

# AN ATTITUDE ANALYSIS OF THE ADOPTION OF THE EURO

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## Abstract

The aim of the author's paper is to comprehensively examine the human issues related to the adoption of the euro in Hungary. Economic convergence was and is still on the agenda, which is a vital preparation process for joining the eurozone and for the adoption of the euro in Hungary. As a result of the crisis, the euro area regulatory system is being reformed. We had examined the human side. In our research, we asked university lectures and researchers.

The paper assesses Hungary's potential for euro adoption. Hungary switched to a floating exchange rate regime in February 2008. The adoption of the euro has had a multi-factorial impact: the country's image and its participation in the economic community, etc. The majority of the countries' residents supported the adoption of the new currency because it made it easier for countries to trade.

In the present research, the authors examined the public's belief on euro adoption. The pure fact to attain adapting the common European the currency is also important.

**Keywords:** euro, attitude, adoption, Hungary, university lecturers

**JEL Codes:** R50, P43, M54

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## Introduction

The target population was selected from university lecturers and researchers. The direction of attitudes is positive. The degree of attitude is that the respondents like the subject, i.e. they are happy to talk about currency exchange. Our hypothesis was the following. There is a positive attitude towards the adoption of the euro among university lecturers. The attitude can be learned. The more you hear about it, the more you believe in it. During university lectures, the vulnerability of the Hungarian currency (Forint, HUF) is discussed with increasing frequency. The intensity of this attitude is the "is", which in the present case can be described as strong and accepting. In our view, one of the most important findings in this research topic is that "the initial level of economic development as measured by per capita.

## 1 Literature review

The Hungarian economy is highly euroized. The Hungarian economy and society would be enriched with trust capital, which would attract foreign capital investors. The eurozone has become far more stable in recent years compared to its state even seven or ten years ago, Hungary's accession to the currency area has not been put on the agenda, nonetheless. The fact that there is still no designated target date – not even in the distant future – for joining the ERM-II mechanism or adopting the single European currency in Hungary. Mundell (1961) had publicized his epoch-making essay, what entered to advert for theories of optimal currency area, and heterogenic area, what name is eurozone. McKinnon (1963) and Kenen (1969) were the author's followers, who complemented his theories later. Emerson et. al. (1992), Krugmann (1993), Fisher (2000), Rose (2000) in their studies discussed status of eurozone and the most important mechanisms.

There is some truth in the concept as, without a doubt, in the case of foods; for example, a preference for domestically produced goods is more favourable and useful even from the perspective of consumer health. It should not be overlooked, however, that Hungary is a small and open economy where a substantial part of production inputs, especially energy products, is imported from abroad and cannot be substituted from domestic sources. Although to some extent, the coronavirus pandemic casts the role of local resources (Nagy et al., 2012) and import substitution in a new light, we can hardly expect significant changes in the parameters mentioned above.

The latter views also reflect the authors' opinion: we believe that putting off the adoption of the euro has already cost too much for the country; any further procrastination will only add to the losses especially in the event of a further deterioration of the forint's exchange rate. Croatia joined the ERM-II mechanism in 2020. Especially in view of the abrupt surge in the exchange rate at the onset of the coronavirus pandemic, it would be reasonable to consider the suspension of free floating and to peg the forint to the euro within an appropriately wide band for the time remaining until Hungary enters ERM-II, the 'antechamber to euro adoption'. Croatia's success is that its currency is a member of ERM2 and, as we have seen above, this represents a breakthrough for the adoption of the euro. Joining the ERM2 is also a message both to the Croatian population that the effort has been worthwhile and to the markets that the state is ready to move up a level in terms of integration processes, which was accepted by the European partners as well (Vigh, 2021). Hungary

should do its utmost to achieve full compliance with the Maastricht criteria and to join the ERM-II mechanism and subsequently the eurozone as soon as possible.

The limit for the speculative, non-investor category is BB+; the Hungarian is just above this category. Both the government debt and the then-deficient external account were found to be too high compared to the BB+ average. It took years for the major rating agencies to place the Hungarian government, and with it the central bank, in the investment grade (Bod, 2022).

The forint reacts to even the slightest deviation of the world economy, its exchange rate continuously weakening against the leading currencies and against the East-Central European currencies.

## **2 Data and methods**

The intention to adopt can be inferred from the behavioural attitude test. Attitude is a mental and nervous state of readiness, formed by experience, which produces a controlling or dynamic influence on the reactions of the person towards all the objects and situations to which the attitude is attached (Allport, 1935).

Conviction and weighing value are important in the research topic of euro adoption. Attitude must have an object. The object can be an abstract concept, such as the adoption of the euro, or exchange the euro and/or the forint. Confidence in the euro is part of the questioning. The adoption of the euro is based on a need. In the eurozone countries, we have no other way to pay. University lecturers can be classified as extroverted personality types. They are also experts and university lecturers are also such agents. We also measure the affective component created in the research questionnaire.

All attitude components were examined. The results show a strong relationship between the components. Most methods of attitude measurement are based on the idea that attitudes can be measured by a person's opinion or belief about the attitude item.

The respondents have a PhD degree and are specialised in various areas of economics; nevertheless, most of them do not teach finance. (The proportions of the survey sample are illustrated in the tables below.) The results of the 2024 survey can be described with the following data. Results in terms of gender: the majority of the respondents are male (69%), with a correspondingly lower proportion of female respondents (31%) in the sample. In terms of age group, the age groups of 43–52 (33.5%–32%) and 53–65 (28.4%–34.1%) are over-represented in the sample. This sample can be considered a normal distribution in view of the proportion of the two age groups within the active population. A significant proportion of the

respondents live in the capital or in a major city. The largest proportion of the respondents have tertiary education and a PhD degree (44%–33%). In terms of sector of employment, it can be concluded that the majority of the respondents have a PhD degree and are specialised in various areas of economics; nevertheless, as in the previous survey, most of them do not teach finance. (The proportions of the survey sample are illustrated in the tables below.)

Before discussing the demographic characteristics, it is important to note that the survey was conducted exclusively online – both because of the restrictions caused by the COVID-19 pandemic and because of easier access to the academic community via the internet. The inclusion criterion for selecting the sample was the existence of a public university email address on the university’s website for the university lecturer completing the survey. No exclusion criteria were applied during data collection. Accordingly, respondents participating in the survey do not comprise a representative sample with national coverage. For the questionnaire survey, data were collected between early January 2022 and the beginning of March 2022; an online questionnaire survey was conducted among 5225 university professors (including lecturers and researchers) in Hungary. The questionnaire survey was repeated between January and March 2024 with the application of the previous database. Corvinus University of Budapest was taken as the sample. The questionnaire was sent only to those faculty members who were teaching at departments related to economics (for the purposes of the survey professors and lecturers at the political science and sociology departments were also included).

### **3 Results**

The results of the 2022 survey were the following. Results in terms of gender: the majority of the respondents are male (67%), with a correspondingly lower proportion of female respondents (33%) in the sample. In terms of age group, the 43–52 (34.2%) and the 53–65 (20.4%) age groups are over-represented in the sample. This sample can be considered a normal distribution in view of the proportion of the two age groups within the active population. Most of the respondents (over 70%) live in the capital. The largest proportion of respondents have tertiary education and a PhD degree (71%). Based on their self-assessment, 62.6% of the respondents work in the area of economics, 27% in other fields of education and 10.4% in agriculture. 81.7% of the respondents do not work in finance. In terms of sector of employment, it can be concluded that the majority of the respondents have a PhD degree and

are specialised in various areas of economics; nevertheless, most of them do not teach finance.

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## **4 Discussion**

### **4.1 Questions on meeting the Maastricht criteria:**

One of the goals of my research was to find out what proportion of the respondents thought the ability of meeting the Maastricht criteria important. Moreover, we wanted to understand – and get to know the opinion of university professors, researchers and highly educated people on – whether it was realistic to get the macroeconomic data right first and then introduce the euro. This section summarises the theoretical frameworks found in the professional literature.

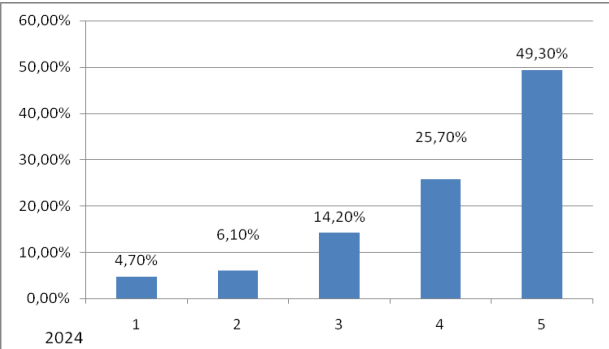
The questions referred to the Maastricht criteria. We have ignored them in the analysis of the data for now. Based on the questionnaire processing, we use the SPSS software package to select the questions that were found to be correlated by the system.

### **4.2 Questions on the adoption of the euro:**

Would it be worthwhile or beneficial for Hungary to become part of the European Monetary Union? In 2022, most of the respondents (78.3%) stated that it would be worthwhile for Hungary to be part of the EMU, while 21.7% of the respondents were convinced otherwise. In 2024, we applied an interval scale in several cases for examining the attitudes towards the euro adoption in order to get a more objective picture of the attitudes of university professors, lecturers and researchers towards the euro. On the Likert scale, the attitude of ‘Absolutely Worthwhile’ (5) received the highest percentage value. The next two questions ask about the attitudes and viewpoints of the respondents. More than half of the respondents (56.8%) believe that the adoption of the euro should be viewed as a national issue, while a smaller half

of the respondents (43.2%) reported that they did not consider the existence of the euro a common issue in Hungary. The second, related question is about commitment. Often (66.1%), respondents answered 'yes'. 33.9% answered 'no'. There is a correlation between the two questions. The second, related question is about commitment. Most respondents are committed to the adoption of the euro (49.3%) (1<sup>st</sup> figure).

**Figure 1: The attitude of university lecturers and researchers regarding the adoption of the euro in Hungary**

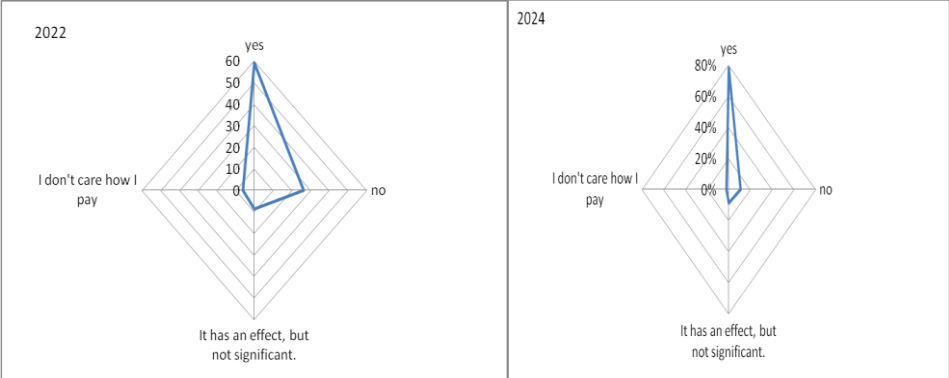


Source: Own research, 2024  
 Legend: (2024): 1) I strongly disagree with the statement, (2.) I disagree with the statement, (3.) I both agree and disagree, (4.) I agree (5.) I completely agree with the statement.

On the Likert scale, the highest score was given to 'we are fully committed to the adoption of the euro' (5). Currency exchange is an important and costly economic process, and the replacement of forint banknotes/coins is also an important signal to society. We sought to find out how academics would feel if they had to pay for their purchases in another currency (2<sup>nd</sup> figure). The responses were as follows in 2022: yes: 59%; no: 26.3%; it has an impact, but not significant: 8.6%; I don't care which currency I pay with: 6.1%.

In your opinion, is it worth replacing our legal tender? The responses were as follows in 2024: yes: 78%; no: 10.8%; it has an impact, but not significant: 8.8%; I don't care which currency I pay with: 2% (Figure 2<sup>nd</sup>).

**Figure 2: In your opinion, is it worth replacing our currency?**



Source: Own research, 2022; 2024  
 Legend: Yes, ...No, ...I don't care how I pay, ...It has an effect, but not significant.

In our opinion, once again, we can see a more positive attitude to the adoption of the euro. Even from a two-year perspective it is apparent that the opinion of university professors, lectures and researchers on a possible replacement of the legal tender is becoming more and more positive. The euro is a symbol of Europeanness. If the respondents had euro in their hands, when paying for purchases, would it strengthen their European identity or not? Respondents said the following: Paying in euro makes me feel more European. (42.6%), no, there is no connection between the euro and the experience of being European. (57.4%) It is not certain that money presented as a symbol really embodies a symbol. In 2024, respondents said: Paying in euros makes me feel more European. (48%), no, there is no connection between the euro and the experience of being European (52%). Do you think the euro will reduce your banking costs when travelling to EU countries (e.g. withdrawing money from ATMs)? In 2022, 80.4% of the respondents saw a link between lower banking costs and the existence of the euro. 19.6% said no. In 2024, 79.1% of the respondents saw a link between lower banking costs and the existence of the euro. 20.9% said no. With the next question, we wished to gauge an important aspect of the respondents' economic attitudes: do academics think that the existence of the euro makes it easier to do business in different countries in Europe? Most of the respondents in 2022 voted yes (90.8%), with 9.2% saying no. In 2024, most respondents were in favour (89.9%), with 10.1% saying no. For me, these answers mean that credit transfers and purchases in euro will make doing business and business rules simpler.

Owing to the press and the media and to several sub-disciplines, there is a growing awareness of the Maastricht criteria. In a span of two years, the rate of ignorance/non-recognition decreased by almost 10%. (The in-depth exploration of this knowledge is outside of the scope of this paper.) In both survey years, respondents expected inflation rates to exceed the three best performers by more than 1.5% (end of 2023, the Netherlands, Belgium, Italy). Owing to high inflation, there were disruptions in the euro area in 2022. In both years of the survey, the respondents reported that the annual budget deficit exceeded 3% of GDP. Due to the accelerating crises (crisis spiral), Hungary was unable to meet this condition year after year. The most respondents were unable to answer the following question, or did not understand the question – the latter cannot be ruled out. – They chose the second most frequent answer (purple field) – if the overrun rate were 60%, public debt would be 120%. In the case of this question, we have ignored the evaluation of the answers.

The results show that academics and researchers believe that the government will deliver on the current budget bill, with a large majority (82.4%) confident in 2024. Respondents believe politicians. In both survey years, most of the respondents were confident that the currency would not be pegged in the next 3 years – i.e. the forint exchange rate will continue to fluctuate in a floating exchange rate regime. The respondents ‘Disagreed’ with the statement in both survey years. In their opinion, there is very little chance for the criterion to be met. (End of 2021: Slovenia, Ireland, Malta) (end of 2023: Denmark, Croatia, Slovenia) Hungary was unable to reach the interest rates prevailing in the countries specified in either survey year. The adoption of the euro would not result in accelerated productivity growth. The example of Ireland shows that productivity improved after the euro adoption. University professors thought otherwise in both survey years. In 2024, the highest score on the Likert scale (37.2%) was given to the answer ‘Neither Agree nor Disagree’.

It is a matter of academic debate, but in the area of economics university professors, lecturers and researchers have sufficient knowledge to decide the problem of the optimal currency area. In 2022, the majority of the respondents (53%) stated that the European Union was not an optimal currency area. They agreed with the question asked to a medium degree in 2024 – they received the median score on the Likert scale (3). The ‘Neither Agree nor Disagree’ attitude response was extremely high. The authors’ statement is that it hadn’t been previous research in Hungary. We couldn’t find any scholars with similar research.

## **Conclusion**

The economic position of Hungary is mature enough for accession to the euro area. The authors’ opinion is more confirmed by the experiences gained during the coronavirus pandemic: with the use of the euro the economic disadvantages presaged by the abrupt, sharp deterioration of the exchange rate – surging import prices, accelerating inflation – could be avoided or would be far less perceivable. The country would stand a better chance of recovering in the event of a pandemic-related, steep economic downturn that might lead to yet another economic crisis. Lessons to be learned from Croatia’s experiences: It would benefit Hungary, as well, if – as a full member of the eurozone – it was able to exert an influence directly – from the inside – on decisions related to the future of the single currency area, including the accession criteria. We imagine that a similar model will emerge as in the case of Croatia.



Attitude testing is useful before implementation. It should be conducted from the perspective of all stakeholders in society. Attitudes have changed over time, so it is worthwhile to conduct it from time to time. We consider it one of the most valuable research methods for the adoption of the euro. We conclude that joining the eurozone is one of the most important regional and economic policy issues. The research covered the whole vertical of the euro adoption. The confidence factor is very important. Based on the experience of other countries, joining the eurozone is expected to improve the perception of Hungary by international credit rating agencies. There are economic, diplomatic and cultural drawbacks in delaying accession. Attitude testing increases confidence in the currency.

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