

## Abstract of the articles

### **MODELING PROBABILITY OF DEFAULT: DOES CORRELATION MATTER?**

GÁBOR KONCZ–DÁNIEL HAVRAN

However the quality of the household and corporate loan portfolios correlate with each other, this correlation is often neglected in analysis with credit risk models, both in micro and macro levels. In this paper, we examine whether it is worth considering the correlation of the PDs (probability of default). We utilize a default intensity based model with different correlation structures (Gauss, Gumbel and Frank copulas) to simulate PDs of loan portfolios and forward PDs. Then we calculate standard risk measures (VaR and Expected shortfall).

### **THE MODIFICATION OF THE ONE-SIDED CONTRACT-MODIFICATION-RIGHT OF BANKING HOUSES**

BALÁZS BODZÁSI

The § 210 of the Act of CXII. from 1996. (Act of „the Credit Institutions and Financial Enterprises”) has been modified by the Act of XIII. in 2009 and by the Act of CL. in 2009.

This regulations affects in particular the possibilities of the unilateral modification in case a credit and financial leasing contract would be modified ex parte from the Financial Enterprises which until now was basically done by changing the general terms and conditions.

Before this new regulation, the statutory instruments of the Financial Enterprises ex parte modifications were regulated according to the modified statutory instruments of the (3) and (4) points of the 210.§ of the Act of the Credit Institutions and Financial Enterprises.

This previous rule had a remarkably high importance for the Hungarian bank-system and bank-praxis, the execution of method secured the transparency of the contracts for the Financial Enterprises.

The following article analyses and describes the remaining possibilities of the unilateral modifications for Financial Enterprises after the modification.

For this study the knowledge of the German and Austrian bank praxis and statutory instruments were a vital support. At the end of this article, we also describe the concerns of the constitutional formation of the modification.

## A SURVEY OF GROUP LENDING MODELS

NÓRA SZÜCS

This survey focuses on one of the most important innovations of microfinance, on group lending. I prepare a summary of theoretical models explaining the success of group loans' constructions in decreasing credit rationing among the poorest member of the society. Models describe how microfinance institutions (MFI's) can deal moral hazard, adverse selection, monitoring and inefficient enforcement with. Recent papers have to explain why individual loans gain importance compared to joint liability loans. These dynamic models already distinguish between joint liability and group lending. Authors' aim is to build efficient models without joint liability, usually using contingent renewal and sequential lending. According to their results, group loans and individual loans should co-exist on the same microcredit market because the two constructions have different target groups. So to decrease the credit rationing facing the poor, offering both kinds of loans can be the most efficient way.

## ANALYSIS OF THE US EARNING SUPREMACY (LITERATURE OVERVIEW)

ATTILA ÁCS

In the midst of the US quantitative monetary easing addressing the global economic downturn Chinese authorities were specially voicing concern about the future value of the greenback. The vast amount of dollars pumped into the US economy has been accompanied by the risk of high inflation.

At the same time the US budget deficit jumped to an unprecedented high giving rise to concerns about the fate of the US dollar by such pronounced personalities like Joseph Stiglitz and Warren Buffet. Despite the deepening US negative IIP the US still can show up a positive income stream.

Two contrasting views are offering totally different scenarios.

According to the first the 5 percent US current account deficit does not mean any threat and going to evolve in a benign way, while the second one sees the possibility of a detrimental change in the value of the US currency, US interest rates, let alone the consequences for the world economy.

This writing offers a concise review of the newest researches building mostly on writings of Curcuru–Thomas–Warnock and Curcuru–Dvorak–Warnock.

## **HOW MACRO ANNOUNCEMENTS MOVE THE GOVERNMENT BOND RETURNS**

ANNA ORSOLYA CZIKE

Financial and capital markets in „transition” economies have developed significantly over the past decades. Almost all of them developed to such a degree that the efficiency of their reaction to new information is possible to be analyzed. In this paper I examined how much the Hungarian government bond market is able to build in the new macroeconomic information. Based on the results it can be visible that the market seems to be efficient. Market participants with different terms of investments are interested in different information: in general information about the current status of the market makes short term yields move; the expectations about the future affect the longer yields.