

Dear Reader!

The 2026 parliamentary elections in Hungary may offer a new opportunity to restore the distorted functional structure and disrupted equilibrium of our economy and social trust, to eliminate corruption, and to carry out comprehensive reforms of economic policy and public finances - reforms made inevitable by the record-high public deficit, the significantly increased national debt and interest burden, the low productivity and GDP growth coupled with wage increases that outpace these figures, the lack of EU funding, the unpredictable government interventions that preclude free market competition, the low quality of education, healthcare, and the railway network, and the failure to diversify energy sources.

To lay the groundwork for reform measures, an analysis such as the one presented in our first study is also necessary. The authors, Bélyácz and Szász, convincingly and impartially explore the causes of the Hungarian economy's years-long stagnation, linking macroeconomic policy with econometrics and economic theory research, and charting a course through the complex web of misconceptions surrounding this important issue. I am confident that the authors' valuable insights will spark a substantive debate, which I encourage everyone to engage in, and which we will be happy to cover in future issues of *Pénzügyi Szemle*.

The author of our second study seeks to answer the question of why the investment activity of Hungarian small and medium-sized enterprises in the areas of intangible assets and digitalization lags behind the EU average. Limited access to financing is less of a bottleneck in Hungary (just under 30% of the surveyed companies cite this as a problem, compared to nearly half in the EU). The author sees the root of the problem in the fact that the operational logic of the financing system continues to be based primarily on lending secured by tangible collateral, while the development priorities of SMEs are shifting toward intangible, digital, and quality-oriented investments. New financing instruments, longer-term financing arrangements, more flexible collateral requirements, and new valuation and risk management methodologies should be developed that are better suited to these investment characteristics and reduce the administrative burden of financing programs.

Our third study focuses on an increasingly pressing social problem: the housing crisis, which affects young people in both Hungary and the European Union, as well as low-income individuals and renters, for whom owning a home is virtually unattainable due to the drastic rise in real estate prices and rents, high maintenance costs, low housing mobility, and the limited supply of more affordable municipal and social housing. The author attempts to objectively evaluate the various government measures adopted in Hungary to address this problem: state-subsidized forint loans, foreign-currency loans that lead to a

debt trap, the CSOK program (the “Otthon Start” Program, which encourages and supports families with children), non-repayable grants, state-subsidized interest loans, VAT refunds, with the conclusion that the housing crisis can only be effectively managed through active measures, while passive measures may entail significant systemic risks.

Our fourth study examines how the introduction of central bank digital currency (CBDC) affects the short-term transmission of monetary policy. Fundamentally, does it change the monetary system? To what extent do payment transactions accelerate? To what extent does it contribute to the formalization of the economy, increased financial stability, data protection, and the risks associated with the withdrawal of funds from commercial banks? Nearly 150 central banks are already exploring the possibility of introducing it, as it could serve as an effective economic policy tool for them, although it simultaneously holds the promise of modernizing the financial system and the danger of excessive government oversight. According to the author of the study, the introduction of a moderate, interest-rate-neutral CBDC does not in itself significantly impair the effectiveness of rules-based monetary policy, but the partial crowding out of bank deposits moderates the multiplier effect through bank intermediation, which may manifest in more protracted real-economy reactions and in more gradual normalization of the interest rate path; in other words, the pace of real-economy adjustment may change. The design of the CBDC (interest rate, ceilings, two-stage introduction) is key to managing transmission and stability risks.

The author of our fifth study examines the system of value adjustments – which is somewhat at odds with Hungarian accounting regulations based on the principles of realization and prudence – and is primarily used by larger, more complex accounting and financing environments, whose asset portfolios consist largely of tangible assets whose market value can be determined with relative reliability, and which generally apply this method when the ratio of equity to par value approaches a critical level. Thus, value adjustment not only provides an opportunity to bring the balance sheet value of certain fixed assets closer to economic reality – that is, to their current market value – but also affects the company’s capital structure by increasing the amount of equity without impacting net income.

Our sixth study focuses on long-term investments in human capital – that is, investments in higher education – which directly increase labor productivity. Income redistribution measures, such as progressive taxation or tuition and student loan systems, are designed to ensure that the costs of education do not fall disproportionately on disadvantaged groups, thereby promoting social mobility and the efficiency of the education market. Governments influence education systems through subsidies and regulatory measures, which significantly affect the design of optimal redistribution policies. The author treats investment in education as a central variable in income generation and thus analyzes optimal nonlinear income tax rates, in which a marginal tax is imposed on skilled workers to finance transfers to unskilled workers.

The seventh study proposes the introduction of a cognitive framework for bank risk management capable of independently processing large data sets, forecasting potential risks, and developing effective risk mitigation strategies. Indeed, due to global financial uncertainty and the accelerating flow of information, traditional methods of assessing banking risks are no longer necessarily adequate, making it necessary to shift toward a more innovative, adaptive, and predictive approach.

Our interviewee is Péter Ákos Bod, an outstanding economist, university professor, and Doctor of the Hungarian Academy of Sciences (MTA), who stands out among his contemporaries for his profound knowledge, intellect, erudition, and composure, and who is justly popular for his lectures, writings, and media appearances, as well as for being a recipient of the Officer's Cross of the Order of Merit of the Republic of Hungary. He is currently a professor emeritus at Corvinus University of Budapest, and previously served as Minister of Industry and Trade in the Antal government, President of the Hungarian National Bank, a member of the Board of Directors of the European Bank for Reconstruction and Development and the Board of Directors of Akadémiai Kiadó, Vice President of the Hungarian Economic Association, and Chairman of the Supervisory Board of Transparency International Hungary. It is a pleasure to immerse oneself in the professor's thoughts and messages, which radiate profound wisdom, thoughtfulness, and the transmission of values.

In our conference section, you can read a report on a prestigious international conference – the eighth Budapest Financial Seminar – which focused on global economic policy challenges, monetary theories, and sustainable financial systems, monetary sovereignty, and a reinterpretation of the Chicago Plan and which once again drew numerous renowned American and European economists, researchers, and university professors.

In the book review, we recommend “Behavioral Economics” by Kármén Kovács, associate professor at the Faculty of Economics at the University of Pécs, which presents numerous decision-making anomalies and behavioral patterns and clarifies their causes and effects.