ignores precisely the assessments made by the human factor on this well-being (Amariei Lenuta, 2019).

Viewed from a subjective perspective, quality of life represents the individual's perception of his own life, happiness, well-being, such as satisfaction with the standard of living (Ghența Mihaela et al., 2020). Most people's perception of life satisfaction is closely related to a good situation in major spheres of life: health, work, income, spirituality, etc. (Solonaru Larisa, 2023), (Hîncu Rodica, Conencov Olga, 2017). When one of these spheres is disturbed, it is possible to totally alter life satisfaction. Usually, people who score high on this indicator have good health, a job that brings them satisfaction, and free time is spent with family or friends (Solonaru Larisa, 2023). For people, life satisfaction is their own evaluation of life and how they feel about their future choices and decisions (Lupu Ana-Maria, 2017).

A particular area of satisfaction with life is satisfaction with the financial situation. This, according to research, is strongly correlated with life satisfaction (Márton Medgyesi, Eszter Zólyomi, 2016). This paper aims to analyze the level of satisfaction with the financial situation in the EU Member States in 2013 and 2018, by age categories of population.

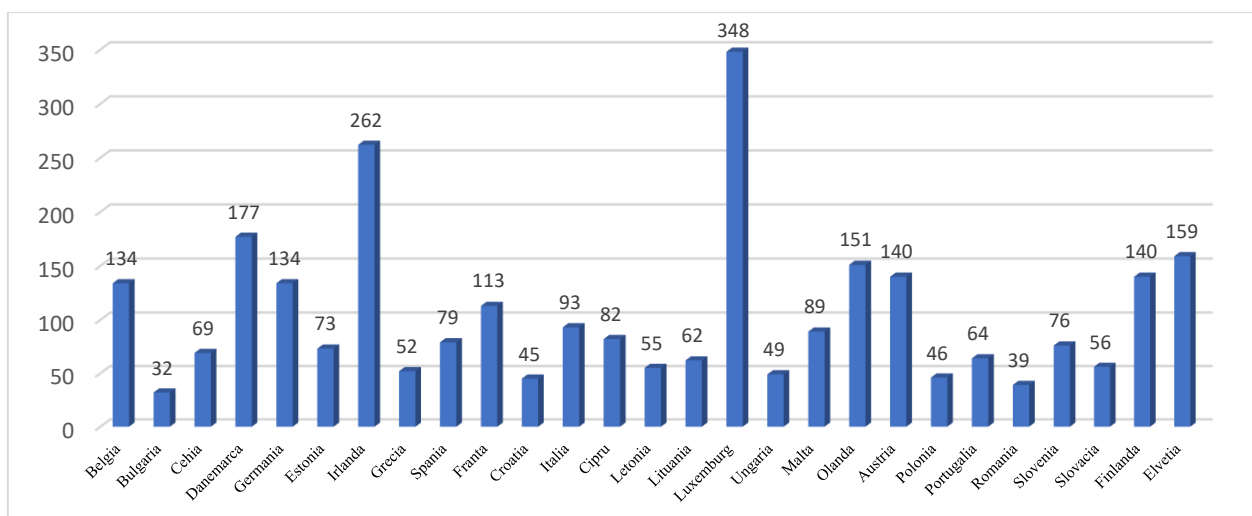
## MATERIAL AND METHODS

In the paper for the level of GDP and median income, EUROSTAT data from 2021 were used. For the comparison of countries, a relevant aspect is the GDP/capita ratio expressed in euro to the EU average (Marin Pana, 2021) and the volume index of GDP expressed in PPS (standard purchasing power), i.e. in a common currency, in order to eliminate differences between price levels between countries (INS, 2023). In addition to these indicators, median income was also analyzed, indicating that half of citizens are above this indicator and the other half below it (Pana M., 2021). Data from the 2013 and 2018 EU-SILC survey were used to analyse financial satisfaction, and for 2021 they are not yet available. In order to assess the level of satisfaction with the financial situation, the scaling method (semantic differential) with 3 levels was used. Each level of the scale was assigned scores from 1 to 3, where 1 - low satisfaction and 3 - high satisfaction, these being subsequently used in the data processing process (Țimiraș Laura Cătălina, 2016).

## RESULTS AND DISCUSSION

A first relevant aspect for comparing member countries with the EU average is the GDP/capita ratio expressed in euros. The EU average in 2021 was 32400 euros, and this report places Romania on the penultimate place, with 39% of the EU average, surpassing Bulgaria by 7%. The highest value of GDP per capita is registered by Luxembourg, which holds the leading position, with a GDP 4.5 times higher than the EU average and almost 9 times higher than that of Romania. In second place is Ireland, with a GDP per capita 2.6 times higher than the EU average, followed by Denmark, which exceeds the EU average by 77%.

Other Member States that had a GDP at least 30% above the EU level in 2021 were: Sweden (59%), the Netherlands (51%), but also Austria, Finland, Belgium and Germany.



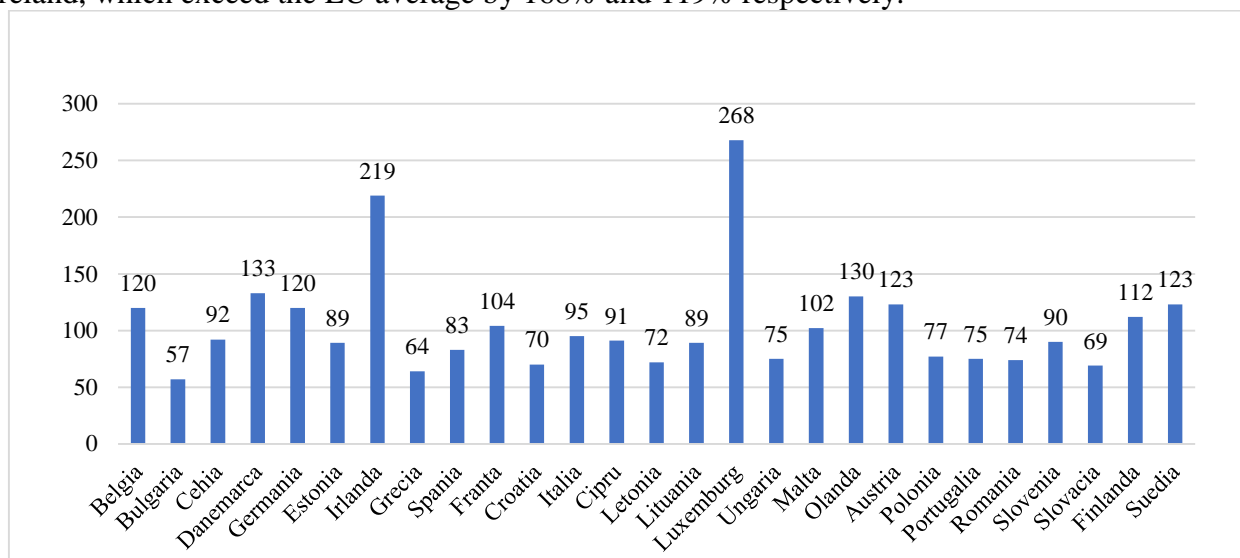
**Figure 1 Gross domestic product (GDP) per capita compared to the EU average (%) in 2021**

Source: Eurostat data, accessed June 2023,

[https://ec.europa.eu/eurostat/databrowser/view/nama\\_10r\\_3gdp/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nama_10r_3gdp/default/table?lang=en)

To eliminate differences in price levels across countries, the GDP/capita ratio is expressed in standard purchasing power (PPS), highlighting that 16 Member States are below the EU average. Among these countries is Romania, which registers a GDP/capita, according to purchasing power parity, 26% below the EU average. Romania surpasses countries such as Latvia, Croatia, Slovakia, Greece and Bulgaria, which are in last place.

At the opposite end, with the highest GDP/capita expressed in PPS is Luxembourg and Ireland, which exceed the EU average by 168% and 119% respectively.



**Figure 2. Gross domestic product (GDP) per capita by purchasing power standard (PPS) as a percentage of the EU average**

Source: Eurostat data, accessed June 2023,

[https://ec.europa.eu/eurostat/databrowser/view/nama\\_10r\\_3gdp/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nama_10r_3gdp/default/table?lang=en)

The median income of a country indicates that half of citizens rank above this indicator and the other half below it (Pana Marian, 2021). In 2021, Eurostat data shows that median disposable income was €18372 in the EU. Analyzing the median income in the 27 EU Member States, we notice a significant difference between them, from 42482 euros in Luxembourg to 4816 euros in Romania. In 2021, Romania registered an equivalent median income representing only 26.21% of the EU average and 11.34% of Luxembourg's median income respectively (42482 euros, + 131.2% above the EU average), thus ranking last among member countries.

**Table No 1. Median income in 2021 in EU Member States**

Median equivalent income			
	2021	% of EU average	% Ro/other state
EU-27	18.372	100%	26,21%
Belgium	25.855	140,73%	18,63%
Bulgaria	5.157	28,07%	93,39%
Czech Republic	10.625	57,83%	45,33%
Denmark	32.088	174,66%	15,01%
Germany	24.946	135,78%	19,31%
Estonia	12.623	68,71%	38,15%
Ireland	28.130	153,11%	17,12%
Greece	8.752	47,64%	55,03%
Spain	15.892	86,50%	30,30%
France	22.732	123,73%	21,19%
Croatia	8.061	43,88%	59,74%
Italy	17.532	95,43%	27,47%
Cyprus	16.686	90,82%	28,86%
Latvia	9.437	51,37%	51,03%

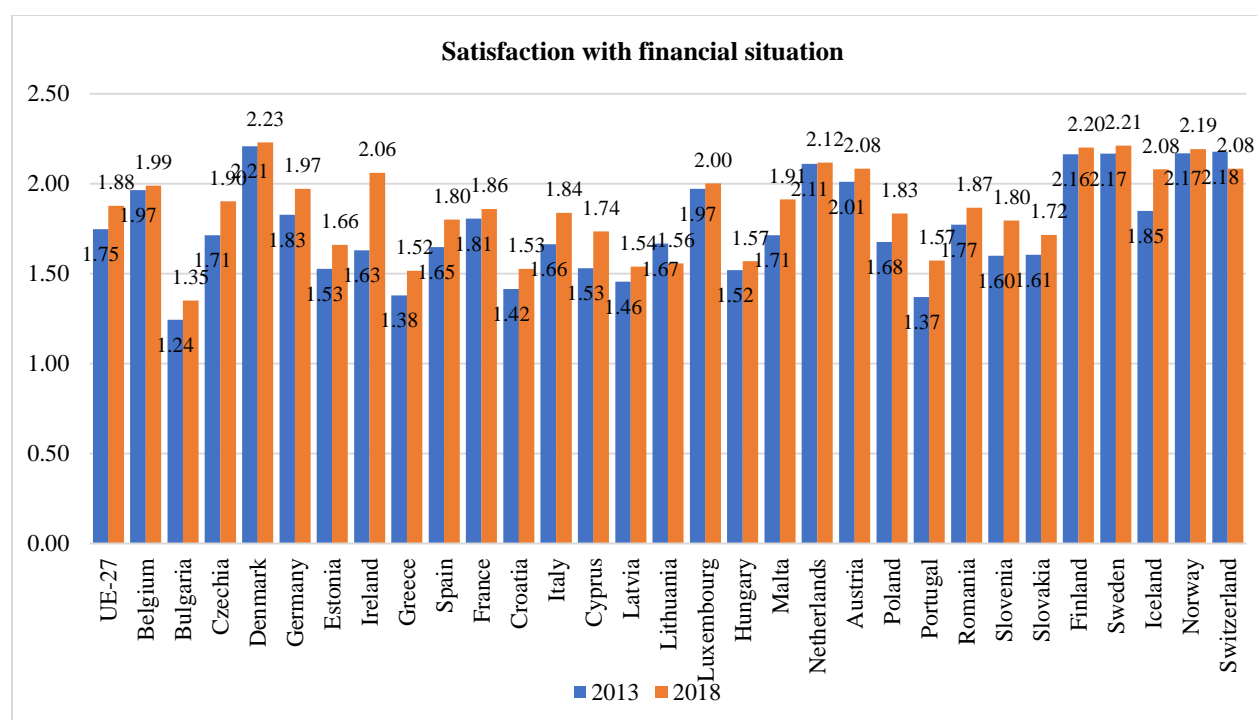
Median equivalent income			
	2021	% of EU average	% Ro/other state
Lithuania	9.669	52,63%	49,81%
Luxembourg	42.482	231,23%	11,34%
Hungaria	6.619	36,03%	72,76%
Malta	17.036	92,73%	28,27%
Netherlands	28.441	154,81%	16,93%
Austria	27.428	149,29%	17,56%
Poland	8.295	45,15%	58,06%
Portugal	11.089	60,36%	43,43%
Romania	4.816	<b>26,21%</b>	100,00%
Slovenia	15.415	83,90%	31,24%
Finland	25.456	138,56%	18,92%
Sweden	25.429	138,41%	18,93%

Source: Processing by Eurostat data, accessed June 2023,

[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_di03/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_di03/default/table?lang=en)

Other Member States that in 2021 had a median income equivalent to at least 30% above the EU level were Denmark (74.66%), the Netherlands (54.81%), Ireland (53.11%) but also Austria (49.29%), Belgium (40.73%), Finland (38.56%), Sweden (38.41%), and Germany (35.78%)(table 1).

As mentioned in the methodology, in order to rank countries according to the average grade of satisfaction with the financial situation, the scaling method was used - semantic differential, which was noted with: 1 - low satisfaction, 2 - average satisfaction, and 3 - high satisfaction.



**Figure 3. Determination of the average grade on satisfaction with the financial situation in the population aged 16 and over**

Source: processing by Eurostat data, accessed June 2023,

[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

As a result of data processing, it resulted that in 2018 (Figure 3), in EU Member States, satisfaction with the financial situation registered among people aged 16 and over decreased in 2 Member States compared to 2013. The biggest decrease was registered in Lithuania of (-0.11), which already had a rather low satisfaction score with the financial situation of 1.67, followed by

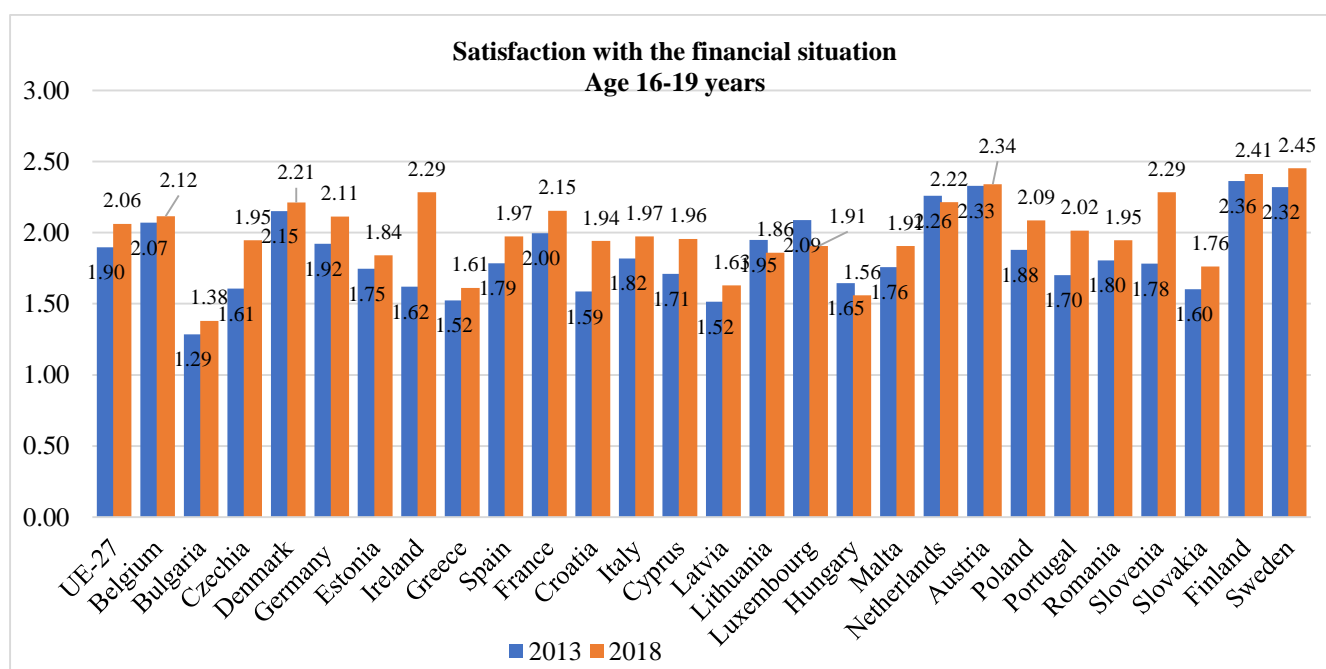
Switzerland (-0.10), but in this case the score remained around grade 2, which corresponds to an average satisfaction, the Swiss being satisfied rather than dissatisfied.

In the remaining member countries, satisfaction with their financial situation has increased, and Denmark tops the list with a score of 2.23 (0.02 higher than in 2013), which means that a large part of the population is very satisfied with their financial situation.

In Romania, satisfaction with the financial situation obtained a score of 1.87 in 2018, resulting in an increase of 0.10 compared to 2013. This note indicates an increase in satisfaction with the financial situation, which tends to reach the 2-medium threshold satisfied.

By age group, satisfaction for 16-19year olds decreased in 3 Member States in 2018 compared to 2013, namely: Luxembourg (-0.18), Lithuania (-0.09) and the Netherlands (-0.05) (Figure 4).

In Romania's case, satisfaction with the financial situation has increased, reaching almost the medium scale. Sweden, Finland and Austria are on the first places in terms of satisfaction with the financial situation, and at the opposite pole, well below the average, is Bulgaria, with 1.38 in 2018.



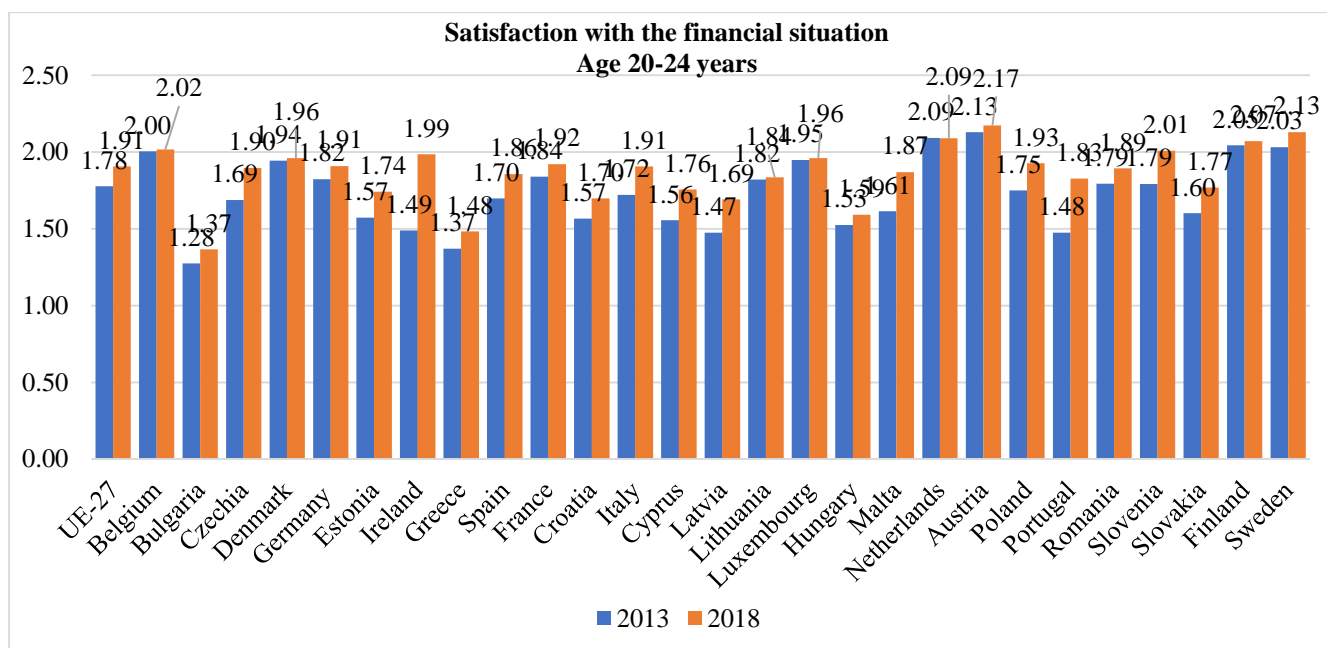
**Figure 4. Determining the average grade on satisfaction with the financial situation in the age group 16-19 years**

Source: Processing by Eurostat data, accessed June 2023,  
[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

In the 20-24 age group (Figure 5) it can be seen that satisfaction with the financial situation increased in all EU countries, Ireland registering the biggest jump since 2013 to 2018 of 0.5 points, approaching the average level of satisfaction. In this age category, Austria scores the highest with an average mark of 2.17, increasing the percentage of those who have a high degree of satisfaction, while at the opposite pole, Bulgaria gets a grade of 1.37, due to the high percentage of people who have a low degree of satisfaction with their financial situation (about 70%).

Romania is below the average level of satisfaction, with a score of 1.89 in 2018, exceeding by 0.10 points the score obtained in 2013. This note indicates an increase in the share of people with

a medium and high degree of satisfaction, but data shows that a quarter of those aged 20-24 have a low satisfaction with their financial situation.

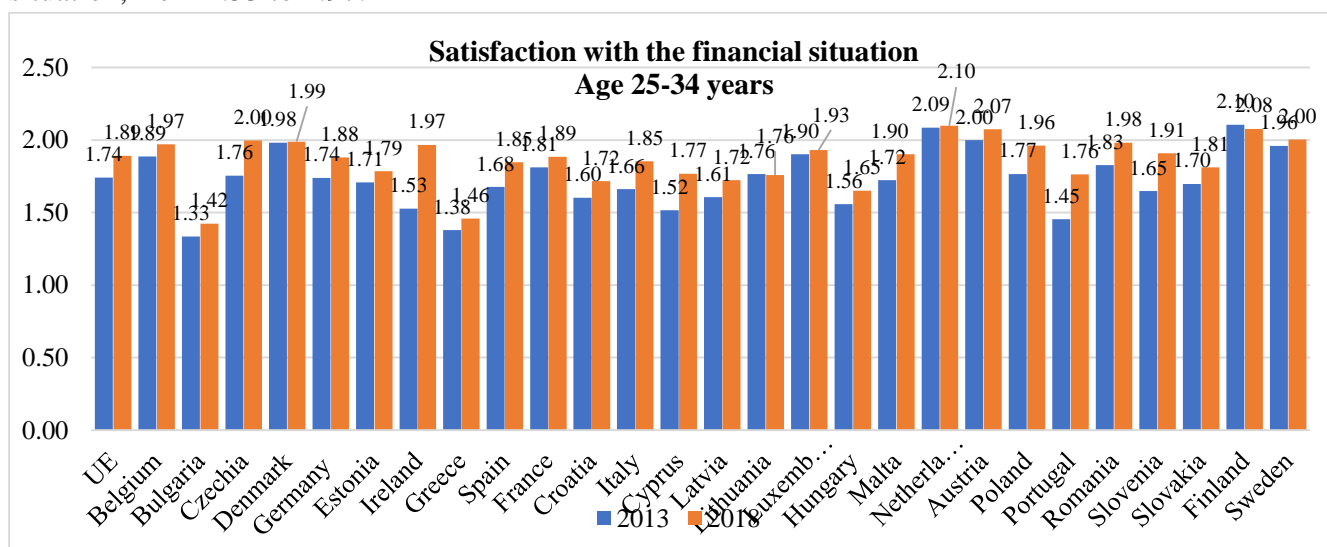


**Figure 5 Determining the average grade on satisfaction with the financial situation in the age group 20-24 years**

Source: Processing by Eurostat data, accessed June 2023,  
[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

For young people aged 25-34, satisfaction with the financial situation increased in most countries in 2018 compared to 2013, only in Finland there is a slight decrease of -0.02. Romania does not reach the average level, being just below it, with a score of 1.98 (+0.15 points compared to 2013).

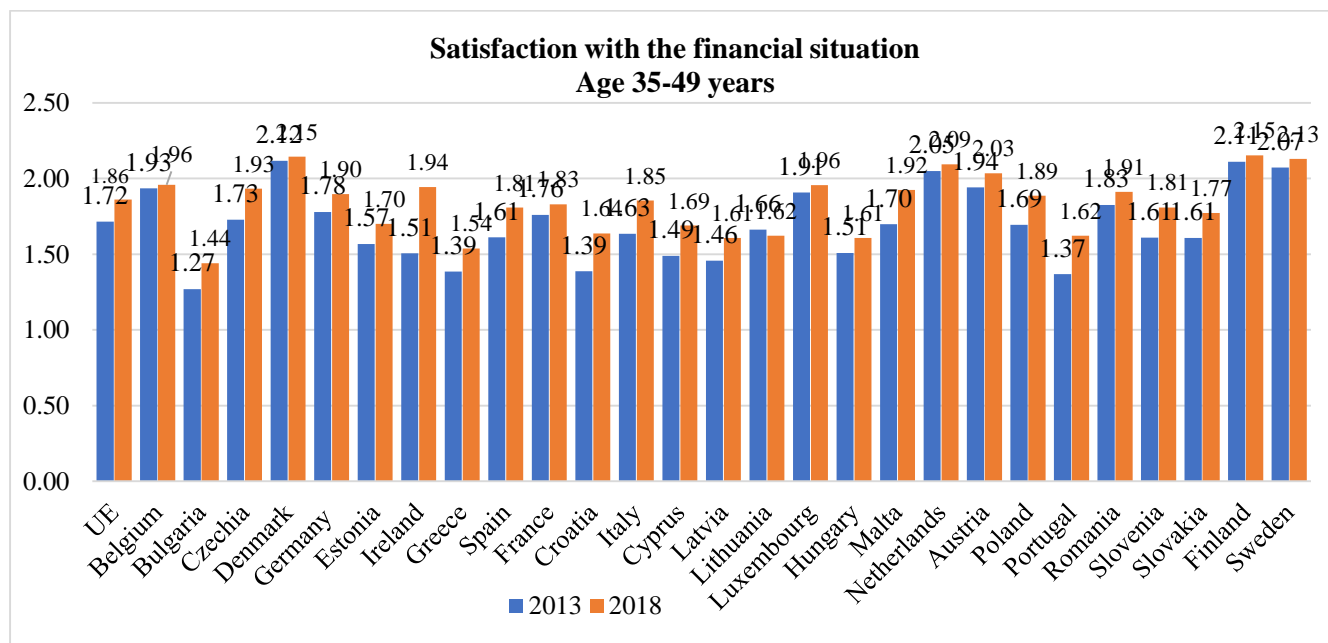
Ireland also recorded an increase in the average grade for satisfaction with financial situation, from 1.53 to 1.97.



**Figure 6. Determining the average grade on satisfaction with the financial situation in the age group 25-34 years**

Source: Processing by Eurostat data, accessed June 2023,  
[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

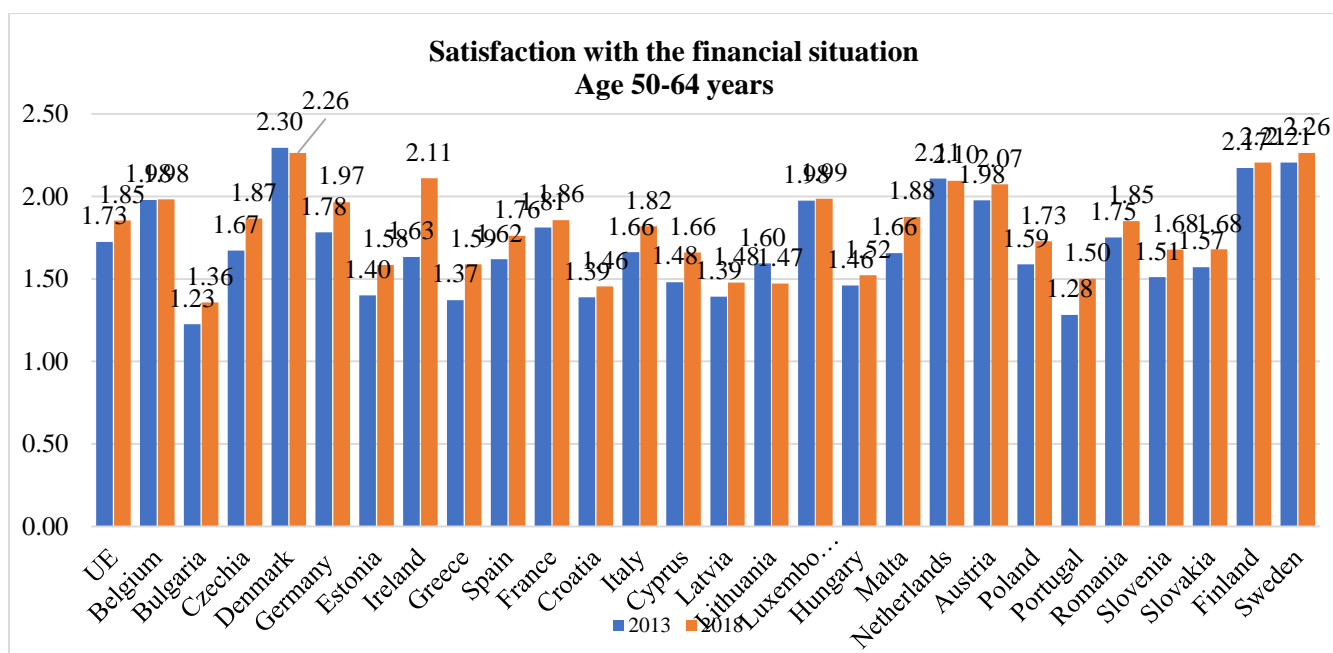
Among people aged 35-49, satisfaction with their financial situation increased in 2018 compared to 2013 in all countries studied (Figure 7). Denmark and Finland rank first, with an average mark of 2.15 in 2018, registering an increase of 0.03 and 0.04 points, respectively, compared to 2013. Romania registers a grade of 1.91, which indicates that the percentage of those with an average degree of satisfaction is very high, while those with a high degree are still at a fairly low level. In this age group, the percentage of people with a high degree of satisfaction with the financial situation is quite low in most member countries, higher shares registering the average degree of satisfaction, and, as is the case in Bulgaria, a higher share is held by people with a low degree of satisfaction, thus placing it at the bottom of the ranking.



**Figure 7. Determination of the average grade on satisfaction with the financial situation in the age group of 35-49 years**

Source: processing by Eurostat data, accessed June 2023,  
[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

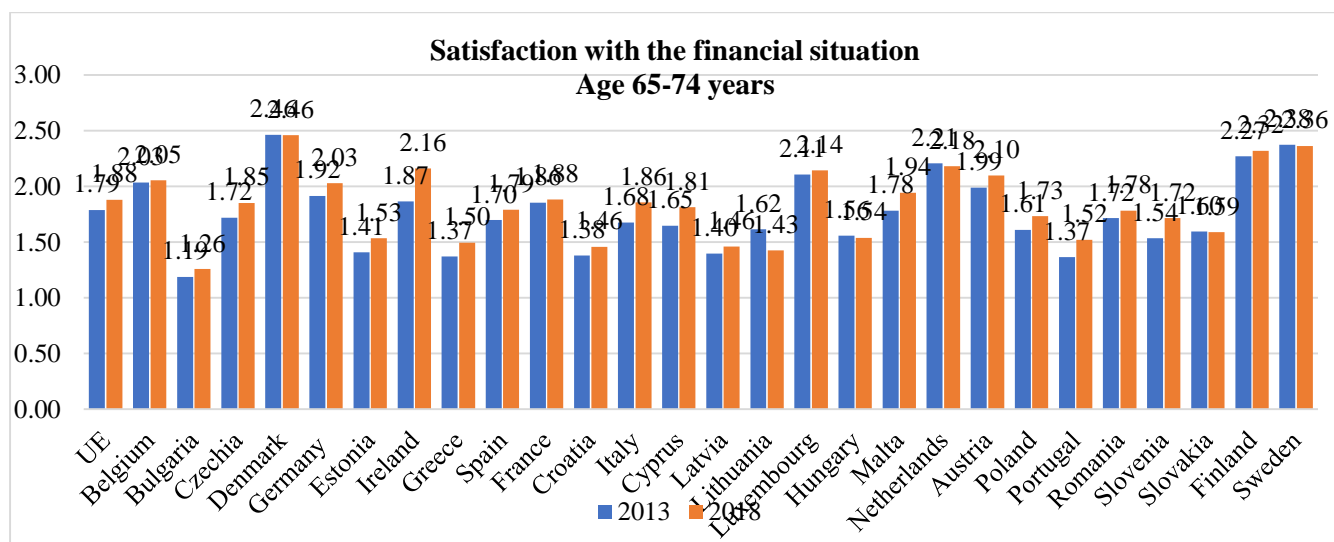
It is observed in some countries that, with age, satisfaction with the financial situation increases. In Sweden, the average grade obtained was 2.26 in 2018, increasing by 0.04 compared to 2013 in this age category. In Denmark, the mark recorded in 2018 is 2.26, indicating a higher degree of satisfaction, but decreased by 0.04 compared to 2013. In Ireland, there is a significant increase of 0.48 points, due to a large increase in the percentage of people who have a high and medium degree of satisfaction with their financial situation, significantly decreasing the percentage of those with a low grade. Romania obtains an average grade of 1.85, higher by 0.10 compared to 2013, but compared to previous age categories it is lower.



**Figure 8. Determining the average grade on satisfaction with the financial situation in the age group 50-64 years**

Source: processing by Eurostat data, accessed June 2023,  
[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

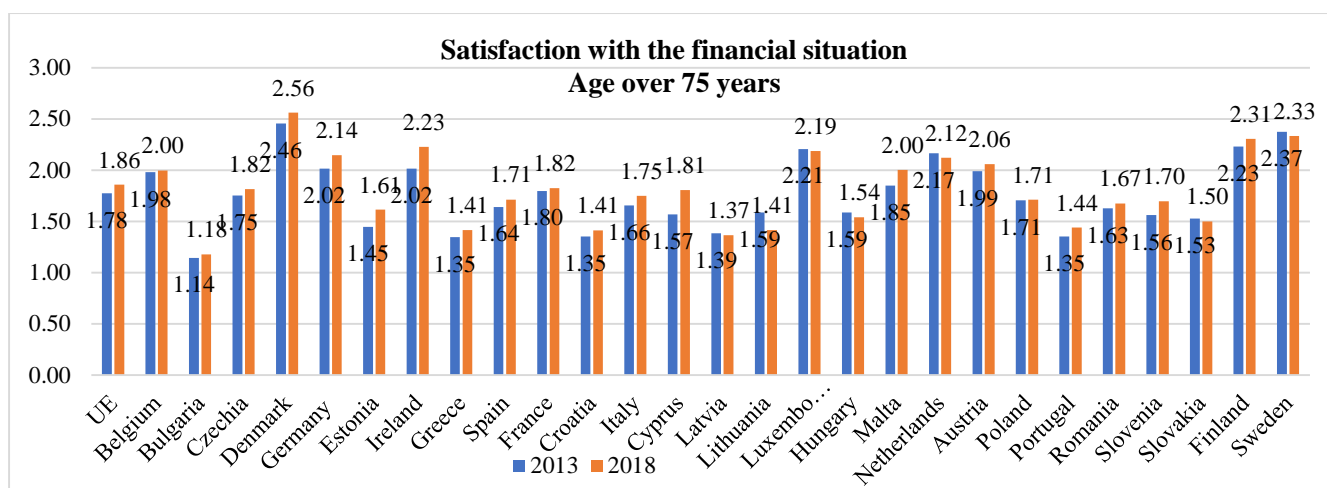
In the age groups 65-74 years and over 75 years (Figure 9 and Figure 10), increases in the level of satisfaction with the financial situation are observed in almost all countries, except Switzerland, the Netherlands and Luxembourg, which register slight decreases, however placing above the average level of satisfaction.



**Figure 9. Determining the average grade on satisfaction with the financial situation in the age group 65-74 years**

Source: processing by Eurostat data, accessed June 2023,  
[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

The highest degree of satisfaction in both age groups is found in Denmark (2.46 and 2.56), quite exceeding the average level of satisfaction.



**Figure 10. Determination of the average grade on satisfaction with the financial situation in the age group over 75 years**

Source: processing by Eurostat data, accessed June 2023,  
[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_pw05\\$dv\\_535/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_pw05$dv_535/default/table?lang=en)

Romania does not fare very well in the older age categories, being well below the average level of satisfaction, much more than in the other age categories previously studied.

## CONCLUSIONS

The data presented place Romania on the last places among the member countries in terms of GDP/capita ratio and even on the last place after the equivalent median income.

The GDP/capita report at purchasing power parity, which shows the standard of living adjusted according to the level of local prices, shows Romania at 74% of the EU average, ahead of countries such as Croatia, Greece, Bulgaria.

Due to the uneven distribution of incomes, i.e. the rather large discrepancy between rich and poor, median income places Romania on the last place, with a share of 26.2% of the EU average.

In terms of satisfaction with the financial situation, it was observed at EU level that the most satisfied are young people up to 19 years old, exceeding threshold 2 - equivalent to an average degree of satisfaction. In the other age groups, the level of satisfaction does not reach this threshold, with an average score between 1.85-1.91.

Although these data indicate a lower standard of living, the analysis of satisfaction with the financial situation revealed that Romanians are quite satisfied with their situation. From 2013 until the last survey in 2018, Romanians' satisfaction with the financial situation increased, due to the higher share of those who have a high and medium degree of satisfaction.

By age group, it was found that the percentage of young people who are satisfied with their financial situation compared to those over 50 years old is higher and decreases with age, so pensioners are the most dissatisfied with their situation, a situation similar to many other Member States, such as Portugal, Slovakia, Czechia, Greece, Croatia, Bulgaria.

In countries such as Denmark, Finland, Ireland, Germany, Sweden, young people up to 19 years old are most satisfied with their financial situation, compared to those in the age groups between 20-34 years, probably because they are financially supported by their parents. From the age of 35, satisfaction with the financial situation in these countries is increasing, reaching that people over 65 obtain an above-average grade, which indicates a high degree of satisfaction with their financial situation.

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