Dear Reader!

The editorial board of our journal is constantly striving to make the magazine better known and more accessible at home and abroad, and to further increase its position in the Scimago ranking. Following the suggestion of a sub-committee of the SCC for improvement, in this issue we are attempting to publish a partly different content for the Hungarian and English versions of our journal. Accordingly, one paper, one conference report and one review will be in Hungarian and English only, but the majority of articles will remain bilingual. We are looking forward to receiving readers' reactions and opinions on this issue.

Over the past decades, many researchers have refuted or even confirmed Arthur Laffer's theory, drawn on the back of a napkin in 1980, that tax cuts can lead to higher tax revenues and reduce tax evasion. Most of the controversy has been over the shape of his graph, the Laffer curve, and the location of tax rates on it. The authors of our first paper have developed a tax compliance model of the impact of tax cuts on tax revenues by reconsidering the Laffer effect.

The authors of our second paper define the concept of financial culture, with financial self-efficacy as a key element, by creating a new theoretical model. Their research highlights that high financial knowledge is often associated with low financial behaviour, and that its development should therefore be supported by the tools of behavioural economics (i.e., psychology and the various social sciences) in addition to training and the use of nudge tools. These could help people to make better, more useful economic decisions, to experience people's identities differently, and to help others.

The author of our third paper responds to our call for a response to Magdolna Csath's article on competitiveness in the previous issue. She summarises the negative effects of intense competition and then poses further questions about the challenges and opportunities for competitiveness at home and in Europe. How do we measure competitiveness? Is it possible to measure it in the same way? The author concludes from the contradictory findings of the Draghi report (the need to improve fiscal discipline, growth rates and job creation) that no one should be expected to make decisions based solely on competitiveness criteria. It has become inevitable that the EU's competitiveness and priorities should be clearly defined.

Our fourth paper analyses the liquidity situation of the US commercial banking system for the period leading up to the bank failures in Spring 2023. By modelling liquidity coverage ratios (LCR) in the context of the fact that, given its size and scope (five banks with a total of USD 1,130 billion in assets), the paper shows how the largest systemic bank failure since the 2008 financial crisis triggered a widespread crisis of confidence. In addition, it calls into question the effectiveness of supervision and highlights the shortcomings in forecasting liquidity and interest rate risks. It is clear from the authors' analysis that the banks with the largest and smallest balance sheet totals have shown the most stable LCR.

In our fifth paper, we provide a comprehensive overview of the classification requirements of IFRS 9 (International Financial Reporting Standard for Financial Instruments), their application, and the valuation of sustainability-linked loans and loan contracts, which will have a decisive influence on the operation and accounting practices of financial institutions and entities in the future, and will inevitably lead to the quantification and demonstration of the effectiveness of sustainability performance. The authors are of the opinion that sustainability-related loan contracts can only present a reliable and fair picture if they are included in the financial statements at fair value rather than amortised cost, and that loan pricing and covenants should be determined taking into account classification and valuation requirements.

Our sixth study presents an analysis of the economic security situation in Poland and the changes in the level of risk in the different subsystems between 2010 and 2019. During this period, the openness associated with rapid economic growth led to an increase in the risks of security of supply, security of sales and public sector financing security, while the risks of labour skills and reliance on foreign technology remained stable, while the risks of financing, labour supply and economic policy decreased.

In our interview column, you can read the testimony, recollections and messages of one of the greatest icons of Hungarian finance, Tamás Bánfi, who taught at our university for nearly fifty years, twenty-eight of them as Head of Department and eight as Head of Institute. He is the author of numerous successful books, including The Failures and Lessons of the Goldilocks System; Monetary Economics; Monetary Economics, Exchange Rate Theory and Policy; Monetary Policy and Theory; The Bond; Financial Institutions in Hungary; The Revolution of Money; Apocalypse? or Back in Paradise?; Apocalypse! and Back in Paradise. He has been a member of the Monetary Board of the MNB, advisor to the Governor of the MNB, member of the Board of Directors and Supervisory Board of financial institutions. He is the only economics professor to have published valuable articles in fiction and art journals.

In our conference column, we report on the National University of Public Service 2024. The conference „Financial Resilience and Recovery from Inflation Shocks”, held on 17 October 2024, featured presentations on the factors that hamper economic growth and undermine competitiveness, which spill over from the high inflation period into later years, the response of the banking sector to inflation shocks, household resilience, cyclical effects, the link between economic policy and resilience to inflation shocks, lessons from recent anti-inflationary monetary policy and risks in euro-dollar markets.

In our book review, we bring to your attention Morgan Housel’s 2020 bestseller „The Psychology of Money. Timeless lessons on wealth, greed and happiness”. The „lessons” are a wealth of financial advice to consider, backed up by calculations and reasoning. And although money, as the „common denominator of happiness”, influences and confuses everyone, the tasks to be done and assigned should always be approached with optimism and confidence in future success.

Finally, I would like to thank Balázs Lajos Pelsőci, PhD student at the Corvinus University of Budapest and project coordinator of the Corvinus Institute for Advanced Studies (CIAS), for his outstanding professional service and help as editorial assistant in the publication of the last seven issues of the journal, selflessly. In future, András Bencze will take over this role.

János Lukács
Editor-in-Chief