SAVINGS REPORT

2025

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Act CXXXIX of 2013 on the Magyar Nemzeti Bank designates achieving and maintaining price stability as the primary objective of the Magyar Nemzeti Bank (MNB), the central bank of Hungary. Without prejudice to its primary objective, the Bank supports the maintenance of the stability of the financial intermediary system and the enhancement of its resilience and its sustainable contribution to economic growth. The development of households' financial savings is of exceptional importance for the Hungarian economy, thus being particularly important for the Magyar Nemzeti Bank. Adequate financial savings of households in terms of amount and structure play a key role in achieving and maintaining price stability, in the stability of the financial system and in the balanced, sustainable development of the economy.

Therefore, in this publication, the Magyar Nemzeti Bank provides a comprehensive analysis of household savings processes, examines the development of transactions and portfolios, the allocation of assets among individual financial products, and addresses currently relevant issues with a focus on selected topics.

With this publication, the Magyar Nemzeti Bank aims to inform the press, the public, and market participants about domestic savings processes, thereby drawing attention to the deeper interrelationships of the economy and providing information for making optimal savings decisions.

The analysis was prepared by the Monetary Policy and Financial Market Analysis Directorate.

The report incorporates relevant information concerning the period ending 1 October 2025.

Summary

The financial wealth of Hungarian households amounts to approximately one and a half times the country's GDP, and based on historical data, Hungarian households are accumulating additional savings equivalent to approximately 6 percent of GDP each year. With the technological development of the financial system and the reduction of entry barriers, the significance of this has grown even more. Today, a wide scope of financial products is readily available globally to an increasingly broad range of investors. This also means that households face increasingly difficult allocation decisions and household savings have an ever-greater impact on the economy as a whole. Adequate financial savings of households in terms of amount and structure thus play a key role in achieving and maintaining the inflation target, in the stability of the financial system and in the balanced, sustainable development of the economy, as well as in the predictable, secure and real growth of households' wealth. Since the development of households' financial savings is of exceptional importance for the Hungarian economy, it is particularly important for the MNB to understand and continuously monitor the savings market. The Savings Report serves this dual purpose. On the one hand, it provides professional players in the economy with a detailed view of developments in the savings market. On the other hand, it aims to help saving households make informed savings and allocation decisions.

The net financial wealth of domestic households as a percentage of GDP has risen significantly since 2012, reaching 114 percent at the end of June 2025, driven by both an increase in financial assets and a decrease in liabilities. *Continuous savings and the revaluation of existing financial assets contributed almost equally to the nominal growth in wealth. The share of wealth held in cash and deposits amounted to 29 percent of GDP, while illiquid business shares accounted for 36 percent. Over the past decade or so, there has been a moderate shift in the structure of financial assets towards liquid assets, which reached a share of 68 percent of GDP by mid-2025. While this was mainly due to the growth in holdings of government securities and investment fund shares, purchases of foreign assets have also become increasingly significant in recent years. By mid-2025, government securities accounted for nearly 16 percent of GDP, while liquid foreign assets accounted for almost 9 percent. In addition to providing direct funding, households also indirectly finance the general government and foreign countries to a significant extent by purchasing products from the financial sector (such as investment funds, pension funds and insurance companies).*

The net financial savings of Hungarian households are high compared to other countries in the region. *Due to this sustained trend, from a regional perspective a significant amount of financial wealth as a percentage of GDP has accumulated in Hungary, but it still remains below the EU average. The most significant difference in the composition of financial assets compared to other countries in the region and the EU is that government securities play a prominent role in Hungary. However, the proportion of riskier assets offering higher yields in the long term, such as equities, within portfolios in Hungary still lags far behind the level seen in developed countries.*

As a percentage of GDP, the net financial savings rate of households has been very significant since 2012, averaging around 6 percent of GDP per year, with a rate of 5.3 percent recorded for 2025 Q2. *Up until 2016, the indicator was also boosted by the repayment of earlier loans, and then the Covid pandemic and the subsequent inflationary shock had a significant impact on it. The expansion of assets until 2020 was primarily driven by government securities and deposits, followed by investment fund shares and foreign assets after the surge in inflation. During this period, there was strong demand for inflation-linked government securities, and bond funds were the most popular among investment fund shares.*

The report reviews the return on financial assets held by households and the risks associated with such as a special topic. *Since 2013, equity funds and inflation-linked government securities have generated the highest overall yields. These forms of savings provided significant real yields, while savings in cash, bank deposits and some types of investment funds were unable to preserve the real value of the amount invested. It is important to note, however, that when choosing between different assets, the cost and riskiness of the different asset must be taken into account in addition to the yield. Higher yields typically involve higher risk, but the opposite is not always true: assuming foreign exchange risk, for example, does not necessarily result in higher expected yields. Looking back over one year, for example, the yields on certain forint investments exceeded the yields on similar types of foreign currency investments; thus, the stable, predictable forint exchange rate strongly supports the growth of savings in forint.*

The report also aims to facilitate appropriate savings decisions by dispelling misconceptions about investing, *particularly those relating to the interpretation of past yields and the risks associated with government securities. Subsequently,* ***we use micro-data to show*** *that from 2017 to 2020, the share of households with no financial wealth decreased, while the median liquid financial wealth of households increased and wealth disparities declined. However, by 2023, these favourable trends had been partially reversed by the pandemic, the war and the resulting surge in inflation: the proportion of people with savings declined moderately, and wealth disparities increased.*

In 2025 H1, the PMÁP coupon payment date had a major impact on savings trends. *We estimate that one-half of the funds released from PMÁP in 2025 H1 were reinvested in government securities. The largest proportion of the HUF 2,200 billion redemption was reinvested in government securities (58 percent), while reinvestment in government securities was moderately lower than the nearly HUF 500 billion in maturities and HUF 1,100 billion in interest paid. Most of the funds released may have been reinvested in fixed-rate FixMÁP and BMÁP, which is linked to the auction yield of Discount Treasury Bills (DKJ).*

Content

1 Introduction

Households' financial savings are particularly important for achieving and maintaining price stability. The choice between consumption and saving has a significant impact on inflation through its effect on the level of domestic demand. In addition to the amount of savings, including financial savings,[1] households' choice of savings assets is also important from an inflation perspective. For example, funds provided directly to companies may have a different impact than financing the economy through banks or lending to the budget through the purchase of government securities. Savings channelled to companies are more likely to strengthen the supply side of the economy, while funds provided to the state are more likely to have an impact on increasing demand. Given that Hungary is a small, open economy, the purchase of foreign financial assets indirectly increases domestic inflation by weakening the forint exchange rate. For these reasons, a better understanding of savings decisions is a key issue and an important input for monetary policy as well.

Domestic savings and their structure have a major impact on Hungary's economic stability and sustainable growth. The capital required for economic convergence can be financed from internal or external sources. However, over the longer term significant external borrowing leads to a sustained outflow of income, while increasing the country's vulnerability. Therefore, it is particularly important to utilise internal savings as efficiently as possible and to the greatest extent possible within the country. The population is generally the biggest saver among the sectors. If savings are used effectively, households can benefit directly from the gains of economic growth.

The financial wealth that is continuously accumulated from savings plays a key role in smoothing economic cycles and thus minimising the damage suffered during economic downturns. It is important for households to have financial reserves to cover unexpected expenses and to cushion the impact of a possible drop in income (e.g. due to job loss). In the event of a crisis, households can mitigate the economic damage caused by a decline in demand by smoothing their consumption, which also has a positive impact on other sectors: with a smaller decline in consumption, more companies remain viable, leading to fewer layoffs, while tax revenues related to consumption and income decline less, providing greater leeway for the budget to deal with the crisis.

The proportion of financial savings remaining in Hungary is also important for domestic economic policy for other reasons. In recent years, foreign currency savings have become increasingly popular, which poses significant risks not only for the country, but also for savers. The effectiveness of domestic monetary policy is reduced if, in the long term, there are significant savings in currencies other than the forint. Savers lose out on the interest rate differential between the forint and foreign currencies, which, based on experience, is not nearly offset by exchange rate movements.

For the reasons outlined above, the MNB examines the financial savings of households from several perspectives in this publication. On the one hand, we show how households' savings and financial wealth develop: the former refers to the amount of money set aside from income over a period of time (transaction), while the latter refers to the amount available at a given moment, which has been continuously accumulated from previous savings (stock). Similarly, we also analyse the evolution of asset allocation among different financial products. On the other hand, we also evaluate the domestic savings situation in an international context. In addition, in our special topics we examine the past returns on various forms of savings and present our findings, which may be useful to the general public, as well as analysing the distribution of financial savings among households.

The report is primarily based on statistical data from financial accounts. Financial accounts are financial statistics that form a part of national accounts and provide detailed information on the financial wealth of economic agents and the components of changes in wealth, broken down by sector and instrument. Financial accounts statistics are compiled and published by the MNB on a quarterly basis, in line with international methodologies and in a manner that is readily comparable with such. In the financial accounts, stocks are reported at market value and therefore changes in wealth between periods are influenced not only by transactions, but also by revaluation and other volume changes (e.g. changes in stocks due to changes in classification). However, the report also contains data from a number of other sources, notably securities statistics (which provide information on debt and equity securities issued by economic agents), the database of

[1] Our publication deals only with financial savings, since the majority of households does not regard non-financial (primarily housing) assets as a form of savings, but rather as an asset for use, and since financial savings assets serve as a source of financing for other sectors, while houses are more comparable to durable consumer goods in this respect.

BAMOSZ (the Hungarian Association of Investment Fund and Asset Management Companies, which represents the domestic fund and asset management profession, and provides detailed statistical information on investment funds) and the HFCS (the Household Finance and Consumption Survey, a questionnaire-based statistical database containing household-level information on the consumption, income and wealth of households).

2 International comparison

Since 2012, Hungarian net financial savings as a percentage of GDP have typically exceeded both the EU average and the levels of regional competitors. At the same time, it is important to note that trends in households' financial savings show a similar pattern, as external shocks had a significant impact on all countries. The high savings rate has led to a high level of financial wealth accumulation in Hungary as a percentage of GDP compared to the rest of the region, but this level is still well below the EU average. In terms of portfolio structure, the financial wealth of countries in the region is similar, but government securities play a prominent role in Hungary. The concentration of financial wealth in Hungary is higher than in most countries in the region.

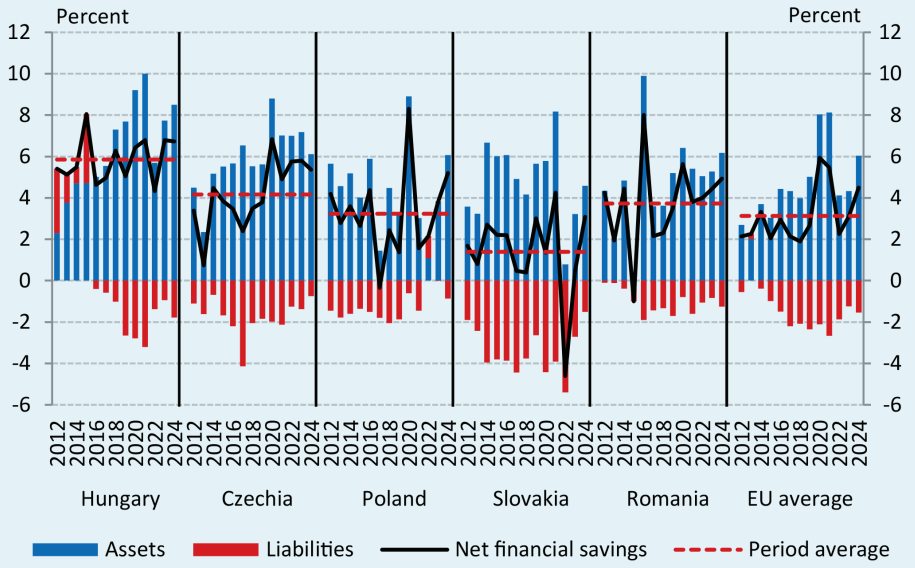
2.1 Savings

Net financial savings measured as a percentage of GDP, arising from income not spent on consumption or investment in a given year, are typically higher in Hungary than in other countries in the region and the EU average. In 2012, i.e. after the recovery from the Great Financial Crisis, financial asset accumulation in Hungary was the highest. Growth in Hungarian households' financial assets averaged above 6 percent of GDP annually in gross terms, a level only approached by Czechia, while the rate in Poland was only slightly above 4 percent, with much larger fluctuations, and was below 5 percent in Slovakia.[2] It can be concluded that the net financial savings (also known as net lending, which is calculated as the difference between gross financial asset growth and resource expansion) of around 6 percent of GDP that has been characteristic of the Hungarian household sector in recent years stands out in comparison to both the regional and EU averages (Chart 1). This indicator was around 4 percent in Czechia, 3 percent in Romania and Poland, and 1 percent in Slovakia, while the average for EU countries was barely more than one-half of the Hungarian level.

The trend in households' net financial savings shows a similar pattern across the countries in the region. At the end of the previous decade, net financial savings in the Hungarian household sector were already significantly higher than in other countries in the region and the EU average. Due to forced savings caused by the Covid pandemic and accompanying lockdowns, households' net financial savings surged higher everywhere in 2020–2021. Following the pandemic, the need to make up for postponed consumption, followed by the energy shock caused by the Russian–Ukrainian war, led to a decline in households' financial savings in the countries examined. From 2023 onwards, with the easing of the above factors, households' financial savings typically rose again, aided by real wage growth and cautious consumer behaviour. By 2024, households' net financial savings were thus higher everywhere compared to before the pandemic: the Hungarian figure remained outstanding, but did not exceed the levels of other countries as much as it did before 2020.

[2] The reason for the difference may be partly technical, as the value of other equity owned by households in Poland and Slovakia is much lower than in Hungary and Czechia, which may be due to methodological differences

Chart 1: Trends in savings as a percentage of GDP



Note: Romania's asset-side data include adjustments due to tax changes.
Source: Eurostat

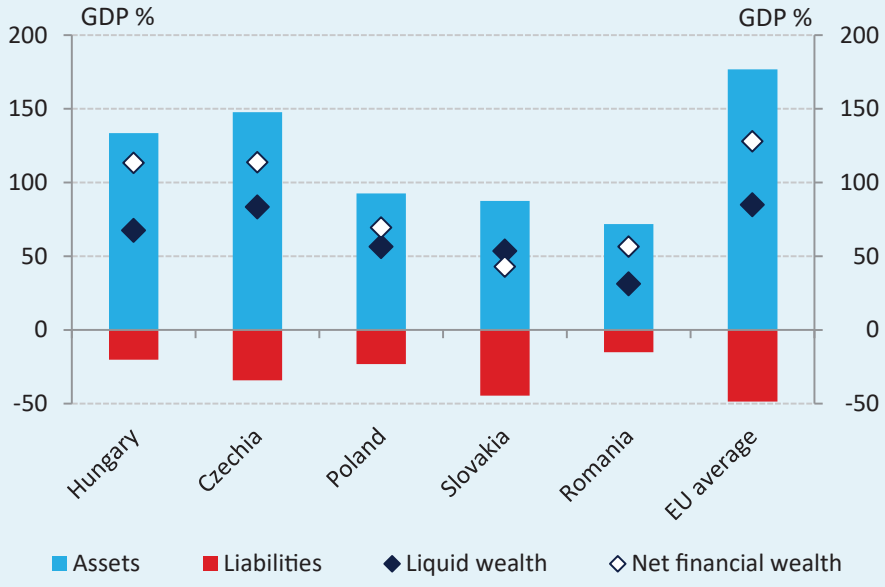
2.2 Financial wealth

In line with higher levels of financial savings, net financial wealth in Hungary is among the highest in the region, although it remains significantly below the EU average (Chart 2). At the end of 2024, net financial assets in Hungary and Czechia, derived from previously accumulated financial savings and the revaluation of financial assets, amounted to 113 percent[3] of GDP, which was significantly higher than the levels in the other three countries in the region. At the same time, as indicated by the EU average of 128 percent, the financial wealth of Western European households is significantly higher even in relation to their higher GDP (for example, 161 percent in Germany and 220 percent in Italy), meaning that Hungary is lagging considerably behind. This can be explained by the longer-standing market economy and the longer period of time available for acquiring financial wealth.

Looking at the figures for gross financial assets and financial liabilities that make up net financial wealth, it can be concluded that Czech and Slovak loans outstanding are relatively high in the region; part of this also increases the stock of financial assets, as loans taken out to purchase pre-owned homes increase the financial assets of the households selling the homes. The indebtedness of households in the region typically remains well below the EU average, indicating that there is significant scope to increase the depth of the financial system, while keeping long-term sustainability in mind. Within the region, the level of households' financial assets as a percentage of GDP is well below the EU average. Looking only at the ratio of readily available liquid assets to GDP, the figure for Czechia was around the EU average, the Hungarian figure of 68 percent was lower, and the indicators for the other countries in the region were significantly lower.

[3] The net financial wealth of domestic households had risen to 114 percent by June 2025.

Chart 2: Financial wealth as a percentage of GDP



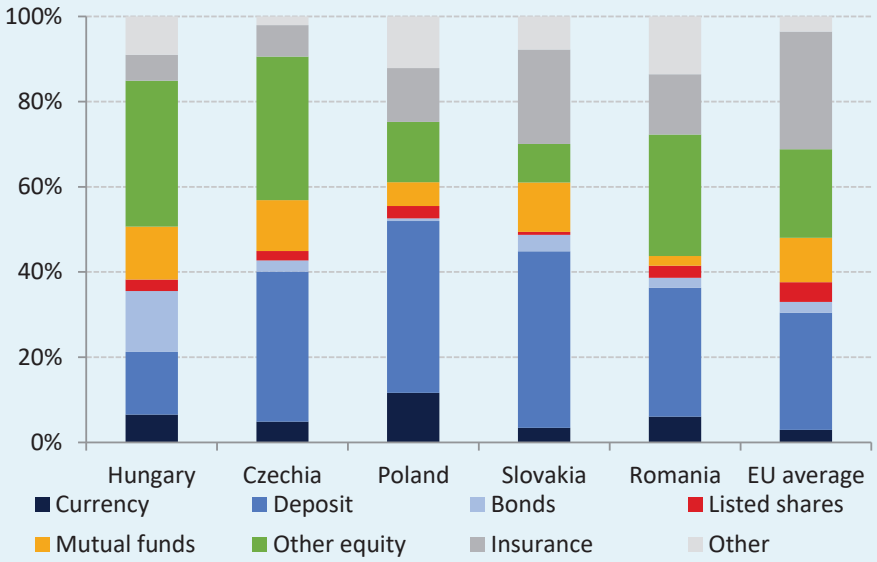
Note: Liquid wealth is part of gross financial wealth: it consists of readily available cash, deposits, bonds, listed shares and investment fund shares.
Source: Eurostat

2.3 Households' portfolio

The distribution of financial assets is similar in some countries in the region (Chart 3). Among assets, deposits (both demand and term deposits) play a key role, with Hungary being somewhat of an exception, partly due to the popularity of retail government securities, which has resulted in an exceptionally high proportion of bonds (19 percent of GDP at the end of 2024). As these securities can be redeemed at low cost, they are close substitutes for deposits in the household portfolio. The proportion of listed shares is low in the region, even compared to the EU average, which is also not particularly high. The proportion of wealth held in investment funds is high in Hungary, Czechia and Slovakia, exceeding the EU average of 10 percent.

Overall, the share of liquid assets in the household portfolio is around the EU average in the case of Hungary and Romania, while it is above the EU average in the other regional countries. The weight of other holdings (typically equity in small businesses) exceeds the EU average in Hungary, Czechia and Romania, while it is low in Poland and Slovakia. The insurance and pension and health funds segment accounts for more than one-fifth of financial assets on average in EU countries, with countries in the region, particularly Czechia and Hungary, lagging significantly behind.

Chart 3: Structure of household's financial wealth



Source: Eurostat

Box 1: Equity exposure of Hungarian households

The composition of households' financial portfolios has a fundamental impact on both macroeconomic stability and individual financial wellbeing. International experience shows that countries with higher household investment in risky assets have higher economic growth dynamics and more efficient capital allocation. Equity market financing makes it easier for innovative companies with growth potential to access capital. International empirical literature shows a strong positive correlation between the development of capital markets and the innovative capacity of the economy, especially in sectors that are dependent on external financing and are technology-intensive.[4]

Since 2012, there has been a significant increase in investment in listed shares among households, although it still lags considerably behind the levels seen in developed countries. The liquid financial wealth of Hungarian households amounted to approximately HUF 58 trillion in June 2025, reflecting a more-than-threefold increase since 2012. It is particularly noteworthy that investment in listed shares grew more than sevenfold during the same period, indicating a favourable trend. As a result, households' direct equity exposure exceeded HUF 3,300 billion by mid-2025. The proportion of listed shares within liquid assets exceeded 5 percent, which is nearly double the 2010 figure. Thus, the proportion of households' direct equity exposure is already approaching the levels seen in several European countries, although it still lags far behind the most developed countries of Northern Europe and the US. Households strongly prefer the domestic market: nearly 70 percent of direct equity investments are in domestic shares.

However, there is a much greater lag in terms of risk-taking if we look not only at direct equity exposure, but also take into account portfolios managed by institutional investors, as indirect equity exposure through investment funds does not compensate for the above-mentioned lag. According to data from the EFAMA Fact Book 2025, there are dramatic differences in the proportion of equity funds within investment funds: while this figure is 57 percent in the United States and 34 percent in Europe, it is only 7 percent in Hungary. According to data from BAMOSZ, equity exposure within total assets under management is 19 percent, which is higher than for direct investments, but still lower than the international level.

An overly conservative portfolio composition entails significant opportunity costs, especially during periods of higher inflation, when risk-free assets may generate higher negative real yields. To illustrate the cost of the low-risk alternative, consider a long-term wealth-building example: a 30-year-old investor saving HUF 80,000 a month for 35 years at

[4] See, for example, World Bank: Capital Markets Development: Causes, Effects, and Sequencing; and Hsu, Po-Hsuan, Xuan Tian, and Yan Xu: Financial development and innovation: Cross-country evidence.

a 4-percent annual yield would result in a total of HUF 72 million, while at a 6-percent annual yield, the savings would amount to HUF 110 million – a total difference of HUF 38 million by the time the investor reaches 65.

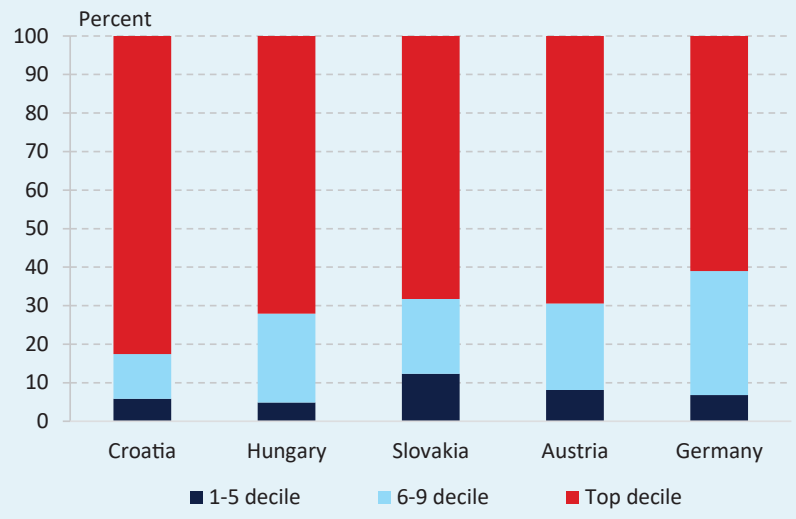
The lower risk appetite of Hungarian households can be attributed to several factors. Demand for risky assets is fundamentally influenced by how active a country's capital market is and what supply opportunities are available to households. Despite significant progress in recent years, the Hungarian capital market remains underdeveloped by European standards. In addition, risky asset holdings depend largely on the size of a household's wealth and income. Since Hungarian households lag behind their European counterparts in this respect, domestic investors are less able to hold an effective portfolio that includes shares. In addition, Hungarian households with some financial buffer tend to seek shorter-term investments. The crowding-out effect of risk-free government securities with higher liquidity and substantial real yields is also significant. Finally, households' strong fear of uncertainty can probably be traced back to experiences with foreign currency loans, and the rapidly changing, hectic regulatory environment also does not support investment in corporate equities.

Overall, in terms of households' risk appetite and the development of financial culture, it can be said that the transformation of the Hungarian savings market has already begun, as indicated by the dynamic growth in equity investment. The significant financial wealth of households holds great potential. However, international comparisons clearly show that Hungary is lagging behind: both direct equity investment by households and the proportion of equity funds within investment funds are a fraction of the levels seen in developed countries. Change is a long process, but it has a clear direction and, according to international experience, can bring significant economic benefits in the long term.

2.4 Distribution of financial wealth

The concentration of financial wealth in Hungary is high. Based on the triennial questionnaire-based wealth survey conducted in European countries (HFCS, see Chapter 7 for more details), the ECB estimates and publishes data on the distribution of wealth (Distributional Wealth Account), including financial accounts. According to the latest available data, the financial wealth of Hungarian households is concentrated in the wealthier segments of society: 72 percent of financial wealth is concentrated in the top decile. By contrast, the share of financial wealth in the top decile is below 70 percent in Slovakia and close to 60 percent in Germany. In Hungary, the bottom half of society in terms of net wealth owns only 5 percent of the financial wealth, which is exceeded by German and Austrian figures and especially by Slovak figures. Among the countries in the region included in the database, financial wealth is most concentrated in Croatia, where the top one-tenth of the population owns over 83 percent of financial wealth.

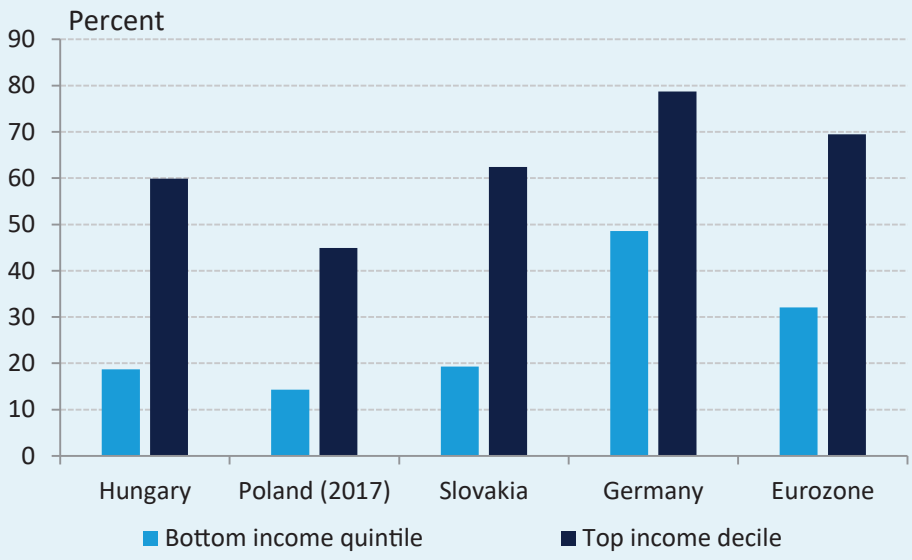
Chart 4: Distribution of household's financial wealth (by net wealth groups)



Note: No DWA data are available for Romania, Czechia and Poland.
Source: DWA.

In developed European countries, a larger share of households have the opportunity to save than in the countries in the region. The European Household Finance and Consumption Survey (HFCS) collects data on income and consumption habits every three years. The responses reveal the percentage of households whose income exceeds their usual expenses. Households whose regular expenses (such as utilities and food) exceed their income can reasonably be assumed to be unable to accumulate savings or make longer-term investments. Only 14–19 percent of low-income households in the region have the opportunity to save, while this figure is 30 percent in the euro area and nearly 50 percent in Germany (Chart 5). In Hungary and Slovakia, the proportion of people whose income exceeds their regular expenses is significantly higher than the top 10 percent of earners, at nearly 60 percent; however, in the euro area, and within that in Germany, the same proportion is much higher, at around 70 percent and 80 percent, respectively.

Chart 5: Proportion of households where income exceeds regular expenses in the lower and upper income categories (2020)



Source: HFCS

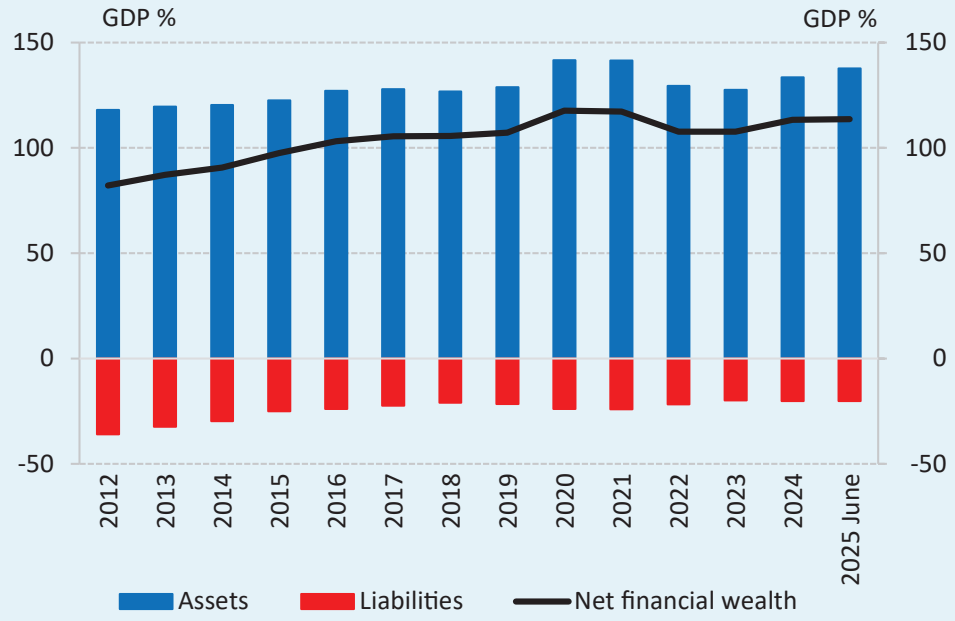
3 Trends in financial wealth in Hungary

As a percentage of GDP, Hungarian households' net financial wealth has grown significantly over the past decade, driven by both an increase in financial assets and a decrease in liabilities. Continuous savings and positive revaluation contributed almost equally to the nominal expansion of financial assets. Within the structure of financial wealth, since 2012 a moderate shift has been observed towards liquid financial wealth, i.e. financial wealth that can be spent quickly and without a significant loss. Government securities and investment fund shares have contributed most to the increase in liquid wealth, while the value of bank deposits as a percentage of GDP has declined. The value of foreign assets as a percentage of GDP has also risen.

3.1 Net financial wealth and its main factors

Households' net financial wealth as a percentage of GDP has increased by more than 30 percentage points since 2012, driven by both an increase in financial assets and a decrease in liabilities. Net financial wealth as a percentage of GDP rose from 82 percent in 2012 to around 114 percent by the end of 2025 Q2. In terms of gross stocks, financial assets as a percentage of GDP rose from 118 percent to 134 percent, while liabilities fell from 36 percent to around 20 percent. The continuous increase in the value of net financial wealth as a percentage of GDP during the examined period – with the exception of 2021–2022 – was initially linked primarily to a decrease in liabilities and later to an increase in assets. The impact of the coronavirus crisis and the subsequent recovery in 2020–2022 disrupted the steady development of net financial wealth: the forced savings accumulated during the crisis were replaced by the rapid growth in consumption that had been temporarily postponed, and this was further amplified by the impact of changes in nominal GDP on the indicators.

Chart 6: Stock of net financial wealth as a percentage of GDP

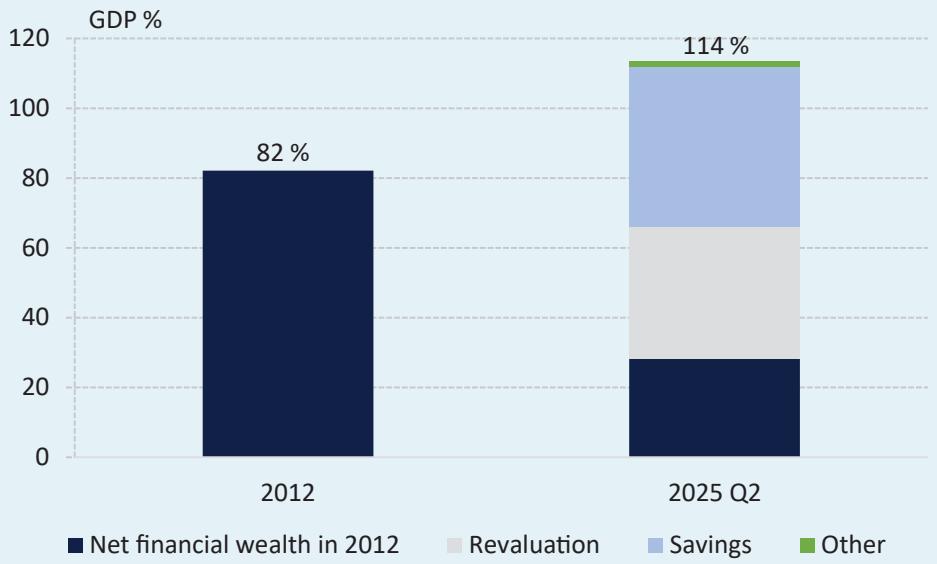


Source of charts in this chapter: MNB

The increase in net financial wealth was driven by net purchases of financial assets and an increase in the value of assets in an almost equal degrees. Over a period of more than twelve years, the growth in net financial wealth as a percentage of GDP amounted to around 31 percentage points and was close to HUF 72,000 billion in nominal terms. Of the latter, 54 percent (approximately HUF 39,000 billion) originated from transactions, meaning that the accumulation of net financial assets from household savings (and, for a time, loan repayments) contributed to slightly more than one-half of the increase in the stock (Chart7). The increase in the value of financial wealth, i.e. revaluation, accounted for 44 percent of nominal growth, which amounted to nearly HUF 32,000 billion over a period of twelve years, while the remainder was due to other volume changes, such as reclassification. The majority of the revaluation was linked to other equity, of which

approximately 66 percent was accounted for by the increase in value of other business equity, i.e. businesses owned predominantly by households. In addition, there was a significant revaluation of unlisted shares, investment fund shares and, to a lesser extent, listed shares.

Chart 7: Factors affecting changes in net financial wealth as a percentage of GDP

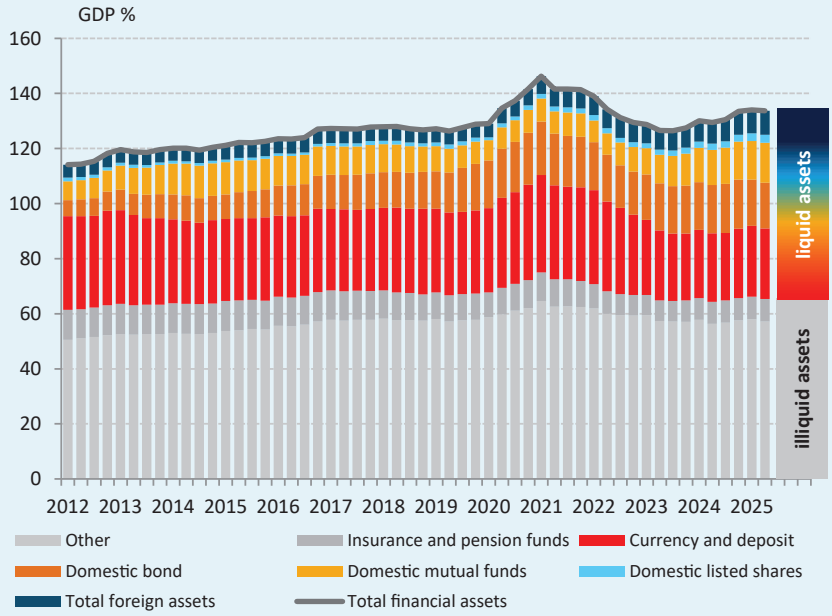


3.2 Liquid and longer-term assets

The proportion of liquid financial assets rose to more than one-half of total financial wealth. Households' financial wealth that is accessible at low cost in the short term, i.e. liquid financial wealth, includes banking assets, debt securities (essentially bonds, mainly government securities), listed shares and investment fund shares (Chart 8). The proportion of liquid wealth within total financial wealth has risen moderately since 2012.

Within liquid wealth, a significant portfolio restructuring has been observed in recent years, with a shift from cash and bank deposits towards government securities, followed by investment fund shares and foreign assets. Since 2012, liquid financial wealth has risen from 53 percent of GDP to 68 percent of GDP, driven in large part by the rise in forint bonds following the announcement of the new retail government securities strategy and in part by the growth and revaluation of investment funds and foreign assets following the outbreak of the pandemic. The stock of domestic bonds, consisting mainly of government securities, grew by nearly 11 percent as a percentage of GDP, while foreign assets expanded by around 4 percentage points during the period. The stock of domestic investment fund shares as a percentage of GDP also grew significantly (by 8 percentage points) following the rise in inflation. In connection with these developments, the stock of bank deposits and cash as a percentage to GDP declined significantly: from a stable level of over 30 percent until 2022, it fell to around 25 percent as a result of high inflation. The stock of domestic listed shares increased from nearly 1 percent of GDP to 3 percent, largely due to revaluation, but this is still low by international standards.

Chart 8: Stock of gross financial wealth as a percentage of GDP by financial asset



The volume of less liquid, longer-term investments also rose moderately but at a slower pace than the increase in liquid assets. The combined assets of the insurance sector and pension funds, which are also classified in this category, dropped from 11 percent of GDP to 8 percent of GDP during the examined period. The importance of both life insurance and pension funds within the total household portfolio declined, which may have been related to the fact that demand for long-term investments shifted towards much more liquid government securities offering high yields at low risk. Finally, the 'Other' category is significantly increased by other equity held by households, mainly in family businesses (also significantly increased by revaluation), unlisted shares, loans granted and employee wage claims payable retrospectively for days already worked, but claims against the state arising from the conversion of private pension funds also appear here.

Overall, therefore, the surge in inflation significantly restructured households' financial wealth: households typically sought investment assets that offered (at least partial) protection against the decline in real wealth on the one hand and possible currency depreciation on the other.

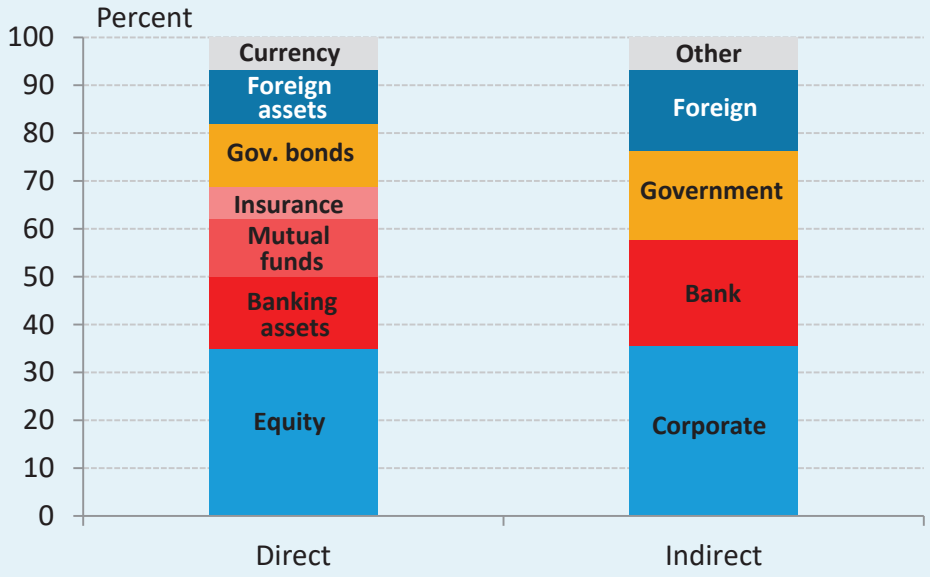
3.3 Direct and indirect ownership

Financial accounts statistics contain both direct information on financial assets and information on the sector to which household wealth is indirectly linked. This is distinguished because households hold assets financing other sectors partly through the financial intermediary system. For example, there is a significant difference between financial corporate assets (investment fund shares, insurance) and indirect exposure to the banking sector, due to the fact that households hold a significant portion of their government securities and foreign currency assets through the financial intermediary system. Following the same logic, claims against foreign countries and households' foreign currency assets also differ from each other. Foreign currency bank deposits, for example, represent domestic financing in currencies other than the forint; thus, the actual exposure of households can only be assessed by taking indirect ownership into account.

The most important difference between the indirect approach and the direct approach is that household claims appear in higher proportions vis-à-vis the state and foreign countries. Looking directly at households' financial wealth, government securities account for 12 percent, while looking at the total asset portfolio, this figure was 18 percent in June 2025 (Chart 9). Households' ownership of business equity and their exposure to non-financial corporations are essentially the same, due to low ownership of listed shares. The indirect share of the banking system in households' portfolio is approximately 20 percent, which includes directly owned banking assets, such as term or transferable deposits, but also indirectly held banking assets, such as those held through investment funds, insurance companies and pension funds.

While households' direct foreign assets account for only 11 percent of the total portfolio, foreign assets account for nearly 17 percent when indirect assets are also taken into account.

Chart 9: Household's financial wealth by asset type and sector (2025 Q2)

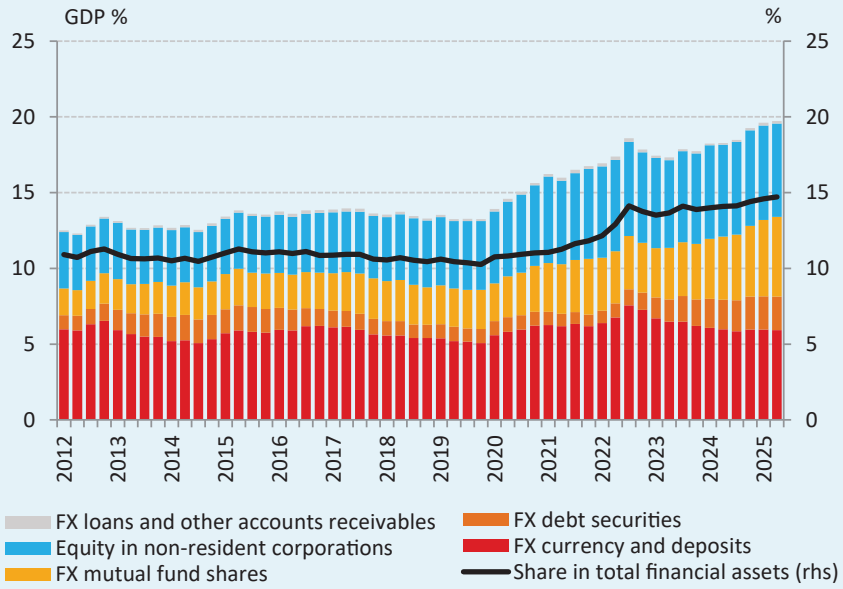


Note: Financial assets allocated do not include loans granted and other assets.

3.4 Foreign currency exposure

At the end of 2025 Q2, households directly held financial assets denominated in foreign currency worth HUF 17 trillion, which corresponds to nearly 20 percent of GDP. Households' foreign currency assets may appear as claims against both foreign and domestic entities (an example of the latter is foreign currency deposits held at domestic banks). The value of foreign currency assets as a percentage of GDP rose moderately between 2012 and 2020, then accelerated from 2020, growing from 13 percent at the end of 2019 to nearly 20 percent by the end of June 2025. The ratio of foreign currency cash and foreign currency deposits held at banks (as well as new fintech companies and abroad) to GDP has not changed significantly since 2012, except for a temporary spike in 2022, which has since returned to its previous level. The majority of the growth is attributed to foreign currency investment fund shares, foreign shares and other foreign equity holdings. The latter includes direct capital investments in foreign companies as well as the value of foreign real estate considered to be direct capital investments.

Chart 10: Household's foreign currency-denominated financial assets as a percentage of GDP and their share in total household financial assets



Since 2012, households' direct foreign currency assets have grown faster than their total financial asset portfolio. The nominal value of households' direct foreign currency assets quadrupled during the period, while their total financial assets grew at a slower pace, tripling in value. Three-quarters of the change in the portfolio was due to transactions, while revaluation accounted for one-quarter of the growth.

In 2025 Q2, taking into account indirect holdings through investment funds, and insurance and pension funds, the actual foreign currency exposure of households is estimated to amount to nearly one-fifth of total wealth. We estimate that in June 2025, households held HUF 5,500 billion in foreign currency assets through their domestic investment fund shares, which represent nearly one-half of domestic investment fund shares (we do not have retrospective data on households' indirect foreign currency assets going back to 2012). The foreign currency exposure of life insurance investment assets is around 29 percent in 2025, while the foreign currency exposure of assets backing pension fund (including health and mutual aid fund) reserves was 24 percent. Applying these ratios, we arrive at a figure of HUF 900 billion for households' insurance reserves and HUF 700 billion in foreign currency assets for their pension fund reserves. In addition, households held HUF 400 billion worth of foreign investment fund shares denominated in forints, through which they presumably also hold foreign currency assets. Overall, while 15 percent of households' financial assets are foreign currency assets when directly examined, the share of foreign currency assets may approach 20 percent in June 2025, based on the above estimated indirect exposures.

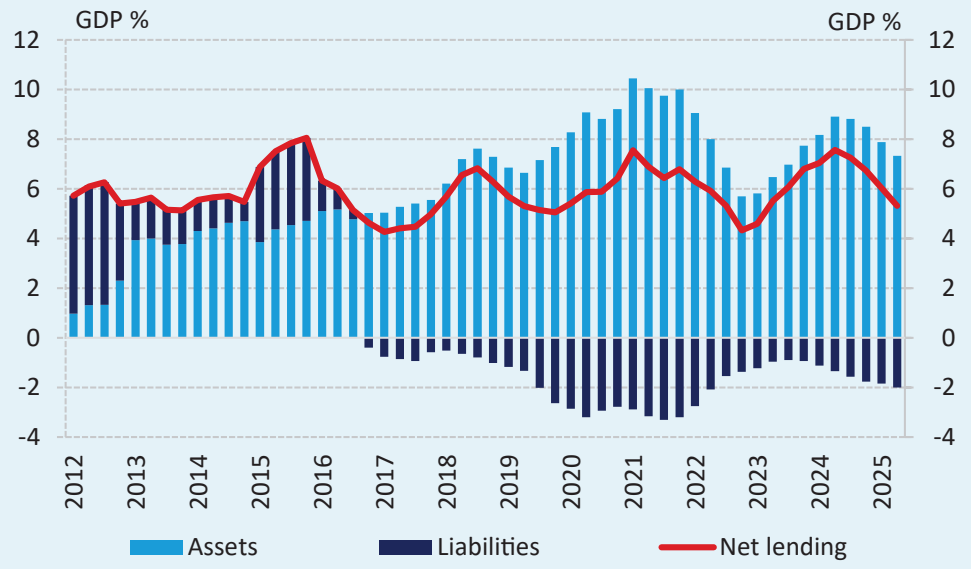
4 In what assets were savings accumulated?

Since 2012, households' net financial savings as a percentage of GDP have remained high, averaging around 5–6 percent of GDP, with the net repayment of previously taken loans (early repayment, conversion to forint) also contributing significantly to this until mid-2016. Following the outbreak of the pandemic, net financial savings temporarily increased and then decreased significantly as a result of the lifting of restrictions and the inflation shock, followed by another increase. In terms of the structure of savings, government securities and deposits were the main contributors to growth until 2020, after which demand for investment fund shares and foreign assets increased following the surge in inflation. During this period, there was high demand for inflation-linked government securities, and bond funds were the most popular among investment fund shares. From the second half of the examined period, an increasing proportion of savings was accumulated in foreign currency assets.

4.1 Net and gross financial savings

Households' net financial savings have remained relatively high for more than ten years. Households' net financial savings as a percentage of GDP (i.e. the portion of annual income not spent on consumption and investment) typically fluctuated between 4 and 8 percent. Between 2012 and 2016, as a correction to the excessive lending that preceded the financial crisis, households repaid more loans than they took out; thus, credit-side developments also supported high financial savings (the early repayment of loans and the settlement and conversion of foreign currency loans into forints also contributed significantly to this development). From 2017 onwards, household lending was on the rise, but part of this was linked to the sale and purchase of pre-owned homes, with the loan amount ultimately going to another household and causing an increase in its financial assets, resulting in net financial savings remaining high. The lockdowns caused by the pandemic led to forced savings and an increase in net financial savings (to nearly 8 percent). Due to the energy crisis and inflationary shock, financial savings declined after 2022. With inflation falling and real wages rising, net financial savings then rose significantly again from 2023 onwards, but then decreased in recent quarters.

Chart 11: Net financial savings of households (four-quarter values, percent of GDP)

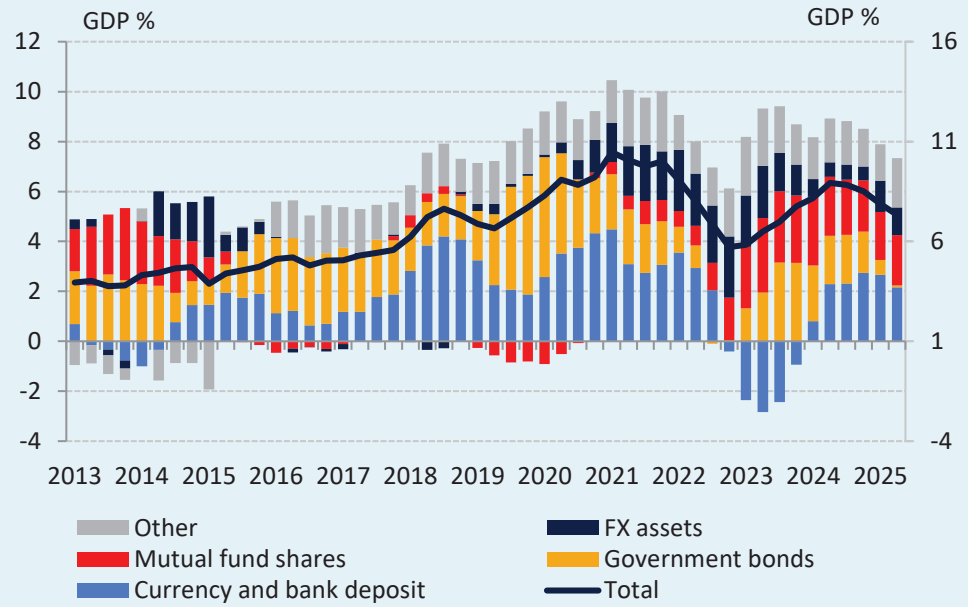


Source of charts in this chapter: MNB

Until 2020, the expansion of households' financial assets was primarily driven by government securities and deposits, followed by a temporary decline in savings and a renewed strengthening of government securities, accompanied by increased demand for investment fund shares and foreign assets. From the middle of the previous decade, the pace of price increase remained low despite substantial income growth, which favoured highly liquid, but low-yielding liquid assets. Accordingly, cash and bank deposits as a proportion of GDP rose to 3–4 percent of GDP by the early 2020s. At the same time,

longer-term investments flowed mainly into government securities, thanks to new retail government securities offering significant yield advantages. After 2022, high inflation wiped out the yield advantage of government securities, while the real return on bank deposits also turned negative. Fears of forint depreciation and the easy availability of foreign investment assets thanks to technological progress led to an increase in demand for foreign assets after 2022. At the same time, new government securities schemes were introduced, while demand for investment fund shares also rose, giving households the opportunity to preserve the real value of their investments in a higher inflationary environment than previously.

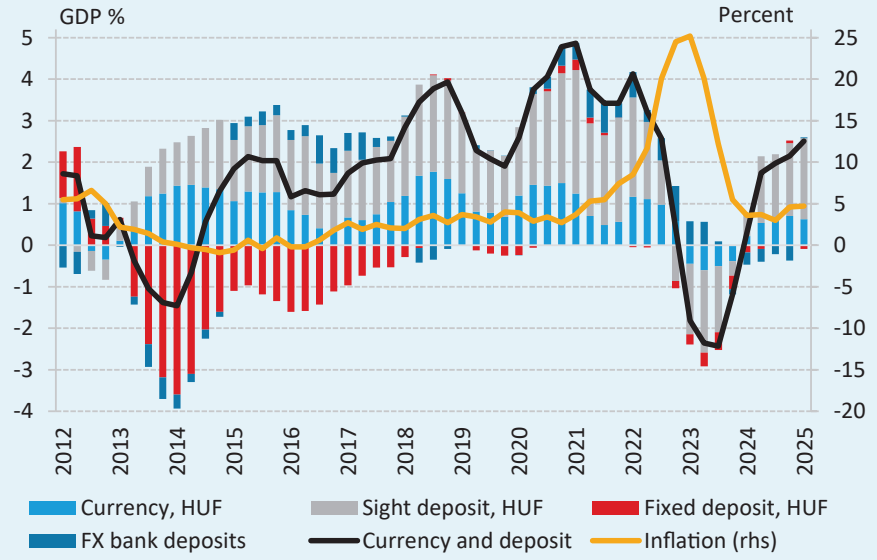
Chart 12: Factors influencing financial asset accumulation (four quarterly values, percent of GDP)



4.2 Cash and deposits

Within liquid assets, savings mainly flowed into demand deposits, with changes in inflation playing an important role in this development. Within the liquid assets of households, forint deposits and forint cash holdings are the most important items, and their development can be used to track changes in the domestic economic environment. Households significantly reduced their earlier term deposits in the period starting in 2013, which was characterised by declining inflation and, in connection with this, lower interest rates. Portfolio restructuring partly resulted in an increase in more liquid cash and demand deposits, but also partly in a shift towards other, higher-yielding forms of savings (e.g. government securities, investment fund shares). In 2020–2021, the surge in uncertainty and forced savings caused by Covid lockdowns, followed by the outbreak of the Russian–Ukrainian war in 2022, led to a surge in cash and forint deposits. Later, as inflation reached double digits and the opportunity cost of liquid assets rose significantly, demand deposits in forints and cash holdings also began to decline rapidly, resulting in a significant outflow from these forms of savings for several quarters. At the same time, demand for foreign currency deposits began to grow as uncertainty surrounding the forint exchange rate increased and then began to decline again from 2024 as uncertainty eased. From 2024, with inflation stabilising, Hungary saw an influx of demand deposits and cash holdings in forints, while term deposits in forints continued to be unattractive to households. Interest rates on term deposits were not significant even at higher central bank base rates, which may have been due to both the significant liquidity of banks and the lack of competition among them.

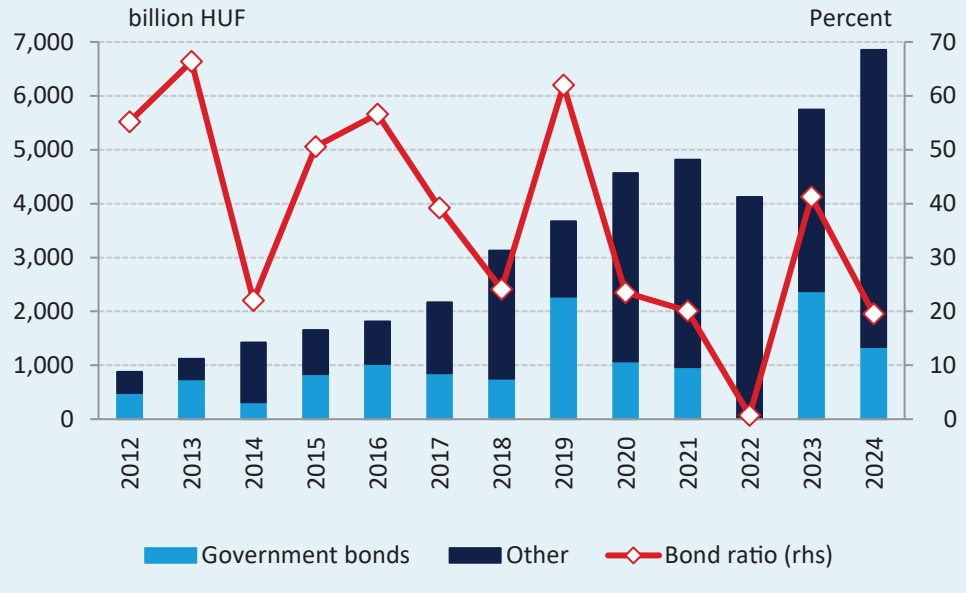
Chart 13: Household's cash and deposit transactions as a percentage of GDP and inflation over four quarters



4.3 Trends in government securities savings

The retail government securities strategy introduced in 2012 marked a turning point in the activation of household savings. Boosting households' holdings of government securities became an economic policy priority in 2012, in a difficult financing environment. The retail government securities strategy was launched that year: as a result, between 2012 and 2016, one-half of household savings on average were linked to government securities purchases (Chart 14). In the two years after the strategy was introduced, households' holdings of government securities expanded significantly, in part due to the reallocation of savings held in other assets (cash, bank deposits, investment certificates). In 2014, household demand stalled temporarily, due to narrowing retail government securities spreads, but with their subsequent rise, there was once again a significant inflow into this asset class in the following two years. However, in 2017–2018, the flow of new savings into government securities moved on a downward trend.

Chart 14: Household's gross financial savings and trends in the proportion of government securities



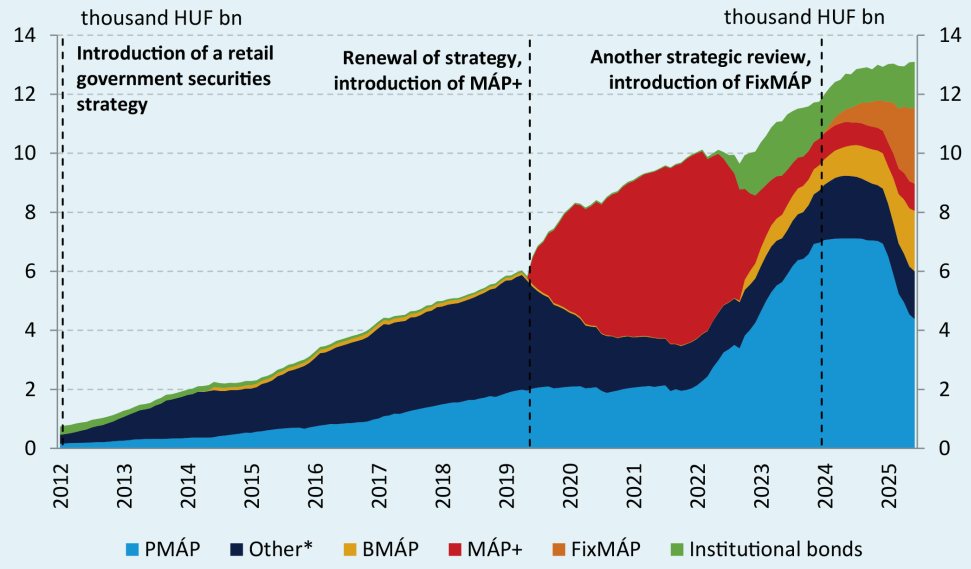
The strategy was revised in 2019 with the aim of doubling the stock of retail government securities held by households by the end of 2023, to reach a total of HUF 11,000 billion. The most important element of the new strategy was the introduction of MÁP Plusz in June 2019, which offered favourable terms and conditions. This new product featured outstanding yields in a low interest rate environment compared to other government securities and savings assets. In addition, it was considered an exceptionally liquid form of investment, due to free-of-charge redemption within five business days after interest payment. The launch was also supported by an intensive marketing campaign. Thanks to MÁP Plusz, households' holdings of government securities rose by around 40 percent in 2019. By the end of the year, households directly held more than 28 percent of the overall government securities portfolio, with this ratio approaching 30 percent in 2020 Q1. The initial uncertainty caused by the coronavirus pandemic led to a temporary drop in demand for government securities among households, followed by an increase in households' propensity to save as precautionary motives intensified. The retail government securities market proved its resilience to crisis, with holdings rising by approximately HUF 1,000 billion in both 2020 and 2021.

The changed economic environment in 2022 prompted household investors to restructure their portfolios. 2022 was marked by the outbreak of the Russian–Ukrainian war and the related uncertainty, as well as a high inflation environment and rising yield levels. Redemptions of MÁP Plusz, which offered a fixed, stepped interest rate and was gradually losing its appeal, soared: nearly two-thirds of the stock was redeemed during the year. Meanwhile, demand for PMÁP, which offered protection against inflation and was less popular during the previous period of low inflation, grew significantly, becoming the most widely held retail government security among households by the end of the year. In addition, households also made significant purchases of institutional government securities – Discount Treasury Bills (hereinafter referred to as DKJ), government bonds – mainly due to the rise in short-term yields. Overall, in conjunction with the restructuring, households' holdings of government securities stagnated. In 2023, the market strengthened again and PMÁP continued to expand, as the stock of this instrument grew by HUF 2,700 billion, accounting for nearly two-thirds of households' government securities portfolio at the end of the year. In the high inflation environment, households significantly increased their savings, with government securities playing one of the most significant roles in this increase (with a share of over 40 percent).

From 2024 onwards, in parallel with the decline in inflation, the role of fixed-rate government securities became more important again. The main objectives of the review of the retail government securities strategy included the development of a product range based on the needs of household investors and the establishment of effective sales channels, in order to increase and diversify the customer base. Within this framework, at the end of 2023, the Hungarian State Treasury introduced the option of opening a securities account instantly from home, which significantly sped up the process. In addition, the product range was restructured, the first element of which was the introduction of the FixMÁP scheme at the beginning of 2024: this 3-year security offered a fixed annual interest rate of 7 percent, but MÁP Plusz was also renewed, which gave new impetus to demand for government securities among households, and thus at the end of 2024, households held around HUF 13,000 billion in government securities.

2025 H1 was marked by PMÁP interest payments of nearly HUF 1,300 billion and, in connection with this, the repricing of a significant portion of the portfolio at lower interest rates. Interest rates on PMÁP series paying premiums above the average annual inflation rate for the previous calendar year fell from 18–19 percent to around 4–5 percent in 2025, resulting in another significant portfolio restructuring in the retail government securities market. In the first half of the year, more than one-third of the PMÁP portfolio matured or was redeemed. However, this was offset by demand for other securities, mainly FixMÁP, DKJ and BMÁP linked to the latter's yield, and the stock grew by a total of nearly HUF 200 billion by the end of June 2025. However, this falls significantly short of the amount of interest paid to households; thus, it may have flowed into other investments or supported consumption and real estate purposes (for more details, see the last chapter of the report).

Chart 15: Changes in household's holdings of government securities



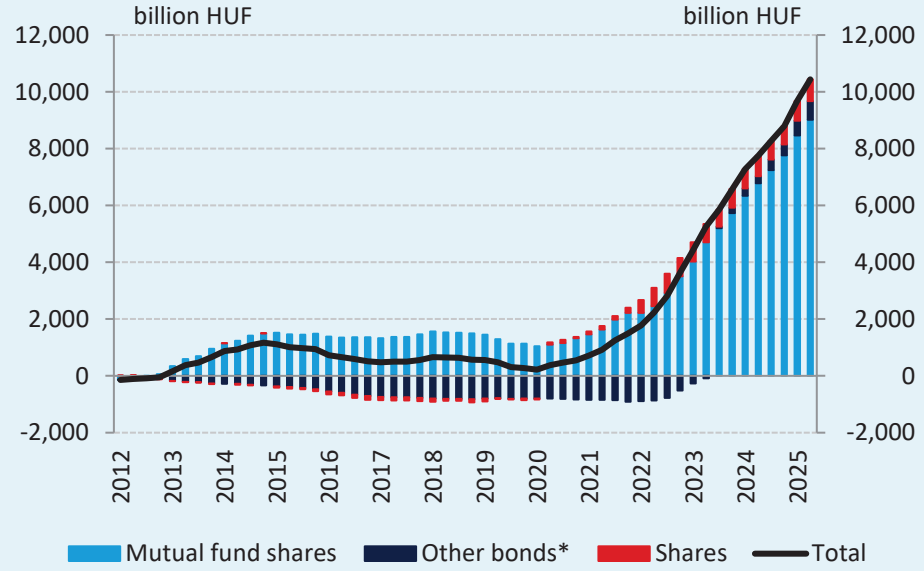
*Note: * 1MÁP, Baby Bond, FMÁP, 2MÁP, P€MÁP, EMÁP, KTJ I-II.*

4.4 Other securities savings

Since 2012, households have shown stronger interest not only in government securities, but also in investment fund shares. From mid-2012, in a declining interest rate environment, households demonstrated increasing interest in forms of savings that promised more attractive yields but were considered safe. Thus, new savings and some bank deposits also flowed into securities, primarily government securities and investment fund shares (this trend was also supported by the retail government securities strategy launched in 2012, as detailed in the previous chapter). Although households' risk appetite increased somewhat during this period, demand for listed shares remained subdued.

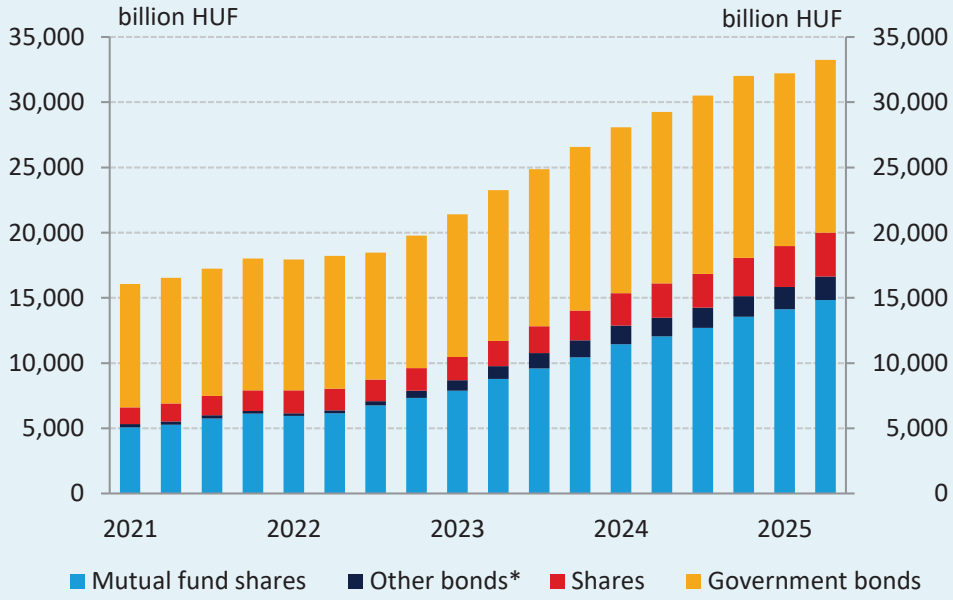
Household demand for investment fund shares became particularly strong from 2022 onwards, but interest in other assets also increased. In 2022 (with the change in the interest rate environment), there was a shift in the structure of households' securities savings: from this point on, demand for investment fund shares exceeded that for government securities, purchases of bank bonds increased, and interest in listed shares also grew (Chart 16). This trend was reinforced by the rise of digital banking services in the 2010s, which made it possible to purchase securities online and via mobile applications. From 1 July 2023, the social contribution tax (szocho) on interest income was introduced, with the exception of government securities and investments held in a Long-Term Investment Account (TBSZ), which also led to an increasing shift in the purchase of investment fund shares to TBSZs. In addition to strong demand for investment fund shares, the revaluation of investment fund shares also significantly increased the stock of investment fund shares (by more than HUF 2,000 billion between 2020 and 2025). As a result, in 2025, households' holdings of (domestic and foreign) investment fund shares already exceeded their holdings of government securities, whereas at the beginning of 2021, investment fund shares accounted for just over one-half of their holdings of government securities (Chart 17).

Chart 16: Trends in household's savings in securities other than government securities (cumulative transactions at market value)



*Note: Data on foreign equities is only available from 2021 onwards. * Mainly bank bonds.*

Chart 17: Main securities held by households



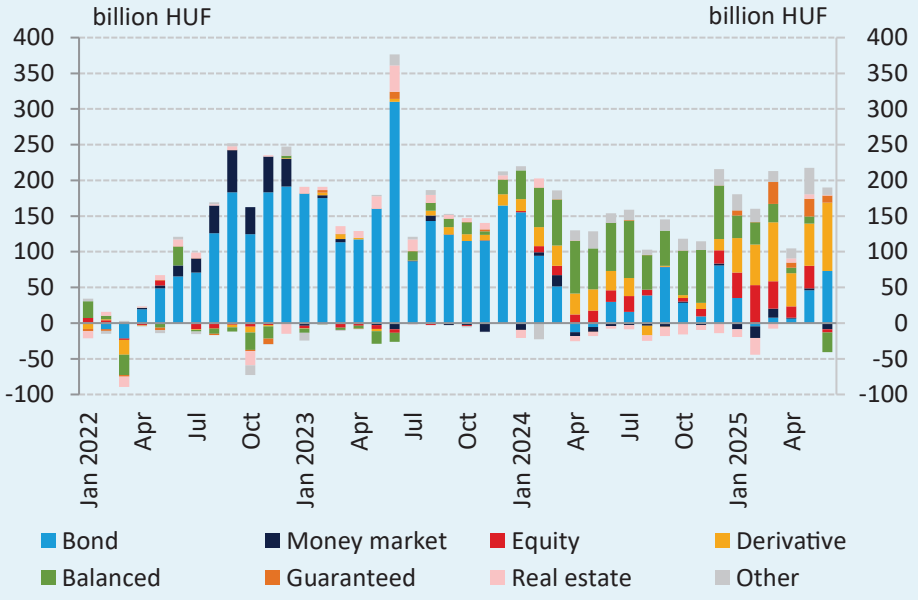
** Mainly bank bonds.*

In 2022, households' demand for bank bonds and listed shares among households also strengthened, but this proved to be temporary. In 2022 H1, demand for listed shares was strong, as household investors may have seen the fall in share prices following the outbreak of the war between Russia and Ukraine as a good opportunity to buy. After 2023, quarterly transactions in shares were once again subdued. The increase in the purchase of bank bonds can also be dated to 2022: while at the end of 2021, the stock held by households was still below HUF 60 billion, by the end of 2023, this figure had increased tenfold, to exceed HUF 600 billion. The increased interest was driven by high yields, often in the double digits and competitive with retail government securities, which was supported by the fact that banks often issued these securities in foreign currencies. As a result of the developments described above, the value of households' financial assets held in securities exceeded HUF 33 trillion by the end of 2025 Q2, of which 45 percent was in investment fund shares, 40 percent in government securities, 10 percent in shares and the remaining 5 percent in other debt securities.

Box 2: What investment funds did savings flow into?

The strong demand for domestic investment fund shares in 2022–2024 was mostly linked to bond funds, whereas from 2024 onwards, there was an increasing focus on more diversified funds with higher potential yields, but higher risk. The strong demand for bond funds can be explained by several factors. On the one hand, interest rate hikes in the high inflation environment were reflected in bond yields, which increased the attractiveness of bond funds. On the other hand, in an uncertain global and geopolitical environment, Hungarian investors may have become more risk-averse and considered bond funds to be safer. In the autumn of 2022, following the MNB's tightening measures, bond and money market funds grew in popularity, as these funds typically invest in short-term assets and can quickly respond to interest rate increases. From 2024 onwards, households showed more interest in balanced funds, which was presumably partly due to regulatory changes that allowed the funds to position themselves as more attractive and safer products. Securities funds, including balanced funds, are required to hold at least 60 percent of their assets in securities (rather than, for example, bank deposits); and, according to a 2024 regulation, government securities must be included among the assets of these funds. In 2025 H1, the popularity of derivative and equity funds was striking, which may be due to a change in investor preferences: seeing declining yield premiums, household investors may have shifted away from traditional government securities and bond products, thereby increasing the value of products with higher potential yields. The high, sometimes double-digit retrospective yield seen in equity funds may have reinforced these investor decisions.

Chart 18: Household's monthly domestic investment fund share transactions by fund type



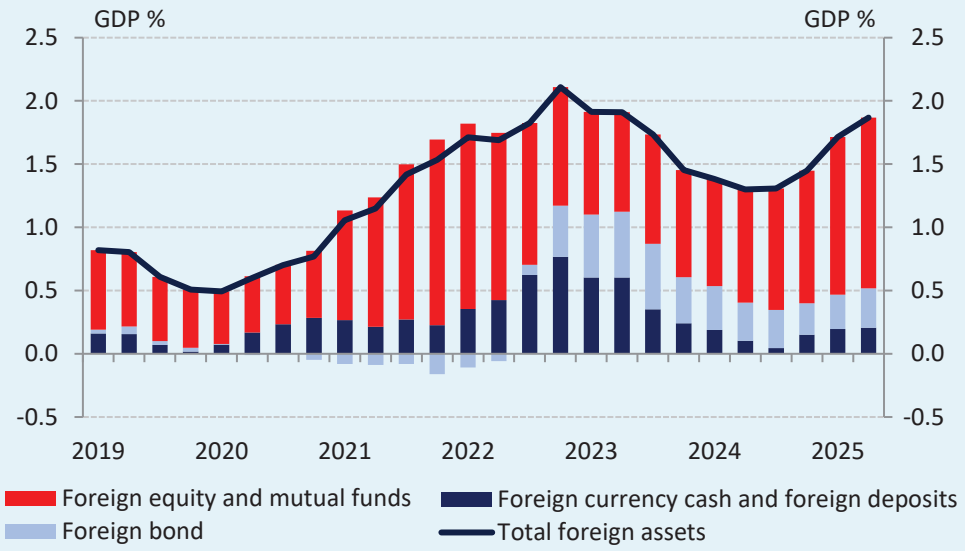
4.5 Foreign assets

In recent years, a significant portion of savings has been accumulated in various foreign assets.[5] In the second half of the previous decade, Hungarian households saved only modest amounts in foreign financial instruments, with the level as a percentage of GDP remaining consistently below 1 percent. However, uncertainty related to the Covid crisis, the subsequent Russian–Ukrainian war, the temporary significant depreciation of the forint and high inflation made foreign assets, which were perceived as being safer, more attractive to many investors. This effect was reinforced by the fact that the increasing digitisation of the financial intermediary system rendered it technically easier for households to purchase

[5] Households' foreign assets are claims that appear directly against the foreign sector in the financial accounts. The majority of foreign assets are denominated in some foreign currency. By contrast, the foreign currency assets of households may also appear as claims against domestic entities, for example in the form of foreign currency deposits at banks.

foreign assets. By 2022, the risk of euroisation had increased on the part of households: new foreign savings exceeded 2 percent of GDP, nearly one-half of which was accumulated in foreign currency and foreign currency deposits. However, with the subsequent rapid decline in inflation, by mid-2024, purchases of foreign currency assets had fallen to just over 1 percent of GDP. Nevertheless, growth resumed at the beginning of 2025, which, in contrast to the previous period of growth, was primarily reflected in an increase in purchases of foreign holdings and investment fund shares and may also have been partly related to the less favourable domestic retail government securities market opportunities than before.

Chart 19: Composition of savings accumulated in foreign assets (four quarterly values, percent of GDP)

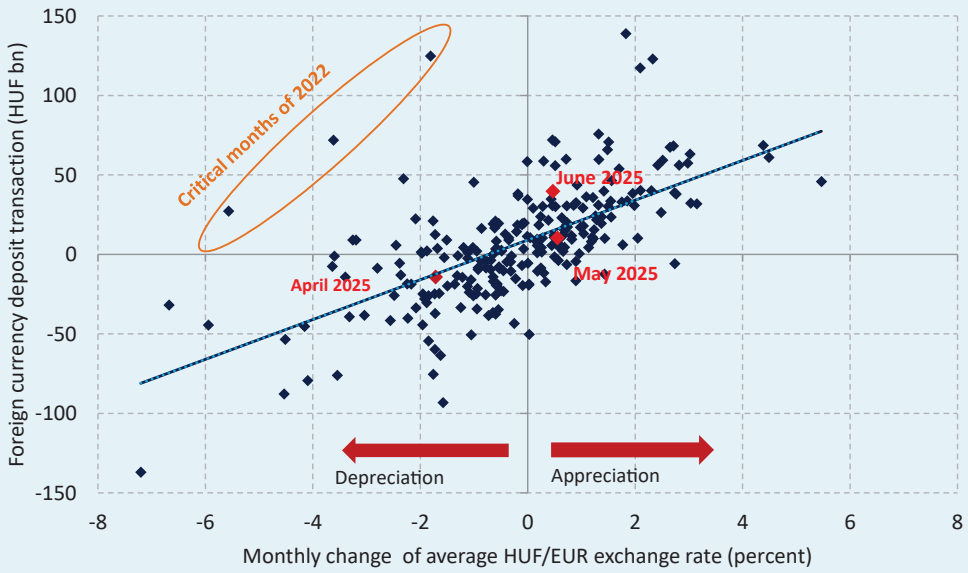


Box 3: 'Exchange rate stabilising' role of foreign currency deposits

Households typically buy foreign currency when they consider it to be relatively cheap, thereby stabilising the foreign exchange market: when the forint strengthens, they typically increase their foreign currency deposits, while reducing them when the forint depreciates. Past experience shows that households generally respond to the strengthening of the forint by converting part of their liquid forint assets into foreign currency deposits: this allows them, for example, to obtain the foreign currency they need for a stay abroad at a lower cost than before or simply to speculate on a future weakening of the forint. When the forint depreciates, the opposite process usually takes place, and households sell part of their foreign currency deposits, thereby realising the exchange rate gains on those deposits. At the same time, the rational behaviour of households from a business perspective also promotes exchange rate stability, as foreign currency deposits converted when the forint weakens mitigate the pressure on the exchange rate caused by other factors by increasing demand for the forint.

Households typically stabilise the market, but in certain situations, the foreign exchange market operations of households can also increase pressure on the exchange rate. In the event of a rapid, significant weakening of the forint, exchange rate expectations may shift significantly upwards, which can reverse the above relationship. In the summer and autumn of 2022, for example, households' exit and entry levels shifted relatively quickly from the previous exchange rate band of 360–380 to above 400. As a result, the relationship between exchange rates and changes in foreign currency deposits also changed: whereas previously (and in the subsequent period) foreign currency deposits increased when exchange rates strengthened, the opposite trend was observed in the summer and early autumn of 2022. For households, this panic-like move resulted in substantial losses due to the significantly stronger exchange rate since then.

Chart 20: Exchange rate movements and household's foreign currency deposit transactions (monthly data from early 2005)

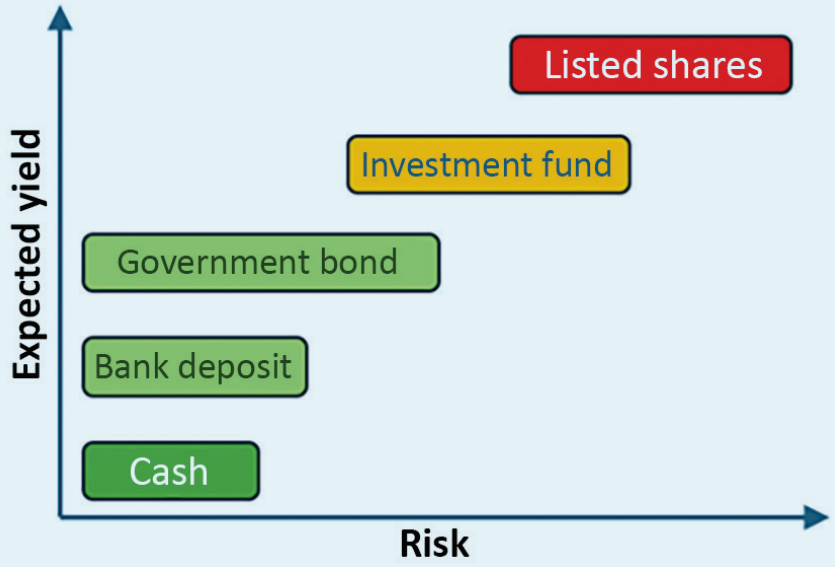


5 Yields and risks of savings assets

Over the past ten years, equity funds and inflation-linked forint- and euro-denominated government securities have delivered the highest long-term yields among various financial investments. These forms of savings – partly due to their nature – not only preserved their real value, but also generated significant real yields. By contrast, savings in cash, bank deposits or the previously popular money market or bond funds typically failed to preserve even the real value of the amount invested. It is important to note, however, that when choosing between different assets, in addition to the expected yield, the cost and riskiness of the different assets must also be taken into account; for example, due to stock market fluctuations, equity funds posted losses in several periods.

In making investment decisions, households basically consider three factors when selecting assets: the expected yield, the risk and the liquidity of the financial asset in question. The expected yield represents the expected profit (or loss, in the event of a negative yield) on the amount invested; risk is the possibility that the actual yield may differ from the expected yield; liquidity shows how quickly and at what cost the money can be accessed if necessary. These factors can generally only be improved at the expense of each other: in other words, there is no investment that offers high yields with a high degree of security and can also be used immediately and at low cost when needed. In most cases, investments that are low-risk and highly liquid only offer low yields – in fact, high yields can typically only be achieved by taking on higher risks. For this reason, when making an investment decision, it is important to be aware of the positioning of the different assets in relation to the above dimensions.

Chart 21: Schematic chart showing the risk-yield relationship of some typical investments[6]



Note: The chart is simplified – there are also investment fund shares with low risk (e.g. money market funds) or high risk (e.g. equity funds). In addition, within each asset, households can also choose to invest in foreign currency, which involves additional risk due to exchange rate fluctuations, for example.

In general, it can be said that the past yields of these various assets do not necessarily guarantee future yields. However, in order for households to make more informed investment decisions, it may be useful to examine the yields and risks of various financial assets on the Hungarian investment market.

The chapter is structured as follows. First, we present how different financial assets have performed in the past, both in relation to each other and in comparison to inflation, for each specific investment strategy. In our analysis, we focused primarily on financial assets that are held in significant amounts by households (for example, we examined investment

[6] Investment opportunities in real estate were not examined, as it is not worthwhile to compare yields on real estate and financial assets, due to their different characteristics and management requirements. Real estate is an illiquid asset, and owning it involves significant, ongoing and unpredictable costs, while rental income also affects yields. Investors often use loans to purchase real estate, which further increases the risks of property ownership. In the case of investment properties, finding tenants, managing lease agreements and maintenance issues also require active management. The MNB's Housing Market Report provides detailed information on real estate market prices and rental yields (Housing Market Report | MNB.hu).

strategies based on retail government securities among government securities, but we did not examine the performance of portfolios holding institutional government securities, which have a smaller weight among household assets, nor did we examine, for example, baby bonds and pension funds[7] due to their illiquidity). We then qualify our assessment of the performance achieved by the different assets by presenting the risks associated with the investments. In addition to these aspects, the cost of investment is also an important factor in decision-making and can vary widely between different products, thus exerting a significant impact on the final outcome. We therefore analyse this topic in a separate section. Finally, using data from investment funds – which have seen dynamic growth in the recent past and are well suited for analysis due to their daily data and relatively wide product range – we present the characteristics of the yields and riskiness of funds containing different assets.

5.1 Yields on various financial assets

Looking at the performance of specific past investments, equity funds and inflation-linked forint- and euro-denominated government securities have been the highest-yielding portfolios over the past ten years or so. The following charts show the change in the value of a portfolio of HUF 1 million invested according to different strategies from 2013 onwards. The effects of the 2009 financial crisis had largely subsided by this time, while the retail government securities programme initiated by the Government Debt Management Agency (ÁKK) had already been launched (in the following, however, we see that a similar ranking would emerge in terms of the yield achieved by the assets in different years).[8]

- One segment in the comparison was bank savings, of which we included demand deposits in forint and term deposits in forint and foreign currency[9] in the charts (upper left panel in Chart 22). For deposits, we used the MNB's monetary statistics as a basis (we used the current average interest rates for demand deposits and the average interest rates for December for term deposits).
- In addition to the currently available P€MÁP and PMÁP series held until maturity,[10] the retail government securities also include a fixed-yield retail government security (upper right panel in Chart 22). Since MÁP Plusz has only been available since 2019, we assumed that the household purchased MÁP Plusz government securities, which also offer fixed interest rates, after holding fixed-rate, 1-year government securities.
- In the case of investment funds, we highlighted the most popular types among households at the end of 2024 (money market, bond, balanced, real estate) and, among the riskier ones, equity funds, and within these, we depicted the average performance of the three largest funds held by them (the lower two panels in Chart 22); thus, our example means that the HUF 1 million investment is divided equally between three investment fund shares.
- The 'real value' line shows the value adjusted for annual inflation of HUF 1 million at the end of 2013, which corresponds to nearly 1.7 million forints at the end of 2024.

In Chart 22, it is worth distinguishing between two periods: The inflation environment was low until 2021 and high thereafter. It can be seen that during the period of low inflation (roughly until 2021), there was no significant difference between the yields on the various investments (they typically achieved positive real yields, while other products incurred relatively small real losses). However, during periods of higher inflation, the advantage of inflation-linked products increased significantly. The outstanding performance of P€MÁP is mainly due to rising euro interest rates caused by the surge in inflation in the euro area and depreciation of the forint. Interestingly, overall, the best investments during this entire period are located at the two ends of the risk scale: listed shares are generally characterised by higher risk and volatility, while retail government securities are considered less risky investments (see below).

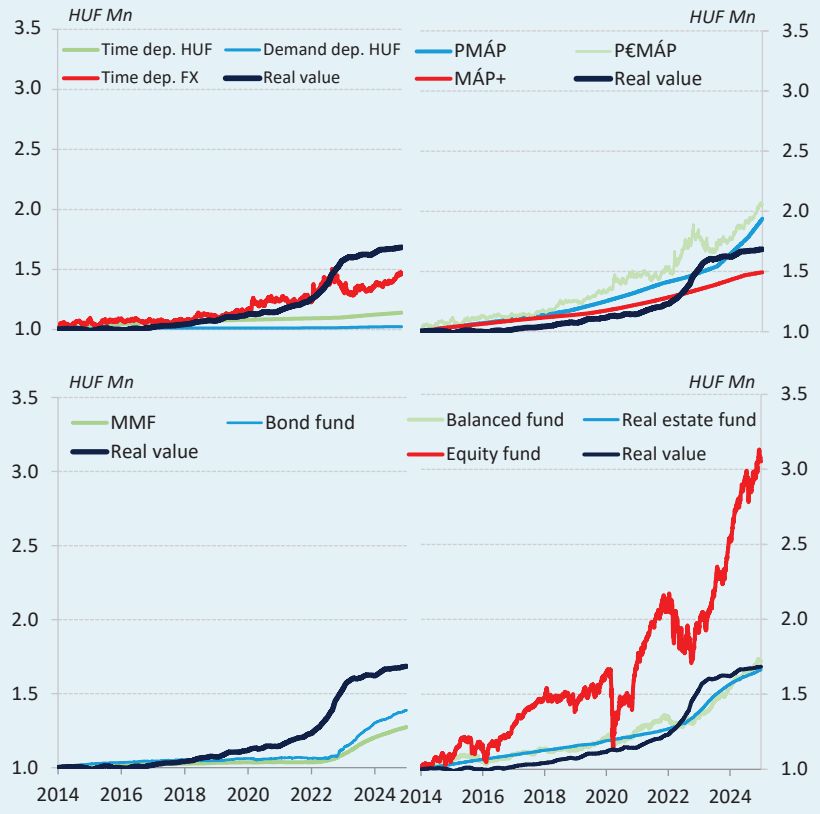
[7] The yields and costs of pension funds are presented in detail in the MNB's Report on Insurance, Funds, Capital Market Risks and Consumer Protection (Report on Insurance, Funds, Capital Market Risks and Consumer Protection | MNB.hu).

[8] A similar ranking to that presented in this chapter is obtained if we quantify the yields for the various product groups using the interest rate matrix from household macro-statistics, more specifically the financial account containing data on financial assets and the income flows (interest + dividends − fees) from the different sectors to households.

[9] For bank deposits, we used the average interest rate on term deposits, without taking into account the temporary interest rate increase effect of any deposit-collection campaigns.

[10] The PMÁP and P€MÁP securities in the hypothetical portfolios did not mature at the end of the examined period, in 2024; therefore, the values shown in the chart only represent the current value of the portfolio (their redemption would have incurred a 1-percent cost).

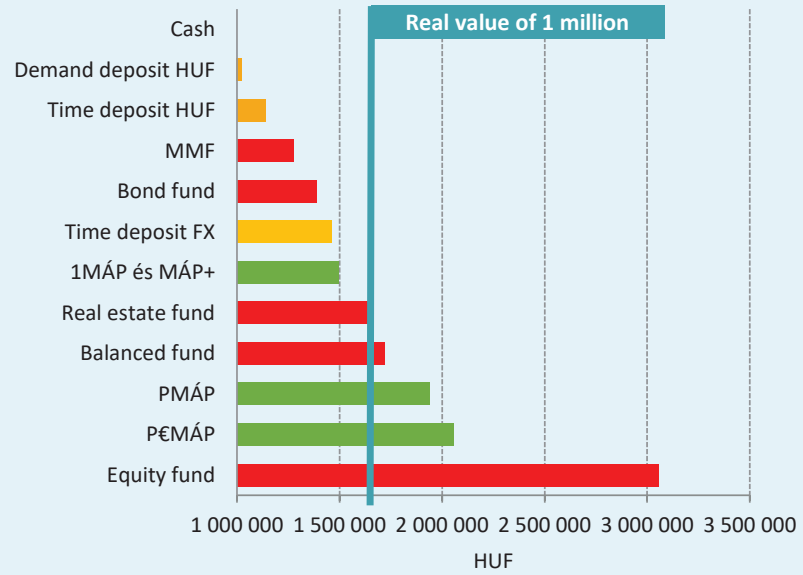
Chart 22: Value of savings of HUF 1 million invested in 2013



Source: MNB, ÁKK, BAMOSZ

For many assets, the yields generated were not even able to preserve the real value of the investment. With high inflation over the past few years, it is perhaps natural that those who kept their savings in cash or bank deposits (especially in the demand deposit that pays only minimal interest) suffered significant real losses – even foreign currency deposit holders, although the depreciation of the forint during this period partially mitigated their losses. At the same time, in real terms, it can be seen that over the years, money market and bond funds lost a significant amount of their real value (which may have been contributed to by the fact that it was not possible for such funds to purchase retail government securities, in addition to the costs of investment funds, which are presented in more detail below), while investments held in real estate and balanced funds expanded in line with inflation. The value of PMÁP and P€MÁP, which were linked to (domestic and European) inflation and paid a premium above it, grew at a rate exceeding inflation, whereas, retrospectively, equity funds achieved the highest real yields. With regard to the latter assets, it is also worth drawing attention to a factor that may affect asset's returns: the depreciation of the forint also played a role in the good performance, which poses an additional risk beyond the price development of the listed shares – and there were also years (e.g. 2018 or 2022) when equity funds reported losses.

Chart 23: Value of savings of HUF 1 million invested in 2013 at the end of 2024



Note: Yellow: deposits, green: government securities, red: investment funds.
Source: MNB, ÁKK, BAMOSZ

Equity funds and inflation-linked government securities performed well, not only overall but also in individual years. The results for the longer period starting in 2013 are sensitive to the start and end dates; therefore, it is also worth examining how the yields on the various assets performed relative to each other in the interim years. Table 1 clearly shows that, in addition to equity funds, which typically perform well on an annual basis, the three forms of savings offering the highest yields in individual years were PMÁP, which was linked to inflation, foreign currency savings (foreign currency deposits and P€MÁP) and balanced funds. By contrast, bank deposits in Hungarian forints, Hungarian government securities offering fixed yields and money market funds were not among the highest yielding investments in any year. However, the table also clearly shows that, as expected, the annual returns on equity funds was the most volatile: despite exceptionally high returns in the long term, the annual returns were strongly negative in several years, while the yields on foreign currency deposits measured in forints were also negative on several occasions, due to the volatility of the forint exchange rate.

Table 1: Annual yield (%) on various forms of savings

	BANK DEPOSITS			GOVERNMENT SECURITIES			DOMESTIC INVESTMENT FUNDS				
	Demand dep.	Time dep.	Time dep. EUR	MÁP+	PMÁP	P€MÁP	MMF	Bond	Balanced	Real estate	Equity
2014	0.6	2.9	**7.5**	3.8	3.8	**9.7**	1.3	2.5	5.8	3.4	**8.5**
2015	0.4	1.7	0.2	2.5	**3.0**	1.9	0.7	1.0	-0.2	**3.1**	**7.1**
2016	0.2	1.2	-0.2	2.8	**3.2**	1.7	0.6	1.0	**4.1**	2.9	**10.5**
2017	0.1	0.9	-0.1	2.2	**3.3**	2.6	0.2	0.7	**2.8**	2.8	**14.7**
2018	0.0	0.7	**3.8**	2.0	**4.0**	**7.3**	0.5	-0.6	-0.5	2.5	-5.2
2019	0.0	0.6	2.9	3.2	5.8	6.2	0.3	1.4	**7.7**	3.0	**17.6**
2020	0.0	0.6	**10.4**	4.3	**6.2**	**12.2**	0.2	0.4	4.4	3.1	4.5
2021	0.0	0.5	1.3	4.8	**6.2**	3.0	0.0	-0.2	**6.9**	3.5	**23.6**
2022	0.2	0.5	**8.5**	5.3	5.4	**15.6**	5.0	5.5	-0.7	**8.9**	-9.6
2023	0.6	2.0	-3.9	5.8	10.7	0.4	10.6	**16.1**	**15.7**	13.3	**32.7**
2024	0.3	1.8	9.2	4.3	**17.4**	**15.3**	5.8	6.5	10.8	6.1	**20.0**

Note: The three highest yielding investments in a given year are shown in bold cells.
Source: MNB. ÁKK. BAMOSZ

Box 4: Simulation of households shifting to higher-yielding assets

By restructuring their assets, a significant proportion of households could substantially increase their interest-bearing assets with similar liquidity and risk. As discussed in Chapter 7, four-fifths of households do not hold securities, and in 2020, these households held nearly 70 percent of their existing financial wealth in demand deposits (Chart 35), which have yielded virtually zero interest in recent years. Demand deposits are liquid asset that can be accessed without loss of yield in the event of an emergency. At the same time, retail government securities can be considered similarly liquid, as they can be redeemed at a cost of 1 percent – meaning that with a yield of 6 percent, they provide a positive yield even when held for more than two months. In addition to household wealth and its distribution, the HFCS micro database also contains data on the consumption expenditure of different household types. In our simulation, we therefore assumed that households hold an amount equivalent to two months' consumption in demand deposits, as this is the time required for government securities to be profitable even if redeemed. On the other hand, we assumed that any amount exceeding this would be reallocated to government securities investments in the same proportion as those who hold government securities (but not listed shares) in their asset portfolios – for them, this proportion is roughly 40 percent. Based on these assumptions, households could have increased their holdings of government securities by a total of approximately HUF 2,070 billion in mid-2020.

As a result of the increase in interest income due to the transfer, households' financial wealth could have increased by an additional HUF 800–1,150 billion over five years, so that by mid-2025, household wealth as a share of GDP could have exceeded its current level by 1.0–1.4 percent. If, in mid-2020, households had invested the above amount in the two most popular government securities (MÁP Plus and PMÁP) instead of demand deposits in the proportion typical at that time and then had held them for five years until mid-2025, the interest revenue generated would have exceeded the interest paid on the same amount of demand deposits by around HUF 800 billion. However, if we assume that the households concerned invested in the then most popular MÁP Plusz during 2020–2021, and then in 2022, when inflation rose – similar to the restructuring of assets that was typical for households at that time – they would have transferred their entire government securities holdings to PMÁP, which paid an interest premium above inflation, they would have recorded a total interest revenue of HUF 1,150 billion at the sectoral level over five years, thanks to the higher interest payments. At the sectoral level, the average increase in wealth per household, which is significant even in national economic terms, amounts to HUF 430,000–600,000, which is a very significant amount, especially in light of the fact that the change is only due to a relatively simple portfolio restructuring, which would not have significantly altered the liquidity of the assets.

5.2 Investment risk

Investors may face several types of risk with regard to individual assets: in addition to credit risk, inflation, liquidity and market risks also need to be highlighted. Investment risk generally means that the yield on a given asset is uncertain and that the investor may incur significant losses.

- *Credit risk:* If the person to whom we have entrusted our money becomes insolvent, we may lose the entire amount invested. Such events can fundamentally undermine investor confidence and the savings market, which is why, for example, bank deposits are insured by the National Deposit Insurance Fund (OBA) (which covers up to EUR 100,000 – currently around HUF 40 million – on behalf of the bank), while investment services (e.g. investment fund shares) are partially protected by the Investor Protection Fund (BEVA).
- *Inflation risk:* If our investment guarantees a predetermined yield and the price level rises above this due to some factor (inflation exceeds the yield), then the real value or purchasing power of our investment may be lower than at the time of investment. In this case, saving – which typically involves postponing present consumption in the hope of higher consumption in the future – cannot fulfil its original purpose, which may also have a negative impact on savings.
- *Liquidity risk:* It can result in a loss if, for some reason, we want to access our savings earlier than planned or earlier than the predetermined investment period. In the case of retail government securities, this loss is usually only 1 per-

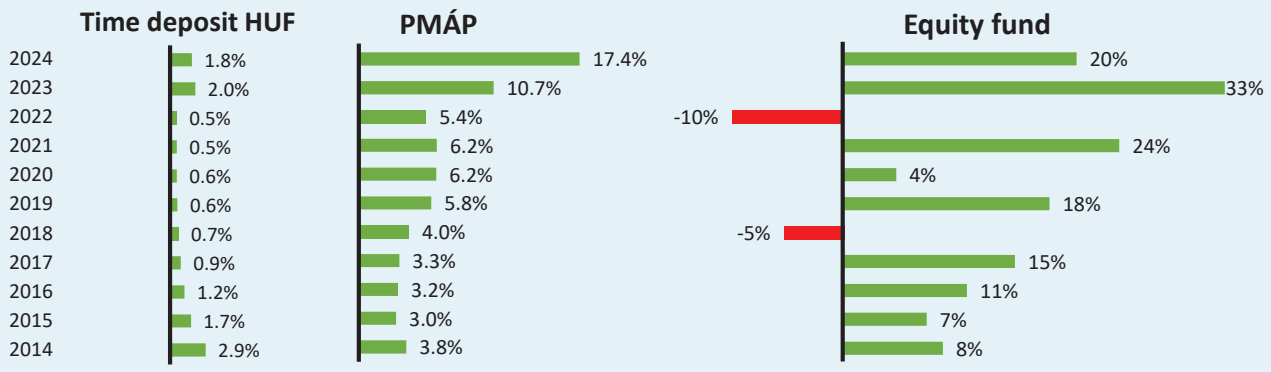
cent, which can be offset by the pro-rata interest after just a few months of holding (and in the case of certain securities, redemption is free for a few days each year), but in the case of term deposits, we may lose all of the interest previously accumulated.

- *Market risk:* The value of the investment can also fluctuate due to market factors. A typical example of this is the yield curve, which shows the development of yields, or shifts in listed shares prices or exchange rates. For example, a rise in the yield curve reduces the price of bonds, meaning that selling before maturity will necessarily result in a loss. These risks may include the fact that households lose out on potential profits if a term deposit offers 5-percent interest for one year, but due to shifts in yields, a similar deposit would pay 8 percent after a few months – meaning that for the remaining period, our money would yield less than the currently available rate.

For the reasons outlined above, it is particularly important to gather information before investing, i.e. to explore potential investments from multiple angles. In addition to assessing our savings goals, liquidity in line with their time horizon, as well as our risk tolerance, it is also worth holding a variety of investments, as diversifying our assets can reduce the risk of the investment.

Typically, holding assets that offer higher yields (e.g. equity funds) also involved greater risk. In addition to the yields on different portfolios, it is also worth understanding their riskiness. To illustrate the uncertainty of yields, the following chart shows the annual yields of forint term deposits, PMÁP and equity funds between 2014 and 2024 (Chart 24). The annual yields on forint term deposits remained relatively stable, while those on PMÁP funds showed higher volatility, mainly due to the surge in inflation at the end of the period. The annual returns on equity funds were negative on several occasions. In other words, while bank deposits and government securities investments realised positive yields every year,[11] poorly timed investments in equity funds resulted in losses.

Chart 24: Average yields on different types of savings



Source: MNB, ÁKK, BAMOSZ

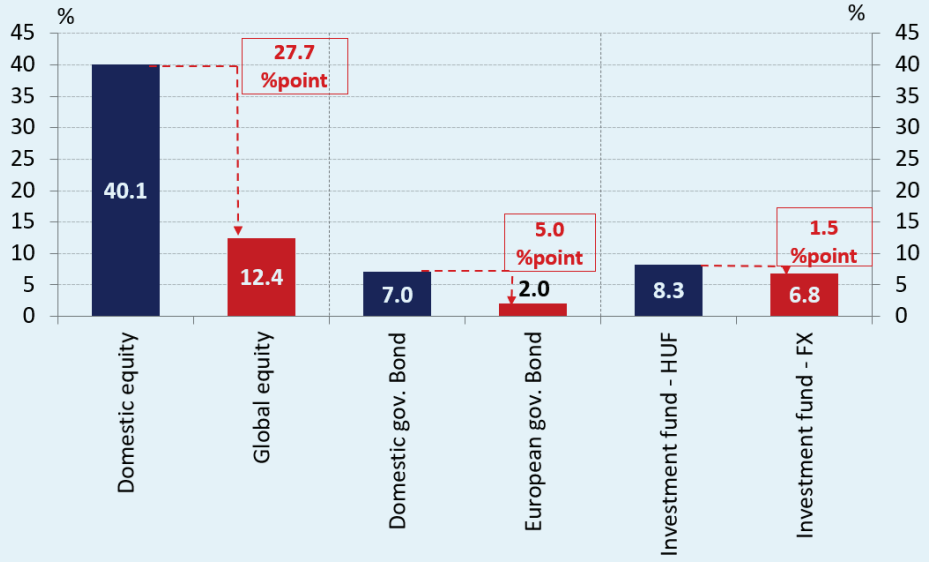
However, the opposite of the statement in the previous paragraph is not necessarily true: i.e. holding riskier assets does not always mean higher actual yields, which is what holding foreign currency assets can serve to achieve, for example. The financial wealth of investors holding foreign currency assets is significantly affected by exchange rate movements, which involve considerable risk and may even reduce the yields of the assets calculated in forints. A good example of this is that, due to the stable development of the forint compared to the end of August 2024, higher yields were realised on forint investments over the past year than on investments in similar foreign currency assets.

[11] Inflation is ignored in this case, which affects all types of investments to a similar extent.

Box 5: Comparison of the yields on forint and foreign currency investments over the past year

Looking back over the past year, the yields on certain forint investments exceeded the yields on similar types of foreign currency investments. Since the pandemic, the foreign currency savings of households have increased, although with varying intensity. At the same time, the stability of the forint exchange rate over the past year made forint savings much more favourable than foreign currency savings. For example, those who decided in favour of forint investments at the end of August 2024 were able to realise higher yields in the most important asset classes by August 2025 than in the case of similar types of foreign currency investments. Between August 2024 and August 2025, domestic equities generated a yield of more than 40 percent, while forint government securities and forint investment funds recorded yields of 7 percent and 8.3 percent, respectively (Chart 25). By contrast, similar types of foreign currency assets produced yields of 12.4 percent (equities), 2.0 percent (government securities) and 6.8 percent (investment funds) in forint terms in the same 1-year period. In other words, with the forint being stable and appreciating in recent months, foreign currency investments significantly underperformed compared to forint investments. The stable, predictable forint exchange rate therefore strongly supports the growth of savings in forints.

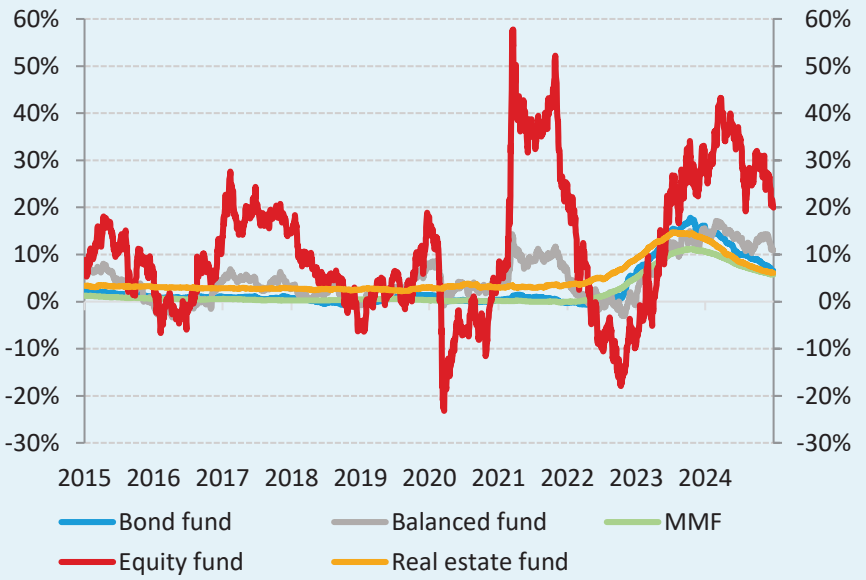
Chart 25: 1-year yields of various forint and foreign currency investments (between 29 August 2024 and 29 August 2025)



Note: Domestic shares: Change in the BUX index; Global shares: Change in the MSCI ACWI.
Domestic government securities: weighted average of the annual interest rate at the time of purchase of dematerialised forint retail government securities sold in August 2024, weighted by issue volume. European government securities: change in the FTSE Eurozone Government Bond Index. Investment funds: retrospective 1-year average yield weighted by net asset value on 29 August 2025.
Source: MNB, Bloomberg, MSCI, BAMOSZ

In terms of 1-year returns, the higher risk of investment funds is indicated by the fact that negative returns occurred for several fund types, in contrast to the positive yields on forint bank deposits and government securities, for example. Based on daily data, the riskiness of investment funds can also be examined by looking at whether they generate losses for their owners on a daily basis when viewed over a 1-year retrospective time window, as well as the extent and duration of such losses. The chart below clearly shows that in certain cases even bond or balanced funds turned negative over a 1-year period, albeit for relatively short periods. By contrast, although equity funds provided high returns on average over the longer term, in many cases they would have resulted in significant losses of more than 20 percent for investors over a long period of time if they had needed to access their savings invested exactly one year earlier.

Chart 26: Retrospective returns of investment funds over the past year*



*Note: * For the retrospective yield, we assume that the investment was made one year earlier and thus evaluate the fund's performance after one year.*
Source: Bamosz

5.3 Investment costs

Costs associated with different investment assets can vary sharply, and it is important to take into account when selecting assets – thus, when making investment decisions, the relevant yield is always the one that is reduced by expected taxes and various costs. In addition to their risk tolerance, investors should also consider in advance the investment horizon that suits their personal goals and, based on this, examine the costs associated with each form of investment. Planning and comparing costs is made difficult by the fact that unforeseen circumstances may arise, which makes it useful to assess in advance how much it would cost to quickly convert a given asset into cash in such case (i.e. the liquidity of an asset). Presenting typical cost elements can serve as an important starting point for comparing various savings products. In the following, we examine the costs associated with savings in terms of two factors: those related to the state and those related to the financial institution involved.

Among **state-related costs,** the most important items are the 15-percent personal income tax (szja) and the 13-percent social contribution tax (szocho), which are levied on income from investments in the basic case. However, certain products are tax-exempt or can be made exempt in whole or in part. For example, no tax is payable on interest and valuation gains on retail government securities issued after 1 June 2019. The yields on a wide range of investment products (e.g. term deposits, investment fund shares, bonds, equities) become tax-free over time when purchased in a Long-Term Investment Account (TBSZ) or (for securities) a Pension Savings Account (NYESZ) or a savings life insurance policy (e.g. unit-linked insurance). Yields on savings held in a TBSZ are partially tax-exempt after three years (10-percent personal income tax, 8-percent social security contribution) and completely tax-exempt after five years, while in the case of a NYESZ, becoming eligible for pension (and ten years having passed since the account was opened) is a condition for tax exemption. However, it is also worth paying attention to the details of the tax rules, because, for example, the yield on retail government securities purchased on a TBSZ – which is otherwise tax-free – becomes taxable if the account is closed within five years. In the case of foreign investment, other countries' taxes also apply. For example, in the US, with which Hungary currently has no valid double taxation agreement, investment yields are subject to a 30-percent withholding tax. For instance, in case of dividends from directly held US equities, in addition to the 30-percent withholding tax deducted in the US, 5-percent domestic personal income tax and 13-percent social security tax must also be paid. However, in the case of certain forms of savings, the state's contribution can even be positive, as, for example, the state provides tax relief for contributions to healthcare funds, mutual-aid funds, voluntary pension funds, pension pre-savings accounts and pension

insurance. In the case of voluntary funds, the support may reflect the fact that this institutional system is important for the state as well, due to the tax revenues on employer's contributions, and to its role in financing the state and the economy, as well as in supplementing the social security system.

Another major group of costs relates to the financial institutions through which private individuals' savings find their way into income-generating financial assets. The costs of financial intermediation are often difficult to track, as they may appear in the form of various fees, commissions, spreads, etc. or may not even be explicitly identifiable as investment costs, for example due to close links with other products offered by the service provider (e.g. in the case of bank deposits). In exchange for the fees, the saver usually receives some kind of service, which may be useful to a small investor to varying degrees. With this in mind, it is worth considering whether the selected asset is available at a lower price – for example, through a more direct channel or an exchange-traded fund (ETF) – and whether the savings goal can be achieved more favourably by choosing another investment asset, for example, due to better liquidity. Below is a brief summary of the costs associated with the main savings assets.

Bank deposits are one of the simplest forms of saving, available to private individuals through their commercial banking relationships. Their cost is difficult to separate from the costs of other banking services: for example, savings accounts typically do not have separate account maintenance fees, but the associated current account and other services (such as bank cards or notifications) do. If one wants to convert forint savings into a foreign currency deposit, then exchange rate conversion fees are usually also associated with this form of saving – which can amount to a cost of more than 2 percent at some commercial banks.

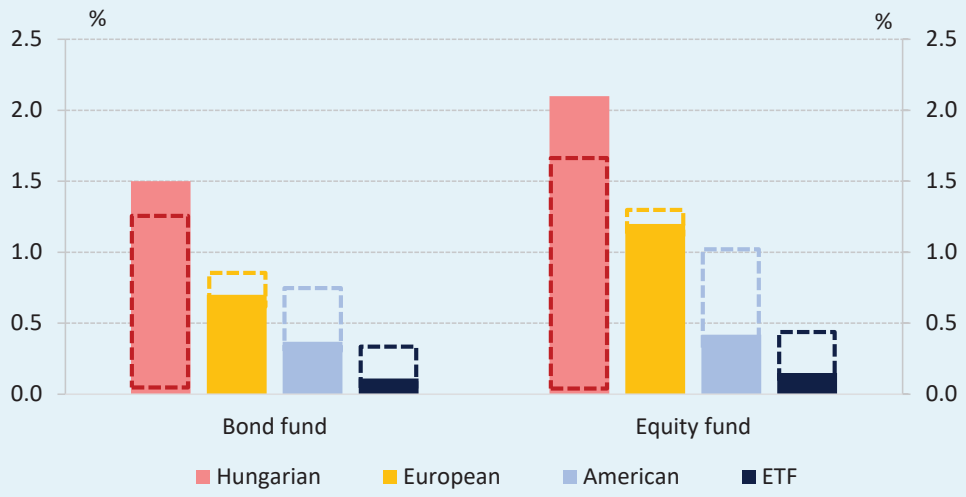
A securities account is required to purchase investment fund shares; thus, private individuals incur the cost of maintaining a securities account (custody fee), as well as the distribution and redemption fees charged by the account-keeping institution (and any other fees), to which may be added the potential initial charge (and/or redemption fee) paid to the investment fund. The other significant cost item is the fund's operating costs, which are paid indirectly by the investor (as they are incurred directly by the fund, but still reduce the yield received by the investor). This indirect cost typically amounts to 1–2 percent of the fund's capital per annum, but may be higher, and includes the fund manager's fee and performance fee, as well as trading, custody and other costs necessary for the operation of the fund. The total expense ratio (TER) indicator published annually by the MNB for investment funds helps to compare the operating costs of individual funds by dividing the portion of the costs accounted for by each fund in the previous year that is considered comparable onto the average net asset value of the funds (the indicator therefore does not include some costs). The average TER in 2023 for the five most popular funds among households was 1.3 percent for balanced funds, 1.5 percent for bond funds and 2.1 percent for equity funds.

Box 6: Costs of investment funds in different regions

The operating costs of Hungarian investment funds generally exceed the levels typical of developed markets. For an international comparison of the annual operating costs of funds relative to their assets, the annual Fact Books of the US Investment Company Institute contain a metric similar to the TER indicator for both the EU and the US.[12] However, other costs may also need to be added to the costs listed below in other countries, such as fees related to financial service providers.

- The 1.5-percent average TER value of the five most popular domestic bond funds (and the roughly 1.3-percent average for all domestic bond funds) is higher than the typical level in the EU and the US. In the EU, investors in bond funds faced average annual costs of 0.9 percent in 2023 (the asset-weighted indicator was even more favourable at 0.7 percent), while in the US the average cost was 0.8 percent (the weighted indicator was 0.4 percent).
- At 2.1 percent, the average cost burden of the five most popular domestic equity funds (and the roughly 1.7-percent average for all domestic equity funds) is also considered high when compared to the EU average of 1.35 percent (weighted 1.2 percent) or the US average of 1.1 percent (weighted 0.4 percent).
- Finally, it is worth mentioning ETFs (exchange-traded funds), which offer households a cost-effective way to invest in the capital market, as they typically track the performance of a given stock market index or a basket of commodities, bonds or equities, making it easy to diversify investments. In 2023, the average cost of American index-tracking funds was just over 0.1 percent of asset value, while the average cost ratio of actively managed ETFs was around 0.4-0.5 percent.

Chart 27: Average costs of investment funds



Note: The average costs of investment funds is shown by the dashed lines, while the coloured columns show the average costs for the five most popular funds for Hungary and the weighted average costs for the others. Source: ICI, MNB

Hungarian government securities can be purchased from the State Treasury, banks, numerous investment service providers and even the Post Office, but government securities purchased from the Hungarian State Treasury can be bought and held free of charge, i.e. there are no fees for maintaining the securities account, nor are there any fees for subscription, purchase, sale, interest and repayment transactions, or even cash withdrawals. Redemption prior to maturity is carried out at the daily purchase price, which typically represents a cost of around 1 percent for retail

[12] For more details, see for example: https://www.ici.org/system/files/2024-05/2024-factbook.pdf

government securities (in the case of institutional government securities, this may be higher due to price fluctuations). If someone purchases government securities not from the State Treasury but, for example, from a bank or an investment service provider (brokerage firm), securities account maintenance and custody fees will typically apply, and the cost of redemption before maturity may also be higher.

When buying and selling listed shares, a commission must be paid to the financial intermediary (broker), which is added to the securities account maintenance and custody fees. The latter is usually a certain percentage of the value of the investment held in the account each year. In addition, the bank maintaining the securities account or the brokerage firm may charge other non-trading fees, e.g. for dividend settlement, cash deposits, cash withdrawals or inactivity. When choosing to invest in foreign shares, the cost of currency exchange is also usually a factor.

Table 2: Typical costs associated with various investment assets

	enter	maintenance	FX exchange	other	exit	tax (only on yield)
bank deposit	-	X	/	/	/	15% income tax + 13% szocho
government bond*	-	-		-	/	-
listed shares	X	X	/	X	X	15% income tax + 13% szocho
investment fund	X	X	/	/	/	15% income tax + 13% szocho

Note: X=exist, /=possible, -=no
** purchasing retail government securities from the Hungarian State Treasury*

Box 7: Unit-linked insurance policies

Unit-linked life insurance is a savings-oriented life insurance policy that encourages regular saving, thus helping less disciplined households to accumulate small amounts of savings through its disciplinary effect. Essentially, part of the premiums paid in addition to life insurance are invested by the insurer for the longer term. The amount of insurance and the value of payments are linked to the value of investment units, which makes it a relatively difficult investment for the average investor to understand. UL insurance policies invest primarily in investment units: According to data from the end of 2024, 75 percent of their assets were in investment fund shares, 14 percent were in government securities, while the remainder was held in shares, deposits and cash. Consequently, it is worth comparing the savings held in UL insurance with investment funds.

UL insurance differs from investment funds primarily in that it provides death/accident benefits to the beneficiary,[13] due to the life insurance component, but at a high cost: the total cost ratio (TCR) of UL insurance policies averages between 3 and 4 percent for savings plans with regular premium payments over 10–20 years (the TCR expresses the annual loss of return compared to a risk-free rate of return). This cost significantly exceeds the cost level typical for investment funds, while there existed even such completely cost-free (if held with the State Treasury) retail government security whose long-term yield exceeded that of balanced funds with similar asset structure to investment funds held by the insurance companies. Furthermore, while investment funds are typically more liquid assets,[14] ULs are generally longer-term investments – if the accumulated wealth is needed for any reason, termination before the typical 10–20-year term may incur significant costs in addition to those mentioned above.

[13] In addition, UL insurance taken out as a pension insurance is eligible for tax credits – however, the amount of the tax benefit depends on the size of the premium. However, while the tax credit can be claimed on the annual contribution, the annual cost is charged on the total wealth – i.e. the contributions paid, tax refunds and the yields accumulated, each year until retirement.

[14] Real estate funds have a payout period of 180 days – which is still significantly less than the average maturity of UL insurance policies.

5.4 Investment fund returns

Different types of investment funds (bonds, equities, real estate, etc.) can be analysed based on the daily price movements of investment fund shares. In the previous sections, we compared the yields of the most popular domestic investment funds and various government securities. However, there are currently around 500 active investment funds for savers to choose from, with different return and risk profiles. In this section, we examine this variety in more detail, as the broad spectrum of products allows us to obtain a comprehensive picture of returns and risks. In the analysis, the performance of investment funds between end-2013 and end-2024 was examined on the basis of their daily returns, using data publicly available on the website of the Hungarian Association of Investment Fund and Asset Management Companies (BAMOSZ).

The distribution of investment funds' assets of more than HUF 12,000 billion by fund type at the end of June 2025 shows that almost half of the wealth is concentrated in bond funds (Table 3). Derivative funds were a distant second, followed closely by real estate funds, and then equity and balanced funds.

Table 3: Breakdown of wealth managed by investment funds by fund type

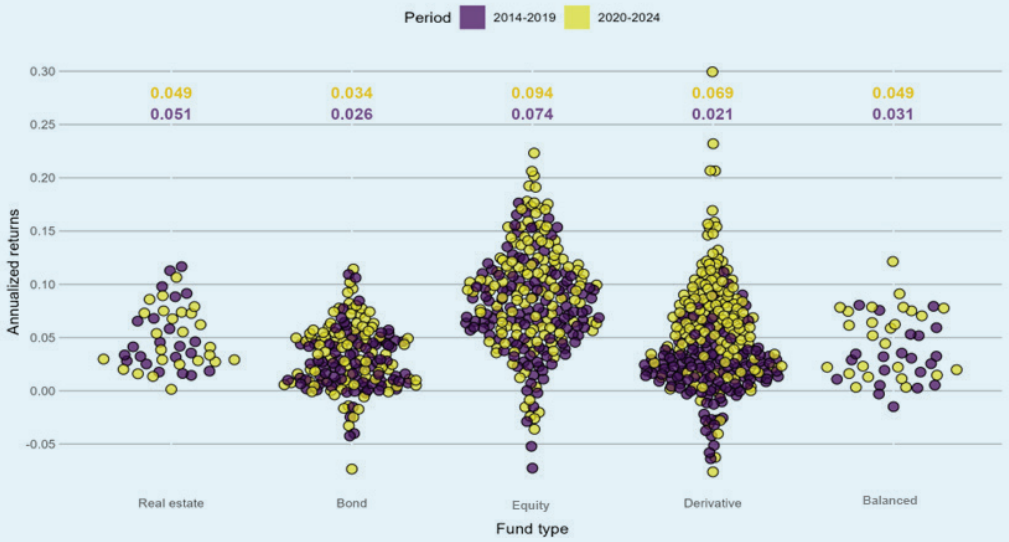
Investment fund type	Value (HUF bn)
Bond	5,276
Derivative	1,960
Real estate	1,698
Equity	1,016
Venture capital and private equity investment	767
Balanced	635
Money market	273
Other, not classified	635
Total	**12,262**

Source: BAMOSZ

The definition of the basic types is based on the amendment of Government Decree No. 78/2014 of 31 January 2024. In short, bond funds must hold at least 55-percent debt securities; equity funds must hold at least 80-percent equity exposure; and real estate funds must hold at least 40-percent real estate assets. Balanced funds may hold up to 80 percent in equities or bonds. If a fund holds more than 5 percent in derivative instruments, it must state in its name that it is a derivative fund. As can be seen from these brief definitions, the typology of funds is not entirely clear, with some investment policies falling into several categories. Below, we classify the funds according to the category reported by the funds to the MNB.

The average yield for each fund type (with the exception of derivative funds) did not change significantly in the years after the outbreak of the pandemic: equity funds achieved the highest yields, while other fund types posted much lower yields. The performance in terms of yields of the funds in the BAMOSZ database was examined in two separate periods: the relatively uneventful years before the pandemic and the years after the outbreak, which were hit by several crises. In both periods, equity funds delivered the highest average yields, but the spread-out point cloud also indicates that there were significant differences between the performance of individual equity funds (Chart 28). Only a few equity and derivative funds managed to achieve high average annual yields above 15 percent, predominantly in the post-2020 period. In the case of bond funds, average yields above 10 percent are already rare, with average yields over the period relatively stable at around 3 percent. The biggest difference between average yields over the two periods is seen in the case of derivative funds: The average rose from 2.1 to 6.9 percent in the subsequent period, while the yields of some top-performing derivative funds outperformed those of well-performing equity funds. Similarly to bonds, the average yield of real estate funds was similar over the whole 2014–2024 period.

Chart 28: Investment fund yields by type, 2012-2024

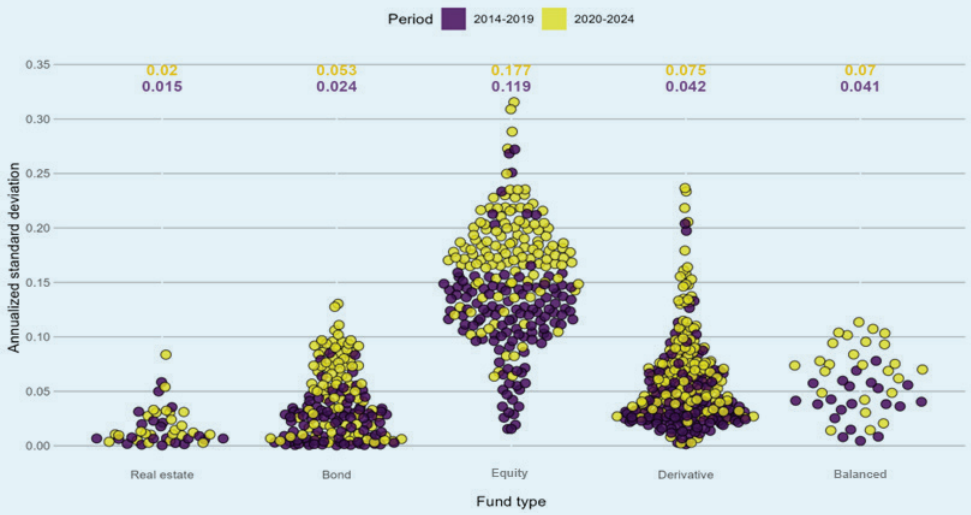


Note: The dots represent the returns of each fund: purple dots represent the 2014–2019 period and yellow dots the 2020–2024 period. Based on the available data, daily yields were calculated, averaged over the two periods and then annualised by multiplying by 250. On the left-hand axis, a value of 0.05 corresponds to an average annual yield of 5 percent. The numbers above the point clouds show the average of the yields in the corresponding group. Only funds that had been operating for at least five years were included in the analysis.

5.5 Volatility of investment fund returns

There is not only a difference between the average return of each fund, but also between the volatility of fund prices. The extent of this, the standard deviation of daily yields, is shown in Chart 29. **It is striking that in the 2020–2024 period the standard deviation is higher for most fund types.** As with returns, we see the highest average values for equities. The chart shows that there are hardly any low-risk equity funds, and for less risk-tolerant investors, derivative funds may be a better alternative. The standard deviation of bond and real estate fund yields is the smallest, although for bond funds it increased significantly (relative to itself) during the 2020–2024 period. In the case of real estate funds, the smaller daily price fluctuations are an artefact, as the real estate held by the fund is not revalued daily, unlike, for example, an equity portfolio. As regards the riskiness of real estate funds, it is worth noting that, for example, in the 2008 economic crisis, when real estate prices fell, it took longer to access the wealth invested in real estate funds, and their prices had also fallen.

Chart 29: Standard deviation of investment fun daily yield by type, 2012-2024



Looking at the risk and yield of funds simultaneously, it is difficult to find one that consistently outperformed government securities in the 2014–2024 period. In finance, the Sharpe ratio, which measures the excess return per unit of risk, is most often used to jointly assess the return and risk of investments; it is calculated as the ratio of the average excess return of investments (e.g. calculated in relation to the 3-month DKJ)[15] to the standard deviation shown in the previous chart. A value above 1 is generally considered to indicate a good investment opportunity, while a value above 2 is considered to be a very good investment opportunity. Negative values indicate investments that are below the return of the benchmark (in our case, the 3-month DKJ). Chart 30 shows the annualised values to which the above rule of thumb applies. Only funds falling within ± 10 are shown in the chart, as a few outliers would have significantly distorted the graph (these extreme values were not included in the average for each type either). As a final comment, we would like to refer back to the discussion on standard deviation: as the standard deviation of real estate funds is low for technical reasons, it is not worth comparing their Sharpe ratio directly with other fund types.

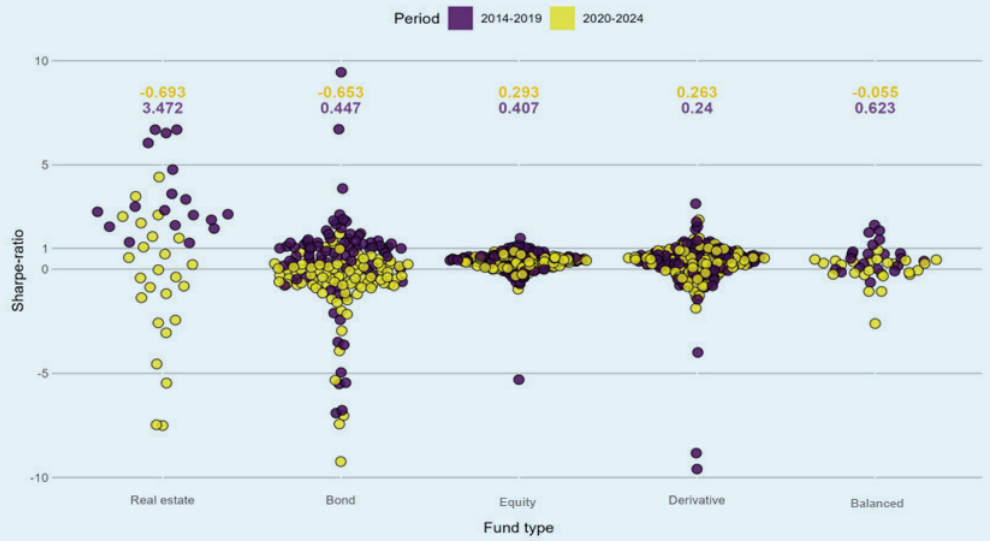
The main lesson of Chart 30 is that only real estate funds achieved Sharpe ratios above 1 on average and only in the 2014–2019 period. The average rate for all other types is well below 1. The other striking fact is that the performance of all fund types deteriorated significantly in the later period, with the exception of the worst-performing derivative funds between 2014 and 2019. This was largely due to the fact that the benchmark 3-month DKJ average interest rate rose from 0.7 percent in the first period to 5.1 percent in the subsequent period, with very few funds able to match this yield.

In particular, the performance of bond funds declined significantly in the second period: while in the low interest rate environment of the first period these funds performed relatively well (with many purple dots above 1), in the high interest rate environment many funds slipped into negative territory, with only a few funds scoring above 1.

The performance of equity and derivative funds was much more consistent over the two examined periods, although there were few funds above 1. The performance of balanced funds is somewhere between bond and equity/derivative funds: they performed well in the low interest rate environment, but after 2020, there was a sharp decline, although not as large as in the case of bond funds. In the case of real estate funds, the fall in the second period was also very significant, with this type of investment failing to live up to its earlier performance in the high interest rate environment.

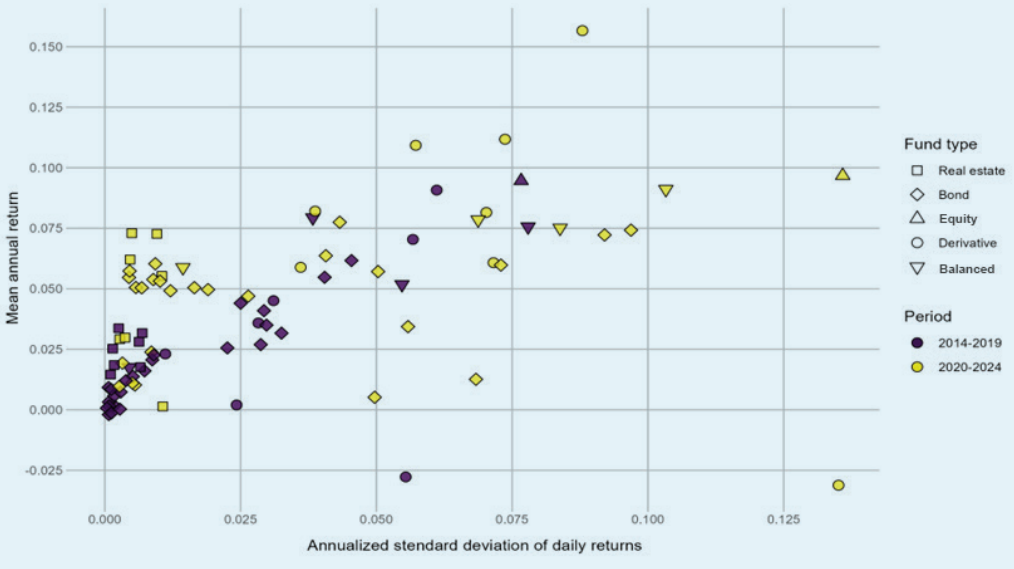
[15] The 3-month Discount Treasury Bill is a short-term, liquid investment issued by the Government Debt Management Agency; therefore, its yield can be interpreted as a risk-free rate of return on forint investments.

Chart 30: Sharpe ratio of investment funds by type, 2012-2024



Looking at the performance of the most popular funds, we see that investors placing savings into investment funds can choose from a variety of risk-yield combinations. The number and variety of funds is useful in analyses, because it helps to map the statistical characteristics (mean, standard deviation) of yields. In practice, however, savers prefer a much smaller number of funds: two-thirds of the wealth of investment funds are concentrated in the 50 largest funds, and even among these, there is a big difference: the fund ranked 50th was worth only HUF 48 billion at the end of June 2025, compared to the largest fund's wealth of roughly HUF 1,000 billion. Interestingly, almost one-half of the 50 largest funds are bond funds, while only two equity funds are included, along with ten derivative funds. In the first period, the most popular real estate and bond funds both had low standard deviation, while in the second period, the standard deviation of bond fund yields increased significantly. Equity and balanced funds typically operated with high standard deviation. The performance of derivative funds is difficult to categorise, with a wide range of outcomes in terms of both returns and standard deviation. The shape of the point cloud shows that funds are generally able to reward higher risk with higher yields; however, it is striking in the chart that, despite the fact that significantly better risk-return combinations are available in the market than some bond (and derivative) funds, investors still stick with them.

Chart 31: Yields of the top 50 investment funds and their standard deviation



6 Dispelling investment misconceptions

There are many misconceptions about investing, which can hinder households' willingness to save and their ability to choose the most suitable assets for them. The past yields of individual investments, for example, provide important information, but looking ahead, risks must always be considered when making investment decisions. Of course, views on risk are often unrealistic, but it is safe to say that government securities and bank deposits are the safest investments, but despite their riskiness it may be worth holding listed shares under the right circumstances due to their expected high yields. When investing, it is advisable to think long term: even small regular savings can add up to a significant amount, partly by taking advantage of the possibility of compound interest. In fact, in the long term, even cautious investors may also find it worthwhile to hold shares, preferably as part of a diversified portfolio, thereby gaining access to a slice of economic growth. Before making decisions, it is of course extremely important to gather information from as many sources as possible and in as much depth as possible.

There are many different ideas about investing, and with regard to many such ideas, it is difficult to say in general terms whether they are right or wrong. Investments, by their very nature, relate to the future and therefore always entail uncertainty and risk. Probably everyone who has ever had an investment has been surprised at some point, whether it was unexpected costs or some other fine detail that turned out to be significant in retrospect. This chapter cannot help investors avoid the task of gathering information on the various individual investment products and choosing between them. At the same time, there are issues that, once clarified, can help overcome unnecessary barriers to household investment, thereby promoting more widespread conscious investor behaviour and enabling every household to find the investment portfolio that best suits its needs.

Yield on investment differs from the interest rate

Interest and yield are two concepts that are often confused in everyday language. Although interest is one type of yield, yield is a broader concept that is used to assess the performance of an investment. Interest is a fee paid for the 'use' of money, either predetermined (fixed) or linked to an economic factor (variable), which is paid on the face value of the loan or deposit – in this context, only financial assets can bear interest. Yields, on the other hand, can be on other types of investment (e.g. gold, real estate) and show the total gain or loss on the investment, typically as a percentage of the amount invested. Another important difference is that the interest rate is predetermined, while yield can only be calculated retrospectively. The yield ratio takes into account the total income from the investment: in addition to any interest, it also includes dividends paid and gains or losses resulting from exchange rate fluctuations (the latter includes both movements in equity prices and changes in the exchange rate of foreign currency assets). If the income from the investment is taken into account, then we are talking about gross yield; if the costs are also taken into account, then we are talking about net yield. With inflation taken into account, we are talking about real yields, or nominal yields when inflation is not considered.

Past returns are not necessarily a good indicator of future performance

When it comes to equities and investment fund units, it is easy to fall into the trap of viewing past returns as a kind of expected future yield. However, due to the efficiency of financial markets, the prices of financial assets already reflect currently available information and expectations. For this reason, as the economic situation and expectations change, financial instruments that were successful in the past may become big losers in the future. In addition, markets are constantly changing; accordingly, the strategy that an investment fund has followed in the past may not necessarily lead to similar results in the future. For the reasons mentioned above, when looking at high past returns, it is also possible to consider that this may be a riskier investment, not only in terms of whether these returns can be expected in the future. When assessing different investment fund managers, it is worth comparing the performance of the fund in question with the appropriate benchmark.

Government securities are generally a safer investment than cash or bank deposits

Some people believe that it is safer to keep cash in a bank deposit or at home (perhaps in a bank safe deposit box) rather than to finance the state, given that the budget is constantly in deficit, and it is uncertain whether the state will be able

to repay the borrowed money on time (default risk). The reality, however, is that alongside the central bank, the state is the most stable player in the economy, which, for example, can generate additional revenue through its right to levy taxes (and, in extreme cases, can even obtain international credit assistance). If investor confidence in the state's ability to finance itself wavers, the financing of the banking system could also be jeopardised – meaning that in this case, the repayment of bank deposits could also be called into question. It is worth noting here that bank deposits that meet the specified conditions are ultimately guaranteed by the state-operated deposit insurance fund. The main problem with holding cash – apart from the risks associated with storage – is that it does not provide protection against inflation, which can rise to high levels in the wake of an energy crisis or war (inflation risk), for example. This is why purchasing domestic government securities, for example, may be a better solution.

We do not always get back the amount we invested

It is often unclear to small investors whether only the rate of positive yield is uncertain for certain types of investment, or whether repayment of the invested capital is also subject to risk. Due to their nature, investment fund shares in general, and listed shares in particular, do not guarantee a nominal yield on the amount invested. By contrast, there are also so-called capital-protected investment funds, which typically guarantee repayment of the invested capital (in the original currency) after a specified period. However, in exchange for the possibility of potentially higher returns, small investors may achieve lower yields than those offered by risk-free government securities. Investments in retail government securities and, apart from any costs, bank deposits are characterised by the guaranteed repayment of the invested amount at the end of the investment period. Of course, the nominal repayment of capital does not mean that the real value of the investment is preserved; therefore, when making investment decisions, it is worth thinking in terms of real yields, which are adjusted for inflation.

It is worth saving even small amounts

Many people are discouraged from saving money because they think that it is not worth setting aside small amounts and that investing is only for the rich. On the contrary, it can be argued that there are investment opportunities which are practically free of charge for household investors (e.g. government securities purchased through an account held with the State Treasury); therefore, there is no need to worry that any fees will erode the yield. At the same time, small amounts invested regularly can accumulate into significant savings over time. Compound interest also contributes to growth through the reinvestment of investments at maturity, meaning that new yields are generated on yields already achieved. For example, if someone sets aside HUF 10,000 every month with compound interest, then with 5-percent annual interest, they will accumulate HUF 1 million in seven years if they reinvest the money accumulated up to that point every month. Insurance companies and funds are also suitable for accumulating small amounts of regular savings (though with some costs), where portfolios can be tailored to savers' risk appetite. By choosing riskier investment assets, higher returns can be achieved in the long term – however, it is also important that everyone chooses a savings asset that is appropriate for their own risk tolerance.

Risk should not always be avoided

It is only worth taking higher risks if higher yields can be expected in return. This logic is well reflected in the functioning of efficient financial markets and the price conditions evolving there. Experience shows that in the long term equities offer higher returns than other financial assets. At the same time, share prices are more volatile; accordingly, the return on them depends to a large degree on the timing of entry and exit. For example, if someone needs their money urgently, they may only be able to exit their equity investment at a depressed price. Likewise, as a short-term investment, buying listed shares can be seen as a speculative asset, as price changes in the short term are very uncertain. At the same time, as a long-term investment, listed shares may be a viable option even for more cautious investors. The risk of equity investments can be reduced through diversification, i.e. by purchasing a combination of different equities (or other financial assets). The risk of the resulting investment portfolio will be lower than the individual risk of the equities it contains, allowing savers to benefit from the higher long-term yields of this asset class without having to monitor the daily performance of individual companies.

7 Distribution of financial wealth

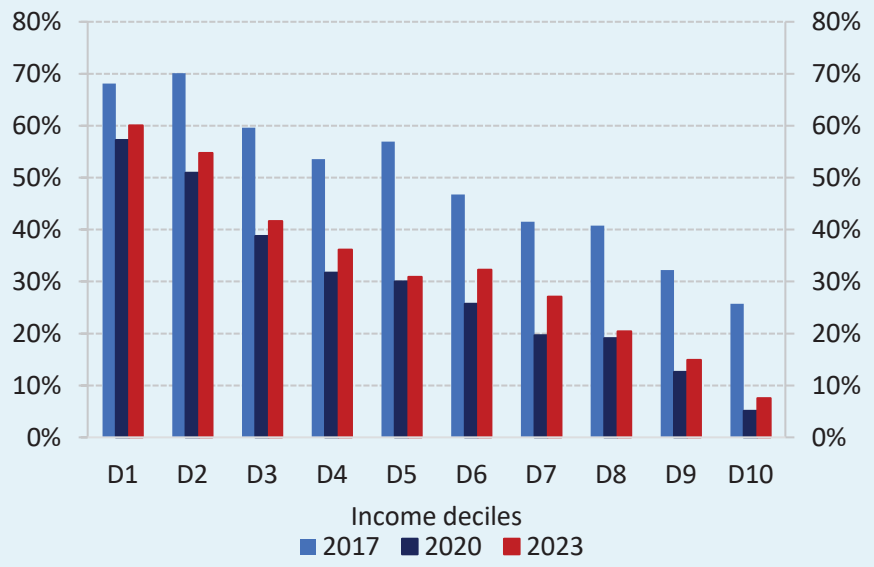
Looking behind the aggregate data, we see that between 2017 and 2020, at the household level, the proportion of households without financial wealth decreased, and the median liquid financial wealth of households increased. As this growth was relatively widespread, wealth inequality also decreased. However, by 2023, this favourable trend had reversed due to the Covid pandemic and the increase in inflation, with a decline in the proportion of people with financial wealth and an increase in wealth inequality.

This chapter presents the most important characteristics of microdata on households' financial assets based on the triennial wealth survey. Financial account data provide aggregate information on a quarterly basis on the size of the financial wealth of the household sector and on the types of assets in which this wealth is accumulated. However, it is also important to consider how wealth is distributed among individual households. For example, although the financial wealth of the household sector already exceeded gross national income at the outbreak of the Covid pandemic, this does not mean that every household had financial assets equivalent to more than one year's income at its disposal. In order to gain insight into the distribution of financial wealth among households, in 2014 the MNB joined the ECB's data collection programme on this topic (Household Finance and Consumption Survey, HFCS), which is presented in Hungary under the title 'What Do We Live From?' and is repeated every three years. In the following, on the basis of the results first published in mid-2025[16] which are based on the most recent survey conducted in the autumn of 2023, we first examine who has financial wealth and how much wealth they have. We then move on to examining the extent of wealth inequality and finally show the types of assets in which those who have financial wealth hold it.

7.1 Amount of financial reserves

In 2023, 33 percent of households had no significant financial reserves, with this proportion being significantly higher in the lower income deciles (Chart 32). The columns in the chart indicate the proportion of households in each income decile that do not have sufficient financial wealth to cover their monthly consumption. From 2017 to 2020, there was a significant decrease in the proportion of households without financial wealth (from 50 percent to 29 percent), but by 2023, this favourable trend had reversed; measured in terms of monthly consumption expenditure, the proportion of people with low financial wealth increased in all income deciles compared to 2020. On the positive side, however, the proportion of people with low financial reserves in 2023 is still significantly lower than in 2017.

Chart 32: Proportion of people with gross financial wealth of less than one month's consumption, by income decile



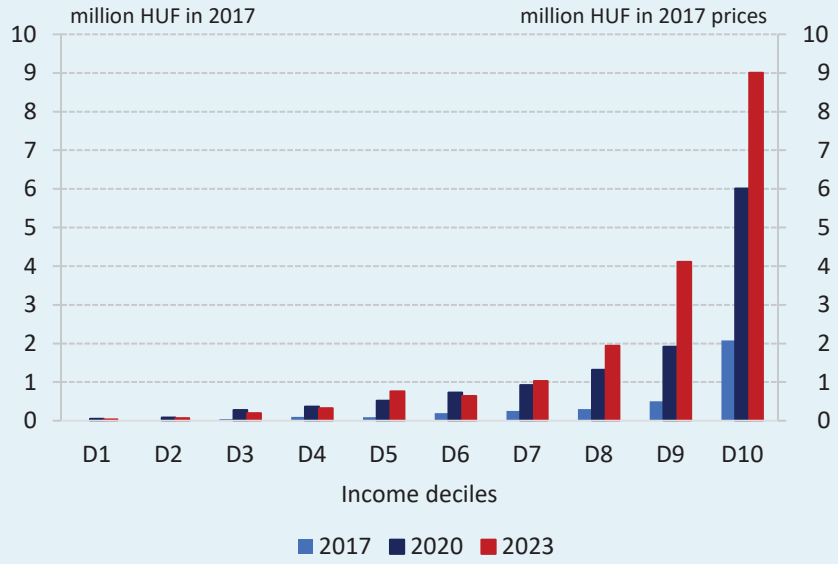
Source: HFCS

[16] For more details, see the MNB's infographics processing HFCS data (Microdata of households).

7.2 Distribution of wealth growth

Aggregate growth in liquid financial wealth was unevenly distributed among households, with the most significant growth occurring in the top one-fifth of households. The survey also provides an opportunity to examine the amount of liquid financial wealth (cash, deposits, government securities and other bonds, listed shares and investment fund shares) held by individual households (Chart 33). For the sake of temporal comparison, we adjusted the nominal amounts using the consumer price index, i.e. we deflated all subsequent observations back to the 2017 price level. There was no noticeable increase in liquid wealth in the bottom two deciles between 2017 and 2023, while there was significant growth above the third income decile between 2017 and 2020, but nominal growth in the last three years was virtually wiped out by inflation in the period between the two surveys until the seventh decile. Overall, the 2023 figures far exceed those for 2017, but the improvement in the middle income categories occurred between 2017 and 2020.

Chart 33: Median gross financial wealth by income decile at 2017 prices

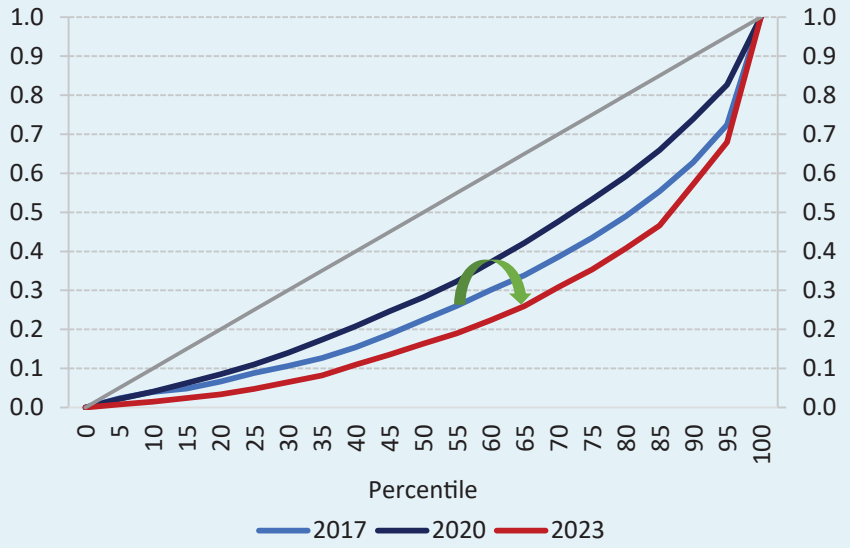


Source: HFCS

7.3 Trends in wealth inequality

Wealth inequality increased from 2020 to 2023. Chart 34 shows the Lorenz curves (the cumulative share of income deciles in total gross liquid financial wealth) calculated from the data of the three survey waves. If all deciles had the same share, the curves would be close to the grey straight line. As can be seen, there was a shift towards a more even distribution between 2017 and 2020, but this process reversed by 2023, and wealth distribution became even more unequal than in 2017. Chart 31 shows that between 2017 and 2020, there was a significant increase in wealth in all deciles, which meant that the share of the lower deciles in total gross financial wealth increased. From 2020 to 2023, however, it was mainly the wealth of the upper deciles that increased substantially; accordingly, the share of wealth also increased mainly for these groups, leading to a more unequal distribution.

Chart 34: Lorenz curve of gross financial wealth



Source: HFCS

7.4 Composition of financial portfolios

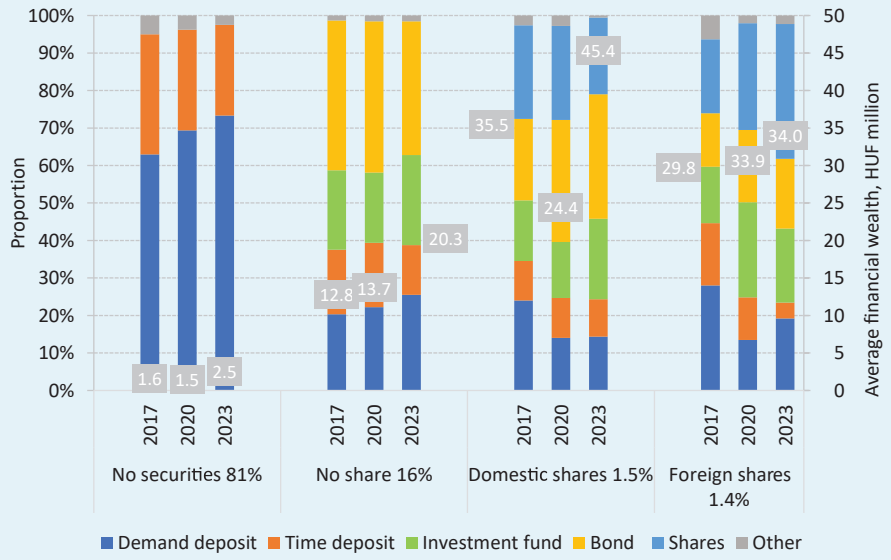
To analyse the **liquid** financial assets held by households, we divided households into four separate groups according to the riskiest asset in their portfolio (deposits, government securities and investment funds, domestic listed shares, foreign shares).

- **In 2023, 81 percent of households did not hold any securities, meaning that their portfolios consisted of demand or term deposits** – this is also the group with the lowest wealth, with an average gross financial asset portfolio of HUF 2.5 million.
- The next **group consists of those who hold all securities other than directly-owned shares, accounting for 16 percent of households in 2023.** Their average wealth was already over HUF 20 million, with bonds accounting for 36 percent of their portfolio in 2023 (presumably mainly government securities), while 24 percent of their money was in investment funds.
- **Only 3 percent of households held listed shares directly in 2023, half of which also held foreign shares.** The average wealth of those holding foreign shares is HUF 45.4 million, and bonds account for 33 percent of these portfolios. By contrast, the average gross financial wealth of investors in foreign shares is only HUF 34 million, of which bonds account for 19 percent.

In terms of changes over time, **the proportion of wealth held in current accounts continued to grow in the first group,** by 10 percentage points since 2017. **There has been no significant portfolio restructuring in the second group since 2017,** with the biggest change being the increase in average gross financial wealth. A**mong those holding domestic shares, bonds became significantly more popular** at the expense of cash held in current accounts, while **among those holding foreign shares, the proportion of shares increased** as deposits declined.

There has been a steady increase in share ownership, but the absolute number is still low. In 2017, 1.2 percent of households held listed shares (including 0.4 percent also holding foreign ones), and this proportion rose to 2.1 percent by 2020 (including 0.8 percent also holding foreign shares). Accordingly, the increase in the proportion of those who also hold foreign shares is larger than that of those who only hold domestic ones. The former group holds a significantly higher proportion of equities: in 2023, 36 percent of their portfolio consisted of listed shares, compared to 20 percent for those who did not hold foreign shares.

Chart 35: Composition of gross liquid financial portfolios by share ownership



Note: White numbers show the average size of financial wealth in million HUF; the names of the groups indicate the share of households in the total population in 2023; HFCS 2017, 2020, 2023
Source: HFCS

8 Impact of PMÁP redemption on the household savings landscape

We estimate that one-half of the funds released from the PMÁP in 2025 H1 were reinvested in government securities. It is the securities redeemed in the amount of HUF 2,200 billion that were reinvested in government securities in the largest proportion (58 percent), while among maturities in the amount of nearly HUF 500 billion and interest payments in the amount of HUF 1,100, the proportion of reinvestment in government securities was somewhat lower (at 35 percent and 42 percent, respectively). The reinvestment of interest payments is broadly in line with our latest household survey. Most of the released funds might have been renewed in FixMÁP and BMÁP securities. According to our survey nearly two-thirds of retail government security holders are not planning to redeem their securities before maturity.

The nominal value of PMÁP holdings decreased by HUF 2,550 billion in 2025 H1, while the total government securities holdings of households increased by nearly HUF 200 billion: these figures clearly show the scale of the changes that have taken place in the retail government securities market so far this year. In order to explore these developments in greater depth, we discuss the repricing date of PMÁP portfolios in the Savings Report as a special topic. We present our estimates of the securities into which the interest payments, maturities and redemptions may have flowed, adjusting the inflows in our analysis for households' natural demand. We also show how the data from our previous quarterly savings survey compares with our current estimate.

8.1 What is the level of funds reinvested in government securities?

From the beginning of 2025 until the end of June, 50 percent of the funds released from PMÁP may have returned to the government securities market. In the first half of the year, more than HUF 1,100 billion in PMÁP interest was paid out, nearly HUF 500 billion worth of securities matured, and investors redeemed nearly HUF 2,200 billion worth of inflation-linked government securities, while sales only moderately mitigated the decline in the portfolio. The overall redemption rate was close to 36 percent (Table 4). In terms of redemption rates, apart from the wealthiest segment, an upward trend can be observed as wealth increases. In the case of renewal in government securities, there are also differences depending on the size of wealth and whether the funds come from interest payments, maturity or redemption. The proportion of reinvestment in government securities is highest for redemptions, at 58 percent, followed by interest payments renewals, estimated at 42 percent, while renewal of PMÁP maturities is 35 percent on average. Taking all three factors into account, one-half of the funds from PMÁP were reinvested in government securities.

Table 4: Redeemed stock and ratio by wealth category

	Redeemed PMÁP stock (HUF billion)	Redemption rate
below 0.5 M	1	25%
0.5-5 M	83	28%
5-10 M	151	31%
10-50 M	911	36%
50-100 M	397	39%
100-1000 M	551	40%
above 1,000 M	95	28%
Total	**2,189**	**36%**

Note: The table shows the redemption of PMÁP series already paying interest in 2025.
Source of charts in this chapter: MNB

Table 5: Reinvestment of funds released from PMÁP into government securities

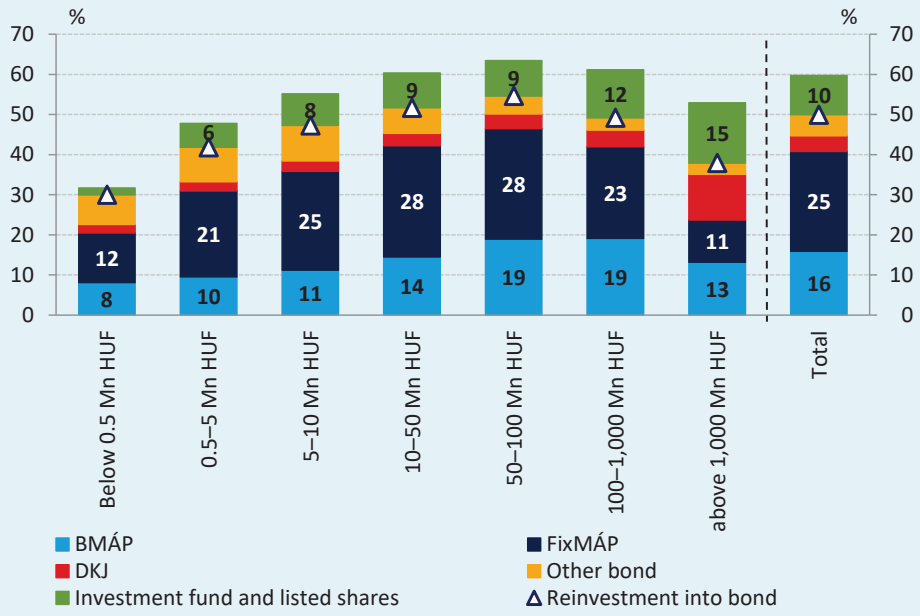
	Interest rate renewal	Redemption renewal	Maturity renewal	Total
Below 0.5m	22%	40%	17%	30%
0.5–5m	28%	54%	28%	42%
5–10m	34%	58%	33%	47%
10–50m	42%	59%	37%	52%
50–100m	46%	61%	40%	55%
100–1,000m	44%	56%	34%	49%
above 1,000m	39%	40%	33%	38%
Total	**42%**	**58%**	**35%**	**50%**

Note: The table shows the interest rates, redemption and maturity renewal of PMÁP series already paying interest in 2025.

8.2 What were released funds invested in?

25 percent of the released funds were renewed in FixMÁP and 16 percent in BMÁP. Here too, different patterns emerge in the structure of reinvestment by wealth group: with higher wealth, there is an increase in the reallocation to investment fund shares and listed shares, and the role of DKJ securities also increases (Chart 36), which may be consistent with the different portfolio structure of wealthier households. According to our estimates, nearly 10 percent of the released funds may have migrated into investment fund shares and listed shares. We have no direct information on the use of 40 percent of the released resources, but some of them may have been reallocated to other forms of savings (e.g. deposits or foreign assets), while others may have been invested in real estate[17] or spent on consumption.

Chart 36: Reinvestment of released funds by asset group



[17] The May 2025 Housing Market Report may provide an indication of the influx of released resources into the real estate market. https://www.mnb.hu/kiadvanyok/jelentesek/lakaspiaci-jelentes

8.3 Comparison of estimates with the household survey

According to the MNB's regular household survey, a stable 43–48 percent of government security holders would reinvest the interest received on government securities, which is in line with our estimates (Table 6). In this regard, no significant changes can be seen between the surveys, and the renewal rate based on the questionnaire responses is broadly in line with our estimate of 42 percent.

Table 6: How are you planning to use most of the interest paid on government securities?

	Survey results				Estimate
	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2025
I will reinvest it in government securities	**48%**	**43%**	**48%**	**43%**	**42%**
I will use it for my regular expenses	15%	22%	21%	23%	
I will use it for larger expenses	19%	17%	17%	19%	
I will invest it in other financial assets	12%	11%	11%	12%	
Other	5%	6%	3%	3%	

Note: This question is only asked for government security holders (248 persons in June 2025). The data shown in our estimate refers to PMÁP interest payments.

Nearly two-thirds of retail government security holders are not planning to redeem their securities before maturity (Table 7). This is consistent with our estimates, which show that 66 percent of account holders did not redeem their PMÁP in the first half of the year. According to the survey, those who are not planning to redeem their government securities are divided almost equally according to the proportion of their holdings that they would redeem.

Table 7: Are you planning to redeem your retail government securities after interest payment (before maturity)?

	Survey results				Estimate
	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2025
Yes, I will redeem almost all of them	7%	8%	14%	9%	34%
Yes, I will redeem a significant portion (20–79 percent)	9%	12%	11%	11%	
Yes, but I will redeem only a small portion (1–19 percent)	10%	12%	10%	11%	
No, I am not planning to redeem my retail government securities (0 percent)	**74%**	**68%**	**65%**	**69%**	**66%**

Note: This question is only asked for government security holders (248 persons in June 2025). The data shown in our estimate only applies to PMÁP redeemers.

According to the survey, the number of retail government security holders planning to redeem their bonds has decreased moderately, but the proportion of those who would spend the released funds on consumption has increased. 31 percent of redeemers would reallocate the released amount to other government securities (Table 8), meaning that the reinvestment rate has declined somewhat since the Q1 survey. However, this still falls significantly short of the 58-percent renewal rate seen in our estimates for PMÁP redemptions. The discrepancy can be explained, on the one hand, by the fact that households may temporarily invest their savings in short-term government securities until they achieve their longer-term goals. On the other hand, it is possible that a respondent may have other plans at the time of the survey, but ultimately decides to stick with government securities. The percentage of those who are planning to spend the redeemed amount on consumption (about two-thirds of it for larger expenses and one-third for regular) rose from 27 percent in March to 38 percent in June and represents the majority of respondents. At the same time, there was an increase in the proportion of those who would use the money for housing purposes or to cover larger expenses.

Table 8: You previously stated that you are planning to redeem your retail government securities after the next interest payment. How are you planning to use the amount released from them?

	Survey results				Estimate
	Sep 2024	Dec 2024	Mar 2025	Jun 2025	Jun 2025
I will reinvest it in Hungarian government securities	**25%**	**34%**	**38%**	**31%**	**58%**
I will use it for housing investment	23%	19%	16%	20%	
I will use it for larger expenses	19%	11%	12%	25%	
I will use it for my regular expenses	22%	16%	15%	13%	
I will use for loan repayment	1%	7%	2%	2%	
I will invest it in other financial assets	11%	14%	16%	9%	

Note: This question is only asked for government security holders who are planning to redeem their retail government securities (75 people in June 2025). The data shown in our estimate only applies to PMÁP redemptions.

In 2025 H1, HUF 2,661 billion in PMÁP matured or was redeemed, but the value of government securities held by households increased by HUF 164 billion in nominal terms. According to our estimates, this occurred as follows: HUF 168 billion from the maturing PMÁP stock and HUF 1,262 billion from the redeemed stock may have been renewed in government securities. An additional HUF 500 billion from the PMÁP interest paid may have been reinvested. However, new instruments appeared on the market that were not linked to interest payments, maturities or redemptions. Based on this, the amount comes to nearly HUF 900 billion.[18]

Overall, the results of our savings survey are consistent with our estimate. The two data sources arrive at nearly identical results with regard to interest payment utilisation and willingness to redeem. In the case of the use of redeemed government securities, our estimate indicates a higher reinvestment rate of 58 percent in government securities.

[18] Our estimation methodology somewhat underestimates the extent of renewal in government securities and overestimates the extent of new funds.

List of charts and tables

SAVINGS REPORT

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H-8200 Veszprém, Tartu u. 6.

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H-1054 BUDAPEST, SZABADSÁG TÉR 8–9.