# Inflation in Hungary: How Does It Affect the Financial Situation of the Population?

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*SUMMARY*

*Recent events have affected the economies of nations that began with an extraordinary epidemic that led to the lifting of closures and the emergence of oversupply (overdemand?) in the market. The result is price increases, new supply problems and deficit economies, all of which contribute to rising inflation. The conflict and the oil crisis made the situation worse. We wondered whether the recent price increases have made people in Hungary more conscious with their budgets. The current report is based on a nationwide representative survey of almost 25,000 people conducted by NET Media PLC in September 2022. The study focused primarily on the development of living standards and the state of the economy, changes in spending patterns, savings, and family household management. Overall, it can be said that more than 75 percent of Hungarians over 25 are dissatisfied with how their standard of living has changed in the last year and that their financial situation has deteriorated.*

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## INTRODUCTION

According to Eurostat (2022), the annual inflation rate in the European Union in November 2022 was 11.1%, in the Eurozone it was 10.1%, and Hungary had the highest rate of 23.1%. Not only in our country, but also worldwide, the cost of living has increased significantly. According to the KSH (Hungarian Central Statistical Office) data (2023), in December 2022 the prices of food increased by 44.8%, household energy by 55.5%, durable goods by 13.6%, petrol by 27% and services by 9.5% compared to the previous year.

The following explanations are given in the literature:

1. Vague (2022) blames the pandemic, the war in Ukraine and oil prices.
2. Markovitz and Marchant (2022), in a summary of the World Economic Forum in Davos, describe that after the pandemic-related factory closures, demand for goods skyrocketed and outstripped supply. The forced savings accumulated during the pandemic-related factory closures turned out in many sectors to be demand that could not be met by the supply side, or only with a delay, partly due to capacity constraints and partly due to interruptions in production/supply chains (Pleschinger, 2022). When demand is greater than supply, this leads to price increases. This caused problems in the supply chain.
3. Deloitte's Spring 2022 study with finance director's notes that the pandemic was already impacting the European economy with high inflation and supply chain problems, exacerbated by the war in Ukraine and its aftermath (Muschamp et al., 2022).
4. Daly and Chankova (2021) also mention inflation as a consequence of the war and the pandemic, while the European Parliament has also published several articles on this topic (Cesluk-Grajewski, 2022).
5. Regmi and Stiglitz (2022) attribute inflation primarily to sectoral supply-side disruptions caused by the pandemic and to war-related problems in the energy and food markets.
6. In addition, the rise in commodity and oil prices has pushed up inflation (Caldara et al., 2022). Rising energy prices hit the Hungarian economy especially hard because of the energy intensity of the economy and the country's

reliance on energy imports (Bartha & Tóthné Szita, 2015a, 2015b).

Recent interest rate increases have been implemented in all countries as part of the tightening of the global monetary system (Storm, 2022; UNCTAD, 2022). The war has at least partially challenged the global tightening of economic policy that was planned earlier this year to combat inflation (Karsai, 2022). In the long run, there could be a severe economic downturn, so many people are sceptical that this will solve the problem (Regmi & Stiglitz, 2022).

Our study aims to analyse the financial status of the household population in this difficult economic situation, paying particular attention to spending behaviour, savings opportunities, family budgeting and growing financial awareness.

## THE ANALYSIS OF THE FINANCIAL SITUATION

According to Demeter et al. (2011), the lack of funds and the amount of credit, the amount of assets and investments, and liquidity are crucial factors to consider when interpreting the financial situation. The study of how households use financial economics and instruments to achieve their goals falls under the category of household financial situation in the context of finance (Swedish House of Finance, 2014). According to our definition, financial situation refers to the subjective value judgement that captures the balance between a person's (or household's) regular (e.g., monthly) income and expenditure, as well as the amount of liquid savings.

In defining financial literacy, we start from the Organisation for Economic Cooperation and Development (OECD) formulation: financial literacy is a combination of awareness, knowledge, skills, and behaviours required to make informed financial decisions and ultimately achieve individual financial well-being (Atkinson & Messy, 2012 in: Szóka, 2021). According to the later OECD (2018) definition, financial literacy is the combination of the necessary knowledge, awareness, attitudes and behaviours that enable individuals to make appropriate financial decisions to secure their financial well-being (OECD, 2018 in: Csorba, 2020). Szóka (2021) describes that according to Csorba (2020) financial culture and financial literacy have a similar meaning and the use of the word culture is widespread in the Hungarian language.

The OECD (2020) assesses three elements, including financial knowledge, financial behaviour (decisions) and financial attitudes, to determine the level of financial awareness. Hungary's score, 12.3, is just below the OECD average (13). In the case of our country, the three factors are:

1. the financial knowledge score is 4.6 (the OECD average is 4.6);
2. the financial behaviour score is 4.5 (the OECD average is 5.3); and
3. the financial attitude score is 3.3 (the OECD average is 3.1).

From the deviation of financial behaviour from the average, it can be deduced that the adult Hungarian population finds it difficult to apply their existing financial knowledge in practise (MNB, 2020). After the financial crisis, developing the financial awareness of the population was defined as a national economic priority in many countries (Jakovac & Németh, 2017). Németh-Lékó (2020) describes that raising awareness is a time-consuming process, but it is worthwhile as it leads to an increase in the economy and competitiveness in the long run.

According to Hergár and Bernáth (2020), we are implementing more conscious financial behaviour during the crisis and the coronavirus epidemic has once again highlighted the importance of families' financial culture. Cetelem Körkép (2022) also confirms that the population's consumption behaviour is also changing in the unpredictable economic environment of recent years. In Hungary, 46% of respondents perceive a decrease in purchasing power, which leads to financial caution, as 61% of respondents buy less, while 83% strive to reduce their spending (Cetelem Körkép, 2022). The structure of consumer spending by families is strongly influenced by price trends. In the KSH Situation Picture 2021, the structure of consumption in the two extreme income quintiles was examined. According to this, members of the top quintile spent 51.5% on their basic needs, while the poorest quintile spent 62.1%. In terms of expenditure per person, the highest expenditure in 2021 will be on food and non-alcoholic beverages (1$^{st}$ quintile 32.4%; 5$^{th}$ quintile 23%), home maintenance and household energy (1$^{st}$ quintile 21.8%; 5$^{th}$ quintile 15.6%) and transport (1$^{st}$ quintile 7.9%; 5$^{th}$ quintile 12.9%). It is expected that the increase in food and energy prices will lead to a decrease in consumption. In Hungary, the application of price caps may also have increased inflation, as a study by the MNB (2022) found that price caps generated an inflationary effect of about 3-4 percentage points through indirect channels, the effect of which becomes stronger when price caps are removed. The government lifted the price ceiling for fuel in December 2022 as a shortage had developed but extended it for food until 30 April 2023.

# RESEARCH METHODOLOGY

The online data collection on which our analysis is based was conducted by NET Media PLC between 7 and 13 September 2022. The results presented in this study come from a second analysis of the original database (Pénzcentrum, 2022) after its cleaning and weighting. The population of our study is the Hungarian population aged over 25 years (N=7,274,006 persons). We weighted the sample (n=24,856 persons) based on three criteria: gender, age categories and regions. On this basis, we can conclude that the sample we analysed is representative of the Hungarian population over 25 years of age from these points of view and that our results are generally valid with a confidence level of 95 per cent and a maximum sampling error of +/- 0.62 percentage points. The following table contains the composition and internal proportions of the population and the unweighted and weighted sample.

*Table 1*

*The demographic structure of the population and the sample*

| | | **Population (N=7 274 006)** | **Unweighted sample (n=24 856)** | **Weighted sample (n=24 856)** |
|---|---|---|---|---|
| Gender | Male | 3 403 577 (46.8%) | 12 565 (50.6%) | 11 630 (46.8%) |
| | Female | 3 870 429 (53.2%) | 12 291 (49.4%) | 13 226 (53.2%) |
| Age | 25–40 years | 2 007 664 (27.6%) | 4 238 (17.1%) | 6 860 (27.6%) |
| | 41–55 years | 2 242 141 (30.8%) | 7 057 (28.4%) | 7 662 (30.8%) |
| | 56–64 years | 1 033 859 (14.2%) | 4 792 (19.3%) | 3 533 (14.2%) |
| | 64+ years | 1 990 342 (27.4%) | 8 769 (35.3%) | 6 801 (27.4%) |
| Region | Central Hungary | 2 283 869 (31.4%) | 9 193 (37.0%) | 7 804 (31.4%) |
| | Southern Great Plain | 921 574 (12.7%) | 3 039 (12.2%) | 3 149 (12.7%) |
| | South Transdanubia | 657 091 (9.0%) | 2 180 (8.8%) | 2 245 (9.0%) |
| | Northern Great Plain | 1 041 775 (14.3%) | 2 381 (9.6%) | 3 560 (14.3%) |
| | Northern Hungary | 811 552 (11.2%) | 3 147 (12.7%) | 2 773 (11.2%) |
| | Central Transdanubia | 797 593 (11.0%) | 2 560 (10.3%) | 2 725 (11.0%) |
| | Western Transdanubia | 760 552 (10.5%) | 2 356 (9.5%) | 2 599 (10.5%) |

Source: Own editing

The data collection took place in the form of an online survey and the data were analysed with the programmes Excel and SPSS.

# RESULTS OF THE RESEARCH

## *Standard of living and financial situation*

First, we analysed that how satisfied the population was with the development of their standard of living in the last year. In the options, you had the choice between "I am satisfied with it" and "I am dissatisfied with it". Figure 1 illustrates the distribution of responds by region.

The data show that more than four-fifths of the population (84.0%) were dissatisfied with the development of their standard of living in the past year, and only 16% answered that they were satisfied. Evaluating by region, the inhabitants of Central Hungary were the least dissatisfied (81.3%), while dissatisfaction was highest in the region of Northern Hungary (87.7%). The analysis of the association relationship between the studied question and the regions was carried out using a cross-tabulation analysis and it was found that there is a significant weak relationship between them $\chi 2(6, N=24073) = 97.934$ $p < 0.001$ (two-sided) $V=0.064$. As for the content of the relationship, those who were satisfied with the development of their standard of living were overrepresented in Central Hungary (18.7%), while they were underrepresented in four regions (Southern Great Plain, Southern Transdanubia, Northern Great Plain, Northern Hungary).

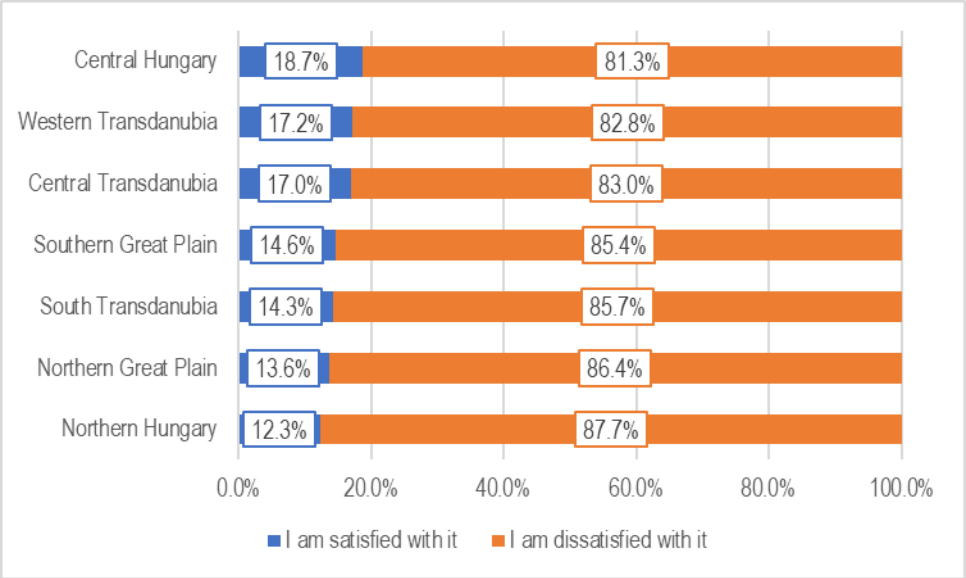


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*Figure 1. Regional Satisfaction Levels Regarding Standard of Living*

In addition to the development of living standards, we also examined the financial situation: How was it changed in the last year? For this question there were three options: "It has become better", "It has not changed", "It has become worse". Figure 2 illustrates the distribution of responds by region.

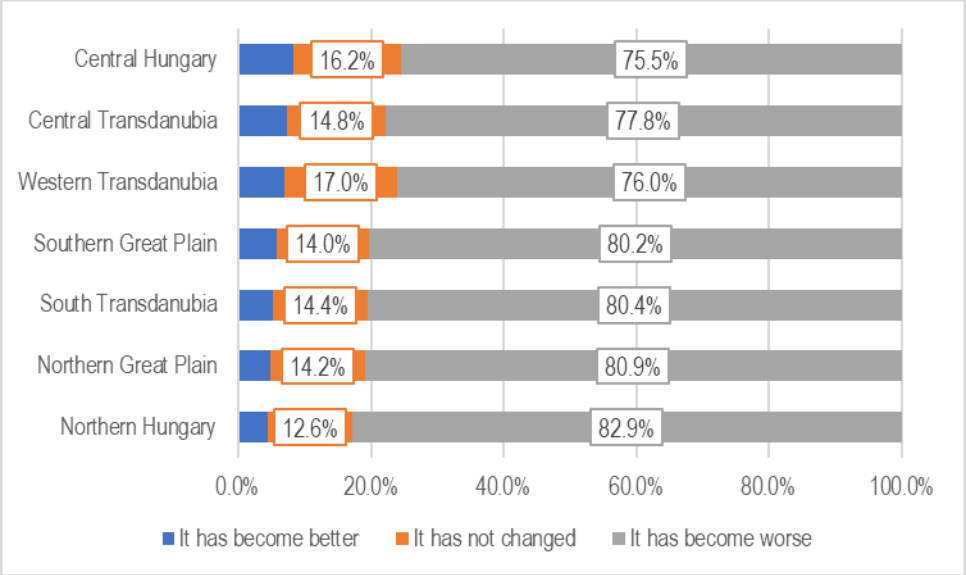


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*Figure 2. Regional differences in personal financial situation*

Overall, the financial situation of the vast majority (78.5%) has deteriorated in the past year. For a smaller proportion of them (15.0%) it has not changed, and only 6.6% said that their financial situation had improved in the past year. Similar to the previous question, the largest share (8.3%) of respondents answered that their

financial situation has improved in Central Hungary, and the smallest share (4.5%) in Northern Hungary. The cross-tabulation analysis performed to examine the relationship between this question and the region revealed a significant weak relationship: $\chi 2(12, N=24693) = 134.338$ $p < 0.001$ (2-sided) $V=0.052$. From the examination of the adjusted standardised residuals, it can be concluded that those whose financial situation had improved (8.3%) or not changed (16.2%) were overrepresented in Central Hungary. In the other four regions (Southern Great Plain, Southern Transdanubia, Northern Great Plain, Northern Hungary), on the other hand, the proportion of those whose financial situation had worsened was significantly higher compared to the entire sample - at least they said so.

## *Money spending habits and their changes*

In the following part it was examined whether the spending habits of the population have changed in the current inflation situation. The corresponding question could be answered with "Yes" or "No". In relation to the entire sample, 91.0% answered "yes" and only 9.0% answered "no". When examining regional differences, the following can be concluded. In the Northern Great Plains, 92.5% of respondents changed their spending habits. The other "extreme" is in Central Hungary, where this ratio is 89.9%. Although the difference cannot be called significant, on the basis of the available sample there is a significant weak relationship between the question studied and the regions: $\chi 2(6, N=24685) = 30.043$ $p < 0.001$ (two-sided) $V=0.035$. As far as the content of the correlation is concerned, there is a significantly higher proportion of inhabitants whose spending habits have not changed in Central Hungary compared to the whole sample. The exact opposite is observed in the Northern Great Plain and Northern Hungary. A change in spending habits can "take shape" in many ways, for example by postponing expenses that are not necessary. The relevant question was: "Have you postponed any non-essential expenditure in the last 3 months?" Three options were given as answers: "Yes", "No", "I have not planned such an investment at all". In the whole sample, 74.3% of those who postponed a non-essential purchase, 14.0% of those who did not, and another 11.7% did not plan such an expenditure at all, i.e., there was nothing to postpone. Among the regional results, we highlight Central Hungary, where the share of those who did not postpone this type of investment was 16.1% (the highest among all regions), and the Northern Great Plain and Northern Hungary, where, on the other hand, the share was the lowest (11, this share was 9%). When comparing the regional data, we were also able to demonstrate a significant weak relationship: $\chi 2(12, N=24755) = 72.119$ $p < 0.001$ (two-sided) $V=0.038$.

Every inhabitant living in Hungary has experienced the largest price increase in the last decades. The next two questions were: how much we spend on living expenses for ourselves and our family and how much we spend on food. Let us first look at what inhabitants in each region answered when asked how much money they estimate they spend in total per month to support themselves and their family. (This expenditure had to include the cost of housing, utilities, food, and other expenses)

*Table 2*

*Monthly expenditure for personal and family household expenses*

| | **Central Hungary** | **Southern Great Plain** | **South Transdanubia** | **Northern Great Plain** | **Northern Hungary** | **Central Transdanubia** | **Western Transdanubia** |
|---|---|---|---|---|---|---|---|
| **<100 000 HUF** | 6.0% | 12.3% | 11.4% | 9.7% | 11.6% | 7.2% | 8.3% |
| **100,000-200,000 HUF** | 24.3% | 36.3% | 35.9% | 32.5% | 35.1% | 29.8% | 32.0% |
| **200,000-300,000 HUF** | 29.1% | 27.7% | 28.5% | 30.9% | 28.2% | 29.8% | 29.8% |
| **300,000-400,000 HUF** | 19.3% | 14.4% | 13.8% | 16.3% | 15.0% | 18.1% | 15.2% |
| **400,000-500,000 HUF** | 11.2% | 5.6% | 6.3% | 6.5% | 6.3% | 8.9% | 8.5% |
| **>500,000 HUF** | 10.0% | 3.7% | 4.2% | 4.1% | 3.8% | 6.3% | 6.2% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

Source: Own editing

The difference between Central Hungary and the other regions, especially the Southern Great Plain, Southern Transdanubia, the Northern Great Plain and Northern Hungary, is striking. There is a statistically significant relationship between regions and monthly expenditure: $\chi 2(30, N=24856) = 831.120$ $p < 0.001$

(two-sided) V=0.082. In Central Hungary they spend between 300,000-400,000 HUF, 400,000-500,000 HUF and over 500,000 HUF more than in the whole sample. In contrast, in Eastern Hungary (Southern Great Plain, Northern Great Plain, Northern Hungary) and Southern Transdanubia, those who spend less than 100,000 HUF and those who spend between 100,000 and 200,000 HUF are overrepresented.

The other question was related to expenditure on food (including beverages, excluding alcoholic beverages). The results are summarised in Table 3.

*Table 3*

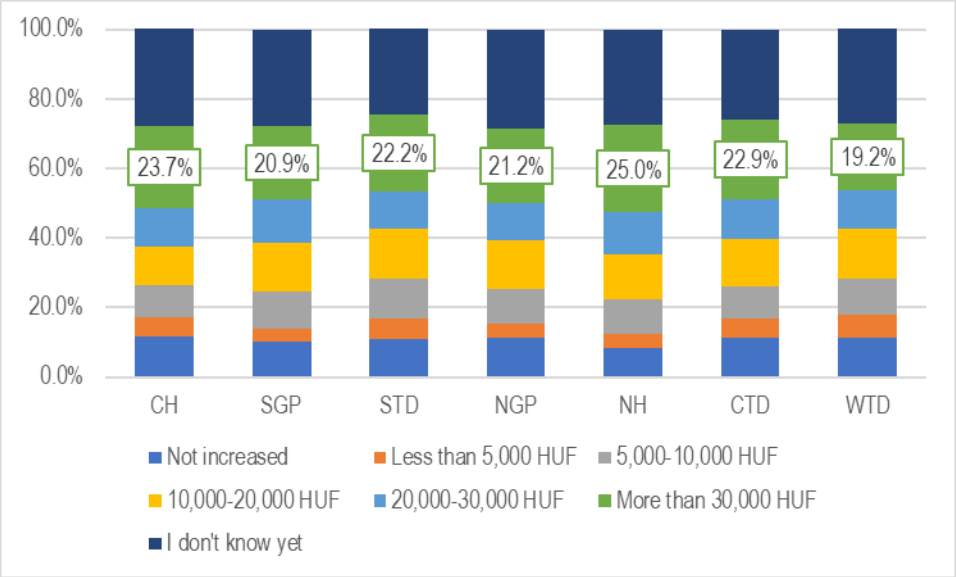
*Monthly expenditure on food*

| | Central Hungary | Southern Great Plain | South Transdanubia | Northern Great Plain | Northern Hungary | Central Transdanubia | Western Transdanubia |
|---|---|---|---|---|---|---|---|
| **<50,000 HUF** | 8.40% | 16.70% | 15.00% | 14.10% | 14.60% | 11.00% | 11.40% |
| **50,000-100,000 HUF** | 36.90% | 45.70% | 45.40% | 43.90% | 43.20% | 40.20% | 43.30% |
| **100,000-200,000 HUF** | 40.10% | 30.40% | 31.50% | 33.50% | 33.70% | 39.10% | 35.20% |
| **>200,000 HUF** | 14.60% | 7.10% | 8.10% | 8.60% | 8.50% | 9.60% | 10.20% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

Source: Own editing

Not surprisingly, the results are similar to the previous question. There is a statistically significant weak correlation between the level of reverse food expenditure and regions: $\chi 2(18, N=24855) = 546.395$ $p < 0.001$ (two-sided) V=0.086. The inhabitants of Central Hungary have higher expenditure (40.1% between 100,000 and 200,000 HUF; 14.6% above 200,000 HUF) and the regions of Eastern Hungary and Southern Transdanubia have lower expenditures (below 50,000 HUF: 14.1-16.7%; between 50,000-100,000 HUF: 43.9-45.7%).

This also includes the question of how much household expenditure has increased in the last year. For this question it was also possible to choose from value ranges: “Less than 5,000 HUF, 5,000-10,000 HUF, 10,000-20,000 HUF, 20,000-30,000 HUF, more than 30,000 HUF”. The value ranges were supplemented by the options “Not increased” and “I don't know yet” (Figure 3).




Source: Own editing

*Figure 3. Shifts in household overheads over the previous year*

Northern Hungary (25.0%) and Central Hungary (23.7%) had the highest percentage of price increases of more than HUF 30,000 among the seven regions of Hungary. According to a cross-tabulation analysis of the data, the relationship between the two variables (percentage of overhead increase vs. areas) is significant but weak: 2(36, N=24858) = 174.943 p0.001 (two-sided) V=0.034. The responses from Central Hungary are interesting because there is an imbalance between those whose overhead increased by more than 30,000 HUF (23.7%) and those whose overhead increased by less than 5,000 HUF (5.5%) or not at all (11.8%).

## *Job loss vs. salary increase*

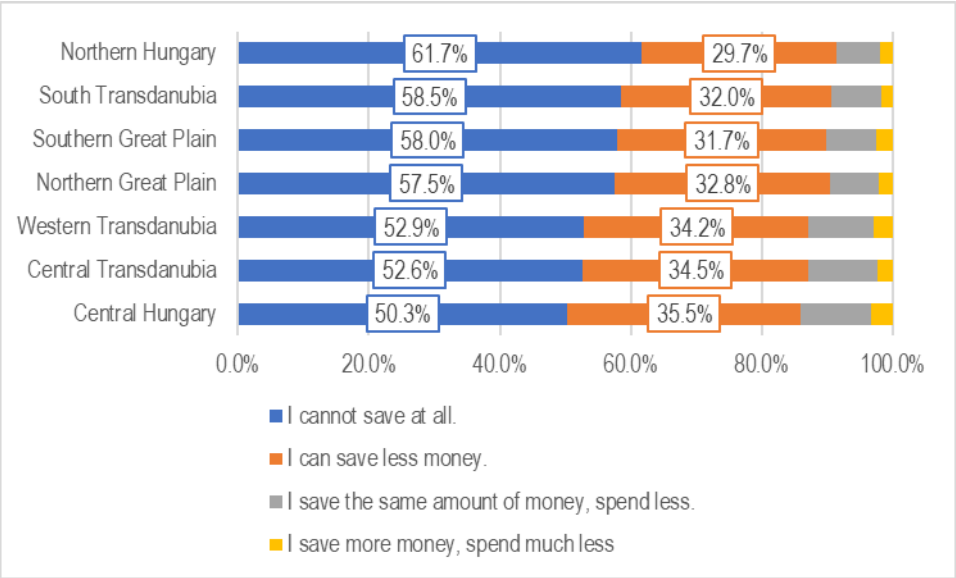
In the current economic situation, characterised by inflation, we cannot ignore two work-related issues. The first question asked if people are worried about losing their jobs, while the second question asked if they have experienced a salary increase due to inflation. Of the total sample, 51.4% are worried about losing their jobs while the rest 48.6% feel safe. Compared to the other regions, the level of concern is highest in Northern Hungary (57.8%) and lowest in Central Hungary (45.8%). The cross-tabulation study revealed a weak but significant relationship between the regions and the question studied: p = 0.001 (2-sided) for 2(6, N=16070) = 139.945 and V=0.093. A further analysis of the ratio shows that those who feel safe are overrepresented in Central Hungary (54.2%), and in Eastern Hungary (Southern Great Plain, Northern Great Plain, Northern Hungary) and Southern Transdanubia those who are afraid of losing their jobs.

To another question on this topic (salary increase), almost one fifth (17.4%) of the respondents answered positively, while four fifths (82.6%) gave a negative answer. Comparing the regions, Western Transdanubia was the happiest, with 21.7% of respondents in this region having already received an inflation-related salary increase. At the other extreme is the Northern Great Plain, where only 14.4% of respondents could say the same. Again, there is a significantly weak relationship: $\chi 2(6, N=19158) = 91.877$ p < 0.001 (two-sided) V=0.069. Based on the corrected standardised residuals, the country was "divided" into two parts: workers in Central Hungary, Central Transdanubia and Western Transdanubia received a significantly higher proportion of salary increases (19.2-21.7%), while the other regions (Southern Great Plain, Southern Transdanubia, Northern Great Plain, Northern Hungary) had a significantly lower proportion.

## *Loan, savings, family budget*

The moratorium on loan repayments ended on 31 December 2022, and those who have been in this moratorium in recent months will have to resume instalments from 1 January 2023, meaning that their cost of living will continue to rise. Except for one question, we looked at whether the population has credit and whether they are using the credit moratorium option. Nationally, 35.2% of respondents do not have credit - by their own admission - but two-thirds do. 58.7% of the total sample do not use the credit moratorium, but 6.1% do. The largest share of loans still falls under the credit moratorium in South Transdanubia (7.0%), the smallest share in Central Transdanubia (5.5%). Overall, there is a weak but significant relationship between the question studied and the regions: $\chi 2(18, N=21870) = 70.558$ p < 0.001 (two-sided) V=0.033. As for the details, those who have no credit are overrepresented in Central Hungary (38.7%), and in Northern Hungary, Central Transdanubia and Western Transdanubia those who have credit but are not included in the credit moratorium (60.7-61.1%).

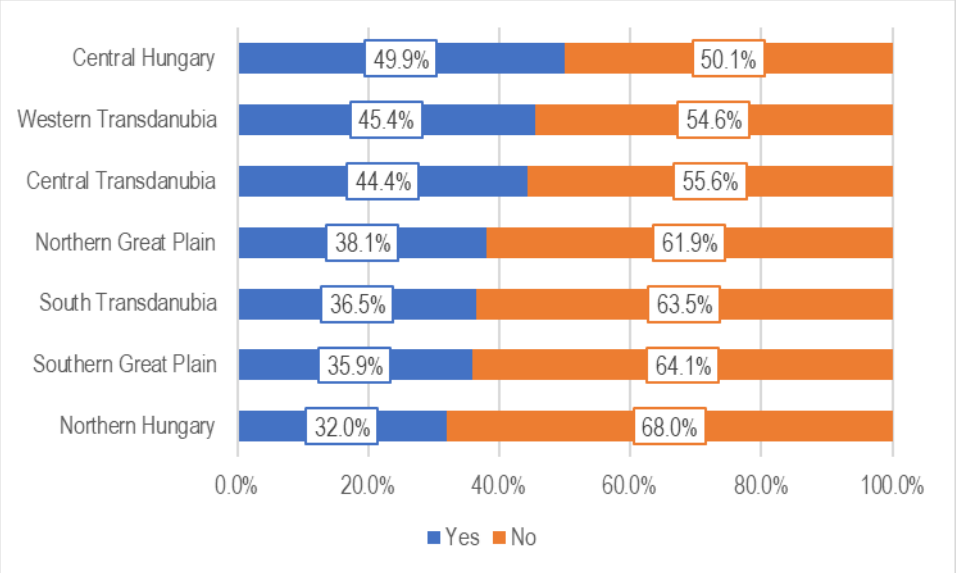
In addition to credit, the issue of savings is at least as important. In this context, we were interested in whether savings habits have changed due to the current inflation. (Respondents could choose from four options: "I cannot save at all", "I can save less money", "I save the same amount of money, spend less", "I save more money, spend much less".) The relative frequencies calculated from the answers are summarised in Figure 4.




Source: Own editing

*Figure 4. Shifts in saving patterns during the previous year*

As far as savings are concerned, the population in Northern Hungary is in the "worst" situation, with 61.7% of those who cannot save at all. In central Hungary, on the other hand, this ratio is 50.3%. Examination of the relationship by cross-tabulation analysis shows a significant weak relationship: $\chi 2(18, N=24098) = 199.919$ $p < 0.001$ (two-sided) $V=0.053$. In Central Hungary, those who can retire are overrepresented (less: 35.5%, more: 3.4%, equal: 10.7%), but in four regions (Southern Great Plain, Southern Transdanubia, Northern Great Plain, Northern Hungary) the proportion of those who cannot retire at all is significantly higher (57.5-61.7%). In connection with savings, it was also examined whether the population has savings of more than 500,000 HUF. There were two options to choose from: "Yes" or "No". The results obtained are illustrated with the help of the following figure.




Source: Own editing

*Figure 5. Is your savings balance over HUF 500,000?*

As for the whole sample, the majority (57.8%) have no savings of more than HUF 500,000, while 42.2% have savings. Among the regions, families in Central Hungary are the best off, where 49.9% have savings. Northern Hungary brings up the rear, where this proportion is only 32.0%. A significant weak relationship was revealed by a cross-tabulation analysis: $\chi 2(6, N=23407) = 407.995$ $p < 0.001$ (two-sided) $V=0.132$. Among the other features of the relationship, the favourable situation in Central Hungary, Central Transdanubia and Western Transdanubia, where savers are overrepresented (44.4-49.9%), should be highlighted. -In Hungary, the proportion of people without savings is significantly higher compared to the whole sample (61.9-68.0%). As we have seen, most of the population has no more than HUF 500,000 in savings. The question arises for how many months the population has sufficient emergency reserves (Table 4).

*Table 4*

*How many months of emergency reserves do you have?*

| | Central Hungary | Southern Great Plain | South Transdanubia | Northern Great Plain | Northern Hungary | Central Transdanubia | Western Transdanubia |
|---|---|---|---|---|---|---|---|
| **< 1 month** | 31.0% | 39.0% | 38.4% | 37.8% | 42.1% | 33.6% | 32.6% |
| **1 month** | 13.4% | 17.6% | 15.8% | 16.8% | 16.6% | 14.1% | 16.1% |
| **2 months** | 10.9% | 9.8% | 10.2% | 11.0% | 11.5% | 14.0% | 10.0% |
| **3 months** | 10.2% | 9.6% | 9.4% | 9.7% | 8.5% | 10.0% | 11.1% |
| **4-6 months** | 11.9% | 9.2% | 9.5% | 9.3% | 8.6% | 9.7% | 10.0% |
| **7-12 months** | 8.1% | 5.3% | 7.0% | 5.5% | 4.7% | 6.9% | 7.4% |
| **>12 months** | 14.4% | 9.5% | 9.8% | 10.0% | 7.9% | 11.7% | 12.8% |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

Source: Own editing

Among the results, Central Hungary stands out, where 14.4% of respondents have sufficient reserves for more than 12 months. At the other extreme are the Southern Great Plain, Southern Transdanubia, Northern Great Plain and Northern Hungary, where the proportion of people whose emergency reserves are sufficient for less than 1 month is exceptionally high. We examined the relationship between the two variables (emergency reserve vs. regions) using a cross-tabulation analysis and found a significant weak relationship: $\chi 2(42, N=23397) = 379.287$ $p < 0.001$ (2-sided) $V=0.052$.

One possible source of savings is the personal income tax refund received in early 2022 - assuming it was received. In the next question, the use of this option was examined. There were four options to choose from: “I put everything aside”, “I put some aside”, “I spent it” or “I did not receive a refund”. The majority of respondents chose this option, 61.3% of them did not receive any personal income tax refund at the beginning of 2022. A quarter of them (26.6%) received a refund but spent it. 6.8% of them set aside part of it, 5.3% were able to set it aside completely. In a regional comparison, Central Hungary was able to save the total amount the most (6.3%) and South Transdanubia the least (4.1%). Looking more closely at the relationship, we found a weak but significant relationship: $\chi 2(18, N=19941) = 52.549$ $p < 0.001$ (two-sided) $V=0.03$. Compared to the whole sample, the proportion of those who were able to set aside the total personal income tax refund is significantly higher in Central Hungary (6.3%), Southern Great Plain (28.7%) and Southern Transdanubia than the proportion of those who did not receive any refund (63.9%).

One of the first steps in creating financial security is to prepare a family budget, i.e., to plan the expenses in each month. According to our research, 59.3% of the Hungarian population prepare such a budget, while 40.7% do not. Looking at the regional results, it is surprising that the percentage of those who do not prepare a family budget is highest in Central Hungary (43.8%). In contrast, it is lowest in the Northern Great Plain (38.1%). Again, the correlation is weak but significant - thanks to the large sample at our disposal: $\chi 2(6, N=23677) = 57.620$ $p < 0.001$ (two-sided) $V=0.049$. In addition to the correlations mentioned above, the responses from Southern Transdanubia also deviate significantly from the values of the entire sample. The proportion of those who do not prepare a family budget is also significantly lower in this old region.

## SUMMARY

Based on the research results, we can summarise that the vast majority of the Hungarian population over 25 years of age, i.e., more than three quarters, were in a worse financial situation in 2022 and were dissatisfied with their standard of living in the past year. As a result, changes in financial habits were also observed. This has challenged family budgets, e.g., by paying higher electricity bills, which sometimes leads to postponing non-essential expenses.

More than four-fifths of people had little or no savings, and more than a third did not even have savings for a month. As for savings, more than fifty percent of them have no more than HUF 500,000. Very few respondents, less than one-eighth, were able to keep all or part of the personal income tax refund received at the beginning of 2022.

In addition, a significant proportion of the population is seriously concerned about losing their jobs. Less than one-fifth of respondents said that their employer would try to compensate for the drastic price increases by raising their salaries. The issues surveyed, including standard of living, financial situation, spending habits, savings and family budget, show that inhabitants in Central Hungary, especially Budapest, are wealthier and less affected by inflation and price increases than people in the poorer east. live in the regions.

### *Author's contribution*

Conceived and designed the study: László Molnár 60%, Noémi Hajdú 40%; collected the data: László Molnár 100%, performed the analysis: László Molnár 60%, Noémi Hajdú 40%; wrote the paper: László Molnár 60%, Noémi Hajdú 40%

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