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ATTITUDES AGAINST PERSONAL BANKRUPTCY OF FOREIGN-CURRENCY DEBTORS IN HUNGARY⁴

MAGÁNCSSŐDDEL SZEMBENI ATTITŰDÖK SAJÁTOSÁGAI A MAGYARORSZÁGI DEVIZAHITELESEK KÖRÉBEN

The aim of the paper to prove that there are significant differences what are determine the actions of debtors of foreign-currency loans. First, it will give a picture about the Hungarian foreign-currency debtor rescue packages. After it describes the Hungarian personal bankruptcy law. Finally, it shows the differences of ways of thinking of debtors and debt free population of Hungary. Our data comes from a questionnaire what was filled in by debtors and debt free respondents. The paper uses factors analysis and analyse the factors with non-parametric tests to show the differences between the groups.

A tanulmány célja annak bizonyítása, hogy jelentős különbségeket tapasztalhatunk a devizahittel érintett és a nem érintett lakosság gondolkodásmódjában. Ezek a gondolkodásmódbeli különbségek meghatározzák a devizaadósok pénzügyi döntéseit és a devizamentő csomagok sikerét is. A tanulmány első részében áttekintjük az eddigi devizaadós mentő csomagokat, illetve a magyar magáncsőd lényegi elemeit. Ezt követően kérdőíves kutatásunk eredményeit adjuk közre, melyet faktorelemzéssel és a faktorok nem-parametrikus tesztekkel való tesztelésével kaptunk. Az elemzés célja, hogy rámutasson a devizahiteles és a devizahittel nem érintett lakosság gondolkodásmódbeli különbségeire.

1. INTRODUCTION

There is a significant problem in Hungarian society about the indebtedness of households by mortgages which are denominated in foreign-currency. The tendency of the rising rate of foreign-currency loan started in the early 2000s when banks needed to find alternative liabilities to provide credits. They found these liabilities abroad, and created new type of loan what was denominated in foreign-currency. There was much borrower who cannot get loan in Hungarian Forints but the yield of the customer was enough to get foreign-currency loan [Bánfi, 2010]. This measure looked like good solution of the credit expansion until the global financial crisis arrived

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in 2008. After the financial crisis reached Europe and Hungary as well, the HUF/CHF exchange rate increased considerably. Due to the global financial crisis, more and more Hungarian households faced difficulties. More and more employees lost their job, the instalments of mortgages rose not just because of the weakening Forint but the rising interests as well. Therefore, the number of non-performing debtors suddenly jumped into high level. This mass phenomenon forced the Hungarian government to intervene in this sector.

The goal of this paper is to explore the differences between the thinking of foreign-currency loan debtors and the debt-free population in Hungary. These differences are important because the way of thinking of debtors will determine their actions and the success of governmental rescue packages as well. This research focuses on the special thoughts, which are the traits of foreign-currency loan debtors. This characterisation will give the opportunity for policy makers to create such as rescue packages and legislation what can help to solve this great problem.

2. DATA AND METHOD

The details of this research come from an online questionnaire that was customised to measure the interest for personal bankruptcy in Hungary. The questionnaire was filled in by foreign-currency loan debtors and debt-free people as well. The questionnaire was published mostly in social media groups which was founded for help to foreign-currency loan debtors. Most of the respondents are referred to foreign-currency loan. The main question of the questionnaire was how the foreign-currency debtors think about debt and indebtedness, the knowledge of financial products of Hungarians, the rescue packages of the Hungarian government and personal bankruptcy.

First, Pearson's and Spearman's correlation analysis was used to explore the possible connections among the questions which are become the variables of factor analysis. At factor analysis six factors were created, three of them includes the questions about the financial situation of the responders and the other three includes the questions about the perceptions of financial situation and financial knowledge of the Hungarian society as a whole. The factors were created by using principal component analysis. The factor analysis was necessary to reduce the number of variables. All the factors were used as a type of thought as the following part of the paper will show it. For example, one of the factors got the name of "Fear of indebtedness", this covers the thought that someone would not need a loan because one thinks that this means something is going wrong in his financial situation because he needs a loan.

Afterwards the factors were created and titled, each of them was tested to normal distribution with Kolmogorov-Smirnov and Shapiro-Wilk tests. Based on the result of the tests, the H_0 hypothesis – what says that the factors show normal distribution – was rejected. Because the factors show non-normal distribution they can be analysed by nonparametric tests. To the further analysis process Mann-Whitney [1947] test was used. This type of test is based on Wilcoxon's test from 1945. This test presumes two independent variables x and y with continuous distribution functions f and g . The H_0 hypothesis of the test is $f=g$. The U value depends on the relative ranks of x and y , this will propose for the test of the H_0 hypothesis [Mann—Whitney, 1947]. The number of participants is n to x and m to y . The sum of the ranks is marked with R_x and R_y . U is used for small groups of variables ($n < 8$). U is calculated as:

$$U_x = nm + \left(\frac{n(n+1)}{2}\right) - R_x \quad (1)$$

$$U_y = nm + \left(\frac{m(m+1)}{2}\right) - R_y \quad (2)$$

If U_x and U_y are almost the same number, it means that the two variables came from the same population and there is no difference between them therefore H_0 hypothesis is certified [Nachar, 2008].

U value is used as indicator if we are testing small groups of variables, but if we have a larger group ($n > 8$) to each variable, researchers usually do not use the Mann-Whitney U, instead they are calculating Z value. Z value means the normal approximation of the variable. This compute the average (μ_U) and the standard deviation (σ_U) of U. Where $N = n + m$.

$$\mu_U = \frac{nm}{2} = \frac{U_x + U_y}{2} \quad (3)$$

$$\sigma_U = \sqrt{\frac{(nm)(N+1)}{12}} \quad (4)$$

Normal approximation has to be used the corresponding equation, using absolute values:

$$|Z| = \frac{|U_x + U_y|}{\sigma_U} \quad (5)$$

To test the difference, researchers usually use tables for every counting of z which shows the tabulated z values. If the absolute measure of calculated z is larger than the tabulated z the null hypothesis can be rejected [Nachar, 2008]. More simple way of Mann-Whitney test that there are known in normal distribution at significance level = 0,05 the critical value of $|z| = 1,96$, if the counted absolute value of z value is higher than the critical value the null hypothesis can be rejected and one can conclude that the two variables come from other population [Fidy—Makara, 2005].

In this research, the normal approximation (Z value) was used to decide is there difference between the two groups? Beside Z value the mean rank of the indicator was used to define the factor [thought] characterise more the foreign-currency loan debtors or debt-free respondents.

3. THE OCCURRENCE AND SOLUTIONS OF FOREIGN-CURRENCY LOAN PROBLEM

As the global financial crisis arrived in Hungary it showed its influence on the CHF/HUF exchange rate and the interests on loans as well. Between 2008 and 2011 the exchange rate of CHF/HUF rose considerably by 73% according to the database of National Bank of Hungary. At the

beginning of this period (between January 2008- April of 2010) the exchange rate fluctuated between 150 HUF/CHF and 210 CHF/HUF. After this period between April of 2010 and August of 2011 was a very considerable increasing, from about 185 HUF/CHF to 260 HUF/CHF. Due to this increasing, the instalments of foreign-currency loans rose considerably as well, but not this measure was the only what took part at this instalment increasing. The interest of the loans rose considerably as well. In the creation of interests of loans there are five main factors what take part. First the interests of foreign currencies and the risk premiums. Next the taxes burden what the bank sector need to pay for the state and the quality of the credit portfolio of the bank and the last the CDS what means the Credit Default Swap or risk of the country. As these measures increased, it overall resulted the instalments of foreign-currency mortgages and loans almost doubled in a quite small period [Pitz, 2012].

In Hungary — as in most of the European Union's countries — the bank sector got high represented status. This indicator is counted as the proportion of the cumulated financial assets of financial corporates and the gross domestic product of the country. The indicator increased considerably in Hungary between 2007 and 2010, as Figure 1 shows. Due to the high level of this rate the stability of the bank sector became very important.



Figure 1: The proportion of assets of the financial sector and GDP in Hungary between 2007 and 2013

The Hungarian indicator of the contribution of bank sector is not so high as it is in western EU member countries, but if we compare it with other Central European countries it is average. The difference comes from that the western European countries hold the most of its budget in banks. The borrowers need the assets of the banks and all the financial cycle is depending on the banks how well do their job. 52 European banks hold 74,6% of the assets of the EU member states (about 370% of GDP), which means that the banks have the most significant role in the financial stability of these countries. If a large bank bears too much risk and it is leading to problems about the solvency or liquidity of the bank it could end up in state bankrupt. As a comparison, Figure 2 shows the proportion of financial assets and GDP in 2010 at the Central European area:

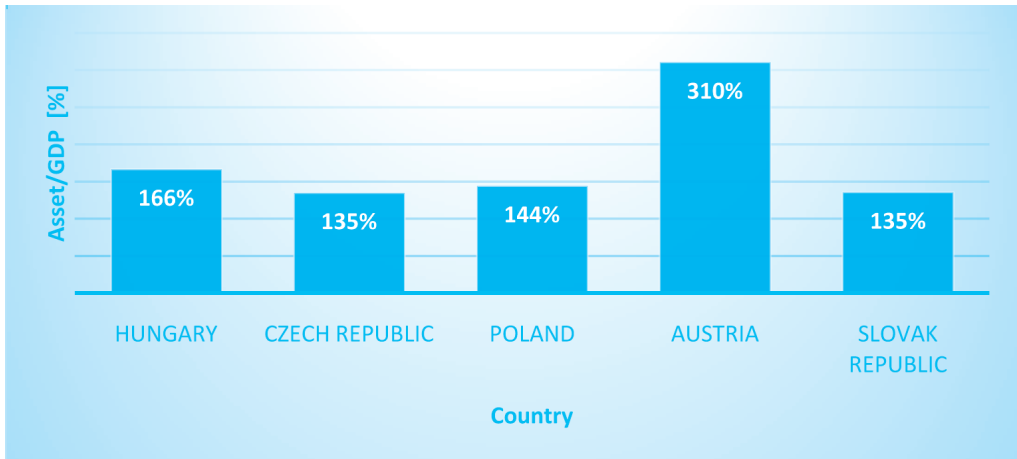


Figure 2: The proportion of assets of the financial sector and GDP in 2010 at the Central European area

Because of the financial stability of Hungary depends on the stability of the bank sector as well, as the number of non-performing debtors increased and started to endanger this stability the government decided to intervene. These measures were introduced after 2010 to help non-performing households to continue the paying back their debt [Lentner, 2013]. This part of the paper will chronologically show the measures which were applied to help the household sector.

First, in 2010 the new Hungarian government forbade the lending of new foreign-currency loans to customers, who had no incomes in that currency. After that, the government developed a foreign-currency debtor rescue package, which came into force at 27. October 2010. It included repayment compulsively, based on Hungarian Central Bank's HUF/CHF mid-market rate, which gave the possibility of early repayment charge without extra fee. For the borrowers who had more than 90 days backlog, provided the possibility of extension once for 5 years without fee. And it forbade the unilateral contract modification of banks.

In next step, the government developed the Home Protection Action Plan in collaboration with the Banking Association. It was accepted on 20. June 2011. This plan included fixed exchange rate which was called exchange rate cap and the gradually limited auction and the establishment of the National Asset Management Company. The exchange rate cap was the most popular of these measures. This measure meant that the instalment for the debtors was counted with lower exchange rate than the market rate through a five-years period, but the difference between the market and the fixed exchange rate for the capital of the loan was gathered at a credit collector account. After the five-years period, the debtors must start to payback the amount of money on credit collector account as well, beside the instalment of the loan [Berlinger – Walter, 2013].

In 2011 the government established the next foreign-currency debtor rescue package, what included the possibility of early repayment at discounted exchange rate. It started on 29 September 2011, when the CXXI. law was enacted and finished at 29 February 2012. During this period 984,2 billion HUF [about 3,28 billion euros] debt was repaid, which meant 169 256 contracts of debts was ceased. This termination of debt contracts included 51,848 contracts, which was privileged for HUF loans [Bánfi, 2012]. During the repayment, all the repaid foreign-currency debts affected the 24% of the whole loans and the 25,3% of the debts in CHF, 23,3% of the debts in JPY, and the 2,1% of the debts in EUR. The debtors who used this measure first had enough savings to repay the loans, after

that period was activated the debtors who would privilege their CHF loans into HUF debts. It is hard to specify the debtors, who converted their CHF loans into forint debt were winners or losers, because the base rate during this period increased. After the end of 2011 the loan converting did not result a lower payback per month, so the households which did not need the privilege before this time would not to convert their debts. For the banks, this measure resulted 259,14 billion HUF [about 0,86 billion euros] loss but the 30% of that they could write off their taxes [Holmár, 2012].

In January 2015, the Fair Bank Act was introduced which included more regulation for the banks about the lending. For example, this law regulates that which kind of property with what percentage can be used as a collateral. It regulates also the borrower how much can spend for instalment from his income, if the future instalment results higher percentage than the law determines the borrower cannot get the loan [Farkas, 2015]. This measure was introduced to protect the households from the over-debt.

In 2015 after the decision of the Supreme Court all the debtors waited the result of the settlement of banks, which was because of the lifting of the interest and they did not use the Central Bank mid-rate in the accounting of the instalments of loans. It affected 2.1 million loans. After this decision of the Supreme Court, 200 thousand mortgages were changed from foreign-currency debt into forint mortgages by banks [Half year report MNB, 2015]. This measure was necessary, because the high number of non-performing mortgages threatened the financial stability of the country. At the end of 2014 in average was 19,2% of mortgages which had more than 90 days backlog, and the free-usage mortgages had more than 30% of non-performing loans [Financial stability report, 2015 May].

The privilege of the loans was necessary because if the households must pay high repayment it spoils their income positions. Due to this phenomenon, the household's consumption and investment are decreasing which has negative affect for the country's GDP. At the bank's pint of view the LGD [Loss Given Default] indicator increased considerably and it resulted the capital adequacy ratio get worst so the solvency of the bank wavered [Balás—Nagy, 2010]. The privilege of the loans used a determined exchange rate which was 308,97 forints per euro and 256,6 forints per Swiss Franc. The banks could do this conversion with the support of the National Bank. The goal of government and the National Bank with this measure was not just a foreign-currency debt rescuing but it focused to improve the banks stability as well [Lentner, 2015].

In September 2015, the government partly introduced personal bankruptcy in Hungary. From 2015 September to 2016 October just that part of the debtors could use this measure, who has more than 90 days non-performing period and the bank quitted their mortgage – therefore they faced with losing their homes -, after 2016 October the measure is available all citizens of the country who has debt which makes them difficulty to pay it back.

The Hungarian personal bankruptcy proceeding means to the debtor a five-years period, when he must coordinate all the expenditures of the family with a bankruptcy trustee who is selected by the state. The bankruptcy trustee will mediate between the debtors and the creditors to reach an agreement on how much the debtor must payback monthly and how much can the creditor remit from the debt. The minimum value of the instalment per month is defined by the law as the 7.5% of the estimated value of the property at the borrowing divided by twelve.

The law defines not only the minimum value of the payback, but the maximum costs of the family per month as well. For example, how much they can spend for living, personal costs, etc. The family must open a current account where all the incomes of the family arrives and which the bankruptcy trustee can check. If the trustee sees anything unusual cost on the bank account he can ask the family what was that and why? If the trustee finds it necessary to the repayment the family should sell their un-

necessary assets. For example, if they have two cars, they should sell one of them and the money must be spent for the repayment of their loans. If everything goes well after the five-years period the creditors renounce the further repayment, the family can forget the debts and restart with clean sheet [MNB, 2015].

4. RESULTS

Our questionnaire got 263 answers. The 63,9% of the respondents are concerned with foreign-currency debt. Most of the respondents are women (68,4%), they are usually between 30 and 50 years old or above 50 years. They usually live in a city (54,8%) but not in the capital city of Hungary. Most of them works as employee somewhere and the educational attainment of them is high school final exam (52,1%) or college degree (40,7%).

From the foreign-currency debtors the most of them borrowed mortgage (48,2%), the next biggest group borrowed car loans (29,8%) and the others required loan for free-use or improve their enterprise. The amount of the loan was usually between 1 and 15 million Forints. Most of the debtors (73,2%) was absolutely sure that they could pay back this amount of loan and the interests as well when they borrowed the loan.

The questionnaire included 17 questions where the respondents should answer on a six-degree scale how much did they agree the following statements, here 1 meant not at all and 6 absolutely agree. From these questions eight question were asked about their financial situation. Another nine questions were asked about the financial situation and knowledge of the society as a whole. As the methods part of paper said from these questions were the factors created. three factors came from the questions which refers to the financial situation of the respondents and three factors were created from the other questions which referred to the financial statement and knowledge of the society. Before the factor analysis were done we needed to see the correlations between the questions to be sure that these questions are suitable for factor analysis.

Pearson's and Spearman's correlation was calculated to explore the connections between the questions. After the correlation analysis proved that the questions are suitable for factor analysis, we principal component analysis to create the factors. The creation of the factors was important to reduce the number of the variables in the further analysis. The Figure 3 and Figure 4 shows the six factors. The Figure 3 shows factors which were created from the questions what referred to the financial situations of the respondents.

Fear to be indebted	Help from experts	Simple settlement
<ul style="list-style-type: none"> • Probability to be indebted • Probability to be indebted • Probability to need help to pay overhead 	<ul style="list-style-type: none"> • Probability to need personal bankruptcy • Probability to listen to an expert • Probability to transfer the right over the family's bank account to an expert 	<ul style="list-style-type: none"> • Probability of the bank release a part of the debt • Probability of you have to sell some of your assets

Figure 3: Factors from the questions which are referred to the respondents themselves
 As Figure 3 shows the first factor what is called "fear to be indebted" means that the respon-

dent who agrees with this statement fear from borrow loans and fear from they cannot repay the loan they needed. The next factor called “help from experts” means that the respondents who are characterised by this factor would need an expert to help them in their financial decisions and would work together with an expert on that. The last factor called “governmental rescue need” means that the respondents who are characterised by this factor would sell some property to payback their debt but they found it possible that the bank will release a part of the debt if it sees they do so. According to these two characteristics these respondents are the most suitable for use the personal bankruptcy if they have an over-debt financial situation.

The other three factors included the questions which are referred to the society’s financial situation and knowledge. Figure 4 shows how these factors are built.

Pessimism about the financial culture	Need of the intervention of the government	Optimism of economy
<ul style="list-style-type: none"> • Hungarians had to learn how to economize • Hungarians need to improve their financial culture • The people have unnecessary assets • Hungarians spend more than they should • The most of the Hungarians have more debt than property 	<ul style="list-style-type: none"> • The government have to help to the foreign-currency debt harmed people • If somebody cannot repay their loans he deserve to ignore a part of the debt [e.g. interests] 	<ul style="list-style-type: none"> • The most of the Hungarians have stable workplace • The foreign-currency debt rescue packages before were successful

Figure 4: Factors from the questions which are referred to the society’s financial situation as a whole

As it is shown on Figure 4, most of the questions concentrated on one factor which called “pessimism about the financial culture”. This factor includes all the thoughts which refers to the bad side of the financial culture of Hungarians. This factor means a thought about the people have not enough knowledge about finance and they should improve their knowledge. The second factor called “need of intervention of the government” means a kind of sympathy with the debtors who has foreign-currency debt, it includes a thought which says that the government should bear the responsibility for the debtors and help them. The last one of factors called “optimism of economy” means an absolute optimistic way of thinking about the financial situation of the society which include the stability of workplaces and the success of previous foreign-currency debtor rescue packages.

After the factors were created, we tested whether the factors came from normal distribution or not? To explore this, we used Kolmogorov-Smirnov test and Shapiro-Wilk test. The results of Kolmogorov-Smirnov test are shown on Table 1.

Table 1: Kolmogorov-Smirnov test [df = 263]

	Fear to be indebted	Help from experts	Governmental rescue need	Pessimism about the financial culture	Need of governmental intervention	Optimism of economy
Statistic	0,111	0,122	0,058	0,063	0,053	0,131
Sig.	0,000	0,000	0,035	0,014	0,073	0,000

Source: Self edited

The result of Kolmogorov-Smirnov test showed that from the six factors just one is normal distributed all others are non-normal. To be sure that the test gave good result the factors were retested by using Shapiro-Wilk test. The results of Shapiro-Wilk test are shown on Table 2.

Table 2: Shapiro-Wilk test [df = 263]

	Fear to be indebted	Help from experts	Governmental rescue need	Pessimism about the financial culture	Need of governmental intervention	Optimism of economy
Statistic	0,952	0,918	0,956	0,983	0,979	0,906
Sig.	0,000	0,000	0,000	0,003	0,001	0,000

Source: Self edited

The results of Shapiro-Wilk test confirmed that most of results of the Kolmogorov-Smirnov test, and rejected the result that the “Need of governmental intervention” factor shows normal distribution. According to the two tests results, we respected that all the factors show non-normal distribution. Due to the non-normal distributed data, we decided to use the Mann-Whitney test for the further analysis to find out the differences between foreign-currency debtors and debt free respondents.

In the following part of the essay we will analyse from factor to factor the differences between the ways of thinking of the debtors and debt free people. First, we will start with the “Fear to be indebted” factor, the results are shown on Table 3.

Table 3: Mann-Whitney test to “Fear to be indebted” factor [n=263]

	Debtor respondents	Debt free responders
Mean ranks	156,6	88,5
Mann-Whitney U	3847	
Wilcoxon W	8407	
Z	-6,97	
Asymp. Sig. [2 tailed]	0,00	

Source: Self edited

According to this result we can prove that there is a difference between the two groups, it is shown at the figure of Z value which absolute value is greater than 1,96 what means the two independents came from other population. The results of mean ranks show that the debtors have more fear to be indebted than the debt free respondents. It is logical because they have debt and they had to face the difficulty of repay the loan or mortgage. We know that all the debtors have foreign-currency loans because in our questionnaire we asked them are they referred to foreign-currency loan or not. Based on this fact we think all the debtors had to face with the increasing of monthly instalment, and due to this bad experience, they think to be indebted is one of the worst what can happen in a life.

The second factor what was analysed is the “Help from experts” factor, which results are shown on Table 4.

Table 4: Mann-Whitney test to “Help from experts” factor [n=263]

	Debtor respondents	Debt free responders
Mean ranks	116,6	159,3
Mann-Whitney U	5386	
Wilcoxon W	19582	
Z	-4,38	
Asymp. Sig. [2 tailed]	0,00	

Source: Self edited

The results of the analysis of the second factor show that in a case of this factor there is difference between the two independents. The result shows that the debt free respondents need more the help from financial experts than the debtors. According to the analysis of Dancsik et al. [2015] we can deduce that the debtors do not trust in bank services and bankers, because they experienced that the bankers would not help them if they had something problem. This characteristic of debtors also can come from the experience when they borrowed the loan who helped them to create the loan contract and did not inform them about the risks of this type of loan was a bank expert as well. All the bad experiences could lead to the debtors lost the trust in bank experts.

The third factor called “Simple settlement” shows difference between the two groups as well as the results shows on Table 5.

Table 5: Mann-Whitney test to “Simple settlement” factor [n=263]

	Debtor respondents	Debt free responders
Mean ranks	146,2	106,8
Mann-Whitney U	5589	
Wilcoxon W	10149	
Z	-4,04	
Asymp. Sig. [2 tailed]	0,000	

Source: Self edited

In relation to this factor we can recognise that the debtors would settle their debt if they could. This factor includes the allegation of “the probability of the bank would release a part of the debt” and “if I had to, I would sell some of my assets”. According to the included settlements we can conclude that a part of the debtors would try to pay back their loans by selling some properties if the bank bend to loss a part of the loan.

With this factor, we finished the analysis of the three factors what were created from the own financial situation questions. The next three factors were created from the questions about the financial situation and knowledge of the Hungarian society. The first factor of these called “Pessimism about the financial culture”, the results of the analysis of this factor is shown on Table 6.

Table 6: Mann-Whitney test to “Pessimism about financial culture” factor [n=263]

	Debtor respondents	Debt free responders
Mean ranks	115,8	160,5
Mann-Whitney U		5274
Wilcoxon W		19470
Z		-4,57
Asymp. Sig. [2 tailed]		0,00

Source: Self edited

According to this result of the test we can say that there is a difference between two independent groups. The results of the mean ranks show that debt free respondents agreed more the question of the people should learn to save money and they should improve their financial culture because they have not a high level of financial knowledge now. Based on this result we conclude the debt free population of Hungary think if somebody has problem with his repayment of loans it means that he spends too much and do not consider his expenditures from month to month. This cause that they cannot payback their loans. This way of thinking shows that neither the debt free population know not too much about the risks of the loans, because if they do so they would not think that the repayment difficulties come just from dissaving but knew that other risks – e.g. the increasing of interests or exchange rates – can lead to the occur of the paying problems.

The next factor called “Need of the intervention of the government” shows differences between the two groups as well. The results of the analysis of this factor is shown on Table 7.

Table 7: Mann-Whitney test to “Need of the intervention of the government” factor [n=263]

	Debtor respondents	Debt free responders
Mean ranks	151,1	98,2
Mann-Whitney U		4767
Wilcoxon W		9327
Z		-5,42
Asymp. Sig. [2 tailed]		0,00

Source: Self edited

This factor includes the allegation of “the government should help to foreign-currency debtors” and “if somebody cannot pay his loan, he deserves to ignore a part of his debt”. Based on the content of this factor it is natural the debtors prefer it more. This way of thinking can be a remained part of the socialist governmental system where the caring state tried to solve the problems of citizens⁵. This kind of behaviour leads to the citizens do not try to solve their problems on their own but wait for the government to solve it. It has bad effects on the economy system as well, because it overloads the governmental sector with problems what people could solve on their own.

The last factor called “Optimism of economy” shows differences between the groups as well, the results of the analysis of this factor are shown on Table 8.

Table 8: Mann-Whitney test to “Optimism of economy” factor [n=263]

	Debtor respondents	Debt free responders
Mean ranks	120,1	153
Mann-Whitney U	5985	
Wilcoxon W	20181	
Z	-3,37	
Asymp. Sig. [2 tailed]	0,001	

Source: Self edited

This factor includes the following statements: “the Hungarians has stable workplaces” and “the government’s rescue packages which was introduced before were successful”. Based on these results we say that the debt free respondents agreed more with these allegations. This agreement can be based on they had not so much difficulties during the global financial crisis as the debtors did. Therefore, they look the economic system more stable and stronger than others. According to the results of the analysis of Dancsik et al. [2015] we can conclude that the debtors do not agree with these allegations because they think the previous rescue packages of the government were complicated and hard to understand and gave just temporary help to the debtors.

With this factor, we finished the analysis of the factors. The last part of the paper will not just summarise the results of the analysis but try to give advices to policy makers to make the Hungarian personal bankruptcy helpful for debtors and successful as a law provided chance of repayment of debts.

5. CONCLUSION AND SUGGESTIONS

In conclusion, this paper proved that there are fundamental differences on the way of thinking of foreign-currency debtors and the debt free population of Hungary. Based on the results of

⁵ At the history of Hungary there was a socialist system about 30 years ago, where the government tried to organise all parts of the life, for example gave workplaces, decided who can own a car or a house, how had to a socialist citizen live and behave and so on. This kind of regime has impact on the way of thinking of a considerable part of the citizens of Hungary nowadays.

the paper we can say that the debt free respondents are characterised by the need of the help from experts, pessimism about the financial culture and optimism of economy. Based on these results we can conclude that they would need an expert to help them in the financial decisions because they have trust in bank experts. They think that the debtors who are in trouble, got it because they spent too much and know few about the financial products. Therefore, their trouble occurred because they were irresponsible for make good decisions. And last, they think that the previous foreign-currency debtor rescue packages of the government were successful enough.

If we try to describe the characteristics of the debtors, we can say that they are afraid to be indebted, they would use the simple settlement of the problem and need the government to intervene in this situation. Therefore, we can conclude that the trouble of the foreign-currency debtors does not come from their irresponsibility, but from the poor knowledge about financial products and the risks of these products. We can also conclude that the previous rescue packages did not help them enough, because they still need the government further intervention. The characteristics of the foreign-currency debtors also including that they would sell some of their properties to pay back their debt but they will do it if the bank would give them some discount from their debt.

Because the ways of thinking determine the success of foreign-currency rescue packages before the government introduced them based on this research we try to give advices for the policy makers to the further interventions and rescue packages. First, the research proved that the foreign-currency debtors not just wait for the government to solve their problem, but they could and would do something to solve the problem. The research also proved that beside the attempt to solve this problem the debtors still need the governmental rescue.

Based on the international practice of personal bankruptcy, we can see that the countries where the personal bankruptcy has tradition and is successful all use much less burdens of entrance than the Hungarian law. For example, in Austria and in the UK, is not any minimum bound for the amount of debt. All these countries apply significantly shorter process of bankruptcy – e.g. in Austria 3 years, UK 1 year, Canada 9 months. Based on these tendencies we advise the change of Hungarian personal bankruptcy law and make it easier to apply for it. We think this measure would be more popular if policy makers would reduce the borders of the measure and decrease the processing time from 5 years to maximum 2-3 years. It also could help for the popularity of this measure if the process would be not so strict, for example the role of the bankruptcy trustee would be reduced for the support of the agreement between the debtor and the creditor but would not cover the monitoring of the monthly spending of the debtor family.

Furthermore, we find important to introduce the teaching of the basic financial knowledge into the education system. For example, from the children at school could learn about the financial system and products in a playful way or by competitions. Beside that the adult population could be taught about the financial products and the financial system by public interest ads and information leaflets. Another way of the improving of the financial knowledge of adult population of Hungary could be, if banks would create online basic financial knowledge academies on their website or on internet banking sites for their customers as the CSR activity of the bank. We think that if the government, the education system and banks would work together to improve the knowledge of the citizens about the financial products, it could lead the citizens to make better decisions in their life and it could help them to avoid the problems they have nowadays. If it will be, it would be useful not just for citizens but for banks and government as well, because it could avoid the system from the occurrence of further crises as well.

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