

Abstract of the articles

ON THE EXTERNAL DETERMINANTS OF THE HUNGARIAN FINANCIAL AND MONETARY POLICY

PÉTER ÁKOS BOD

The Hungarian economic policy has been vitally influenced by the external financial conditions and international financial institutions for the last quarter of century. The policy that the new Hungaria government conducted in 2010 differed significantly from the recommendations of these institutions. Europe experienced a policy variety during the recession years, due to a new plurality of economic doctrines, as well as to the increased government activities within their particular domestic framework. The post-recession period was followed by a protracted consolidation phase rather than by a return to status quo; financial markets became suspicious with non-standard policy experiments, and the European institutes moved to rule based financial restraints after 2009. All these developments may reduce Hungary's financial headroom as Europe attempts to consolidate.

UNDER DOUBLE PRESSURE: STATE AND PROSPECT OF THE HUNGARIAN BANKING SECTOR

ÉVA VÁRHEGYI

Hungarian banks have got under double pressure: besides the increased loan losses in the consequence of the crisis they are burdened to an oversized extra bank tax. This is not only uses up the bank profit but hinders the development of the Hungarian economy and hereby put further burden on the banking sector. The negative effects will be strengthened by the requirements of Basel III from 2012, unless the extra tax is reduced to „European” level. Present paper discusses the special features of the Hungarian banking sector with special consideration of the effects of crisis and extra bank tax, and forecasts its future trend on the basis of the probable strategies of banks active in Central and Eastern Europe.

ANALYSIS ABOUT THE IRISH BANKING SECTOR AND ITS POTENTIAL CONTAGION CHANNELS

GERGELY FÁBIÁN–DÁVID ANDOR RÁCZ

In this paper, we give a historical overview about the underlying reasons of the Irish banking crisis and its consequences. The Irish crisis has been the second one in Europe that was stemming from a banking crisis during the global financial and economical turmoil starting in 2008. The excessively irresponsible lending of the banking sector toward households and property developers combined with the entirely careless macroprudential regulation contributed mainly to the property bubble that started in the early 2000s. The burst of the

bubble coupled with the global turmoil has revealed two fatal vulnerabilities of the banking sector: the daunting quality of the commercial real estate portfolio and the excessive reliance on wholesale funding. The Irish government interventions, aimed at bailing out troubled banks, have been so dramatic (reaching 30% of the Irish GDP) that led to rising sovereign risks and eventually led to the 85 billion (accounting for about half of the Irish GDP) bailout package of the EU and the IMF. The Irish crisis can spill over to other countries through numerous channels from which the changing perception about sovereign and commercial real estate risks can be regarded primarily as a peril. The reassessment of the sovereign risks steepens the funding costs both for sovereign and private issuers. Furthermore, the reassessment of risks stemming from the commercial real estate market may make investors more cautious with countries having adverse circumstances on the commercial property market.

**PENSION SCHEMES: PUBLIC OR PRIVATE?
TENDENCIES IN PENSION PARADIGMS FROM
THE FINANCIAL POINT OF VIEW**

DÁNIEL HAVRAN

The article focuses on the pension systems of the larger European countries, from financial aspects. This study uses the paradigm-classifications of the former research on the OECD countries (Holtzer (ed.) [2010]), and the European countries (Havran [2011]). Here I compare the paradigm-characteristics of the country groups by the so called internal rate of financing. With this comparison the differences within the groups (Anglo-Saxon traditional countries, Scandinavians, continental countries, South-Europe and post-socialist countries) became easy to reveal and analyze. Instead of to find the best way to the ideal pension scheme, this study shows how work public and private pension schemes in several countries and what are the best practices, deficits, opportunities and risks in financial terms.

ANALYSIS OF CORPORATE CURRENT ACCOUNT VOLUME

JUDIT FELFÖLDI–LEVENTE KOVÁCS

Managing current account balances, defining the value of the necessary closing level is perhaps the most exciting daily routine activity of corporate financial managers. The relevant discussion of this subject, in Corporate Finance by Brealey-Myers, one of the most popular manuals of today's higher education in finances, refers to research conducted over 60 years ago. This manual applies to current account balance management, starting from the costs of simple inventory management. The enhancement of the above is the Miller-Orr model, which restricts the volatility of the cash balances between the upper and the lower limit, and defines the value at one-third as the return point. Research done on figures of the 2000s led to results that were different than before. According to the new results, in our modern, accelerated cash management the level of current account balances is not determined by the assumed „inventory management costs” (precisely through the development of electronic methods, they have decreased drastically), rather the habits of „Just in time” management. The current

account management of smaller enterprises may be approached by a linear curve, thus the higher the number of transactions are, the more linearly higher the daily current account balance is available for the companies. However, with the growth of the company size, and parallel with the number of transactions, it is not the linear, but the logarithmic curve is the one that can be matched to the result achieved. Thus, the growth of the current account balance is less and less followed

PRICES ON THE LIBERALISED ELECTRICITY MARKET

KATALIN GÁSPÁR BENCÉNÉ DR. VÉR-ÁGNES ZÁVE CZ

Energy, and thus electricity prices are among the most popular and interesting topics both from scientific and civil point of view. This paper focuses on final electricity prices in Hungary. The topic is even more interesting considering the fact that we may investigate a market where the circumstances of a well-operating open market were created recently by principle, but a considerable segment of the market participants still think and act like being on a regulated market. The aim of this paper is to reveal the elements of electricity prices and their most important characteristics. The examination starts with the introduction of the history and main characteristics of the current market model, than continues with the discussion of price elements. At the end an effort is made to summarise the most interesting and problematic issues and topics.