

BOOK REVIEW

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Bankszövetségi krónikák

a digitális átállás korszakában

**[Chronicles of the Hungarian Banking Association
in the era of digital switchover]**

(2014–2024)

Budapest, 2024

Hungarian Banking Association



To mark the 35th anniversary of the establishment of the Hungarian Banking Association, another work of banking history has been published.

The leaders and staff of the Banking Association believe they are responsible for researching and presenting the Association, its member organisations, their legal predecessors and, in general, the key players of financial history in Hungary and for preserving its traditions.

Ten years ago, the Hungarian Banking Association published a much-needed history of the Association (Müller–Kovács T.–Kovács L., 2014), which in addition to presenting the first 25 years of contemporary representation of banking interest, also brought to light the history of its intellectual predecessor the Association of Savings Banks and Banks (TÉBE) dissolved in August 1948. It introduced the key events and agents of banking interest representation from the fall of communism until 2013. On occasion of the full-scale renewal of the officials of the Association in 2017, a book of interviews was published including, side by side with presenting the leaders of member organisations, a discussion of the key developments and topical challenges of the 2014–2016 period (Kovács L., 2017). On the 30th anniversary of its foundation, the Association published – in a thematic issue of its trade journal – studies presenting 30 years of the history of the banking sector (Kovács L., 2019) and the evolution of its different institutions and banking teams (Vass, 2019).

The work reviewed here focuses on the next period from 2014 to 2024 when many new challenges had to be faced and responded to with new developments. Its form is essentially different from earlier historical works not only because the period reviewed is much shorter but also because of the need not to produce a simple description of the events considered game changers in hindsight. It presents the

complexity of the challenges and everyday actions of banks and bankers of different periods in a contemporary context that has been often forgotten. As the author Kovács, Levente points out in the Introduction, *“It is, of course, up to every individual reader to judge the picture emerging from these documents, for themselves. All I wish to point out is that a complex approach that takes into account all coexistent vectors and impacts may be conducive to correct assessment.”*

Although there is a diversity of objectives and aspects and different actors of the Hungarian economy take different viewpoints, a common consideration is evident from the documents, i.e., whichever part of the economy is discussed, it can only flourish long term if the economy operates well. Reading the book makes clear the willingness of the banking sector to cooperate and to search for the limits of compromise, in addition to undertaking obvious burdens.

The period discussed in the book was full of challenges for the Hungarian banking sector. A ‘flagship’ event could be seen every year known not only for the profession but also for the public.

- 2014 The legal and financial conditions of consolidating retail foreign currency loans were defined.
- 2015 Retail foreign currency loans were settled and converted into Forints, in addition, the whole of the credit sector concerned was legally re-regulated.
- 2016 The operating environment of banking markets started to improve. Had the ‘seven lean years’ been over?
- 2017 Networking digital islands (digital banking and public services) started.
- 2018 Setting up the instant payment system (AFR) commenced.
- 2019 Financial mediation of integrated family support was established.
- 2020 Management of the pandemic in the banking sector – banks are part of the solution rather than of the problem; the AFR was launched.
- 2021 As the pandemic eased, the hope of recovery and its impact of driving energy and raw material prices up.
- 2022 Burdens of managing the Russian-Ukrainian war, inflationary shock.
- 2023 Managing the inflationary shock using monetary, fiscal, and administrative price-regulating means sacrificing growth.
- 2024 Consolidation, recovery, improvement?

Knowledgeable professionals of many special fields and academic scholars have already discussed the above key moments of the period, recalling them would go beyond the scope of this book review. The officials and staff of the Hungarian Banking Association also regularly contributed to a professional dialogue with studies analysing the strategic aspects of the banking sector. They presented the

circumstances and solution of the retail foreign currency crisis, which was the worst challenge of the period (Kovács L., 2013; 2014). They outlined - more than once - how a digital ecosystem built on banks' highly digitalised product distribution services (so termed digital islands) can be devised in Hungary by increasing the digitalization of public services and opening them towards business services (Becsei-Bógyi-Csányi P.-Kovács L., 2019, then Becsei-Csányi P.-Bógyi-Máriás-Gacsai-Kovács L., 2023). They discussed the paradigm shift in retail payments, how RTSG systems serving transactions of high amounts, but low numbers were introduced into mass payments (Dávid-Kovács L., 2019). In addition to presenting the development of core processes in the domestic banking sector, the evolution of its external environment was also analysed including the developments of international, mainly the European banking regulations (Móra, 2019), the issues linked to the termination of LIBOR and a new logic of setting reference rates denominated in important currencies (Kovács L.-Kajtor-Wieland-Vass, 2021), as well as the requirements of sustainable economic operation impacting banks (Becsei-Csányi P.- Bógyi-Kajtor-Wieland-Kovács L., 2021).

Reviewing the above studies, the question may arise what more the topic of this review can offer, how it can contribute to readers' knowledge about the past ten years. If you have in mind the depth of discussions on each field, this book cannot be a replacement for them. However, lacking the knowledge of the real context driving the evolution of finances, even the most thorough analyses can only be partial leading you away from the disclosure of the connections and correlations triggering changes.

By presenting the documents of the period, the book provides a credible and compact insight into the context that motivated or determined the decisions made by the actors of the banking sector. Most of them might be found, one by one, in other sources, but summed up as they are here, they can meet the needs both of the public and researchers to facilitate a comprehensive review of the domestic and international operating environment of the Hungarian banking sector over the past ten years. The collection of the communiqués at the end of the annual meetings of the Hungarian Banking Association allows a glimpse into the strategic directions taken by the Association in each year and into the measures of economic policy requested from the financial administration for their implementation. Next, you can see in the summary of the reports of the following years if the ideas were successfully implemented or failed, to allow other tasks to be conducted that had become necessary to adapt to changes in the environment or in shifts in economic policy. The collection of press releases provides a glimpse into a series of unexpected measures making the position of the banking sector more difficult, but it also presents the programmes and events of the banking community worth public interest. The book provides data about the international embeddedness

of the Hungarian Banking Association you cannot find elsewhere. For instance, it discusses how the collaboration of regional banking sectors operate, reveals the regulatory issues that have proved to be the most difficult to be implemented recently, or the problems rooted in a similar development of regional financial sectors solving which have been assisted by the example of some Member States or, on the contrary, have given a headache in other countries.

To sum up, the work offers a glimpse into the everyday operation of the Hungarian Banking Association introducing the staff and officials contributing to the work over the last decade, describing each area of banking, and the teams managing the issues of regulation. It presents the social responsibility programmes launched and gaining momentum over the last decade that have enjoyed the support of a large group of banking institutions as well as the representatives of financial and government agents. The events commemorating the results of the banking community, the awards, and prizes in recognition of people who have taken the lion's share to achieve them, and publications aimed at professional readers are all introduced. Further, the book is a treasure trove of information and proof of the Association's past activity.

Finally, if you take and flip through the book, you have the feeling of action despite the dry facts in the collection of the documents of the age. Each chapter is richly illustrated with photos to underline the significance of the last decade in the history of the banking sector. The publication is bilingual in Hungarian and English. In addition to its printed version, it is free for downloading from the website of the Hungarian Banking Association under Publications (https://www.bankszovetseg.hu/Public/publikacio/Bankszovetsegi%20Kronikak_FIN_WEB_spreads_lowres.pdf).

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