

## Abstract of the articles

### **PUBLIC ROLE IN INCREASING COMPETITIVENESS OF THE OVERDUE RECEIVABLES MARKET**

HELENA NAFFA–NÁNDOR KALICZKA

The market of overdue receivables in Hungary is plagued by inefficiency stemming from the lack of transparency and competition. Examining the attributes of the market we find behavioural indicators of an oligopolistic market structure, while our statistical measure of concentration suggests otherwise. However, moving toward a more competitive market structure has several benefits that – all in all – reduce the dead weight loss of this market. In this paper, we suggest a model that incorporates the creation of a receivables exchange for overdue receivables, and we argue about the importance of public role in creating more competition. We argue that market inertia obscures pure market forces and therefore public management is imperative.

### **FUNDS TRANSFER PRICING (FTP) ISSUES IN BANKING**

VIKTOR JUHÁSZ

The effect of some market risk factors getting stronger and the competition have forced banks to apply developed funds transfer pricing systems which have indisputable significance not only in separating and managing different risk types but also in creating profitability statements of business activities of banks efficiently, moreover in the prudent and responsible pricing of the entity. While the basic principles of efficient funds transfer pricing have already been established in the past decades, transfer pricing as a tool is being used for analysing newer and newer effects (calculating profitability, risk management, competitive pricing, prudent and responsible bank pricing).

The article, on the one hand, raises current issues and proposes solutions for those dealing with transfer pricing; on the other hand, it gives an insight for those familiarising with this area of controlling (asset-liability management).

### **THE MIRACULOUS PARADOXES OF GOLD**

LÁSZLÓ GYÖRGY ASZTALOS–PÉTER ASZTALOS

Nowadays a significant over-production is existing on the market of gold – but its price is exorbitant in historical heights?! Mr. Soros has bought 16 tonnes of this valuable metal – and publicly explain: „The gold-price has to be fallen!” Since that time the gold-price is in a never-mind rocket-climbing. What is the truth? Are we facing a total collapse of gold-market as in the 80-th’ with or staying before a never-heard explosion of prices?

The writers will analyse the evolution of world gold market in its strict coexistence with the global economic and financial trends, flows and main events of present and future. They try to show a smooth path in the Jungle of Gold in accordance with its present Rise and later...

### **RISKS OF STRUCTURED DERIVATIVES**

ANITA BOROS–BARBARA DÖMÖTÖR

The weakening of the forint in the financial crisis caused severe losses on the hedge positions of the Hungarian exporter companies, eliminating in some of the cases the whole annual profit. Although all the short euro positions suffered from the market movements, the complex structured foreign-exchange products got into the focus of the attention. This paper models the risk of a special foreign exchange derivative concluded just before the eruption of the crisis, using two simulation methods: the historical simulation and a GARCH-model. We analyse the profit distributions forecasted by these methods, in order to see whether the potential of the ex-post realized loss could have been foreseen.

### **COMPENSATION „REFORMS” IN FINANCIAL INSTITUTIONS: RESPONSE TO FINANCIAL CRISIS**

BARABÁS TÜNDE

The financial crisis drew the attention of the international supervisory bodies on risks inherent in financial institutions having remuneration systems encouraging excessive risk taking. Arguments behind the calls to intervene in the remunerations in financial institutions were threefold: compensation schemes that encourage excessive risk-taking may increase the financial institution's default risk or in worse case may even threaten the stability of the financial system, bonuses do not reflect shareholder value, and overall compensation levels are too high. Many international initiatives addressed this issue; in the European Union CRD III prescribed the application of the risk-adjusted remuneration systems at the financial institutions.

This paper reviews the main initiatives for sound remuneration systems affecting the European banks and summarises the results of the survey done in eight banks in Hungary, Slovakia, Slovenia, and Rumania on the level of compliance with these initiatives. The main conclusion of this study is that remuneration is such an area where self-regulation is not effective, external pressure is needed to avoid any undue build-up of risk generated by the unsound compensation systems. Lasting change in compensation practices of the financial institutions will be challenging, time-consuming, and will involve material costs. Without the full dedication of the supervisors and the institutions' top management the originally good ideas may fail to be carried through.

**THE RISING BANK LEVY – READY FOR ANOTHER TAX?**

GÉZA RÉCZEI

It is always a joy to witness the creation of a new tax category, as finding a „self assessment” taxpayer for a new tax burden means a new source for financing public needs and a lesser burden for other taxpayers in the zero-sum game of taxation. This is ancient wisdom, yet the banking system that grew out of the 11th century „bancas” (exchange counters of the Renaissance Northern Italian markets) has had to wait until now to see Europe's finance ministers take it into account during the creation of new tax categories. It became clear that the European Union is considering the introduction of a uniform EU bank levy, while some member states favoured national legislation.