

## **A MAGYAR PÉNZHELYETTESÍTŐK OSZTÁLYOZÁSÁNAK EGY LEHETSÉGES MÓDJA**

### **AN ATTEMPT TO CATEGORIZE HUNGARIAN COMMUNITY CURRENCIES**

**Eszter SZEMERÉDI<sup>a</sup>**

<sup>a</sup> PhD student, Széchenyi István University, Doctoral School of Regional Sciences and Business Administration, e-mail: szemeredi.eszter@sze.hu

**Cite this article:** Szemerédi, E. (2018). An attempt to categorize Hungarian community currencies. *Deturope*, 10(1), 144-159.

#### **Abstract**

Since the emergence of complementary currencies in the 1980s there have been numerous attempts to classify them, despite that the terms local currency, community currency and many others describing place-based monetary tools are not considered similarly by scholars. The local currencies take many forms, and local governments play different roles in their emergence and development. In Hungary there has been an increasing attention and discussion around the idea of implementing these alternative monetary tools. There is a growing number of working complementary currencies in Hungary, but academic research focuses mostly on whether these can contribute to the local development and what kind of effects they have.

The aim of this paper is to present a possible categorization of Hungarian complementary currencies based on the role local governments played in their implementation. I evaluate whether these community currencies are effective at first, and attempt to categorize them based on their purpose, association form and their relationships with local governments, with the purpose of increasing awareness for these initiatives in the process of policy-making.

Keywords: community currency, complementary currency, local governments, classification, Hungary

#### **Absztrakt**

A helyi pénzek megjelenése óta számos kísérletet tettek arra, hogy e pénzhelyettesítőket klasszifikálják, annak ellenére, hogy a tudományos életben még azt illetően sincs egyetértés, hogy mit is értünk pontosan a fogalom alatt. A pénzhelyettesítőknek számos formája létezik és létrehozásukban a helyi önkormányzatok különböző mértékben játszanak szerepet. Magyarországon a jelenséget egyre növekvő figyelem övezi, a 2010-es évek óta működő hazai példákat azonban főként a település-, és területfejlesztésben játszott szerepük alapján vizsgálják. Jelen tanulmány célja, hogy a hazai komplementer pénzeket a helyi önkormányzatok szerepvállalása alapján klasszifikálja. Vizsgálat tárgyát képezi, hogy ezek mennyire teljesítik kitűzött céljait, milyen formában működnek és mennyire szoros kapcsolat áll fenn a helyi önkormányzatokkal. Mindezt azzal a céllal teszi, hogy felhívja a helyi és országos döntéshozók figyelmét ezen kezdeményezésekre és útmutatóként szolgáljon a jövőbeni együttműködések forgatókönyveire.

Kulcsszavak: pénzhelyettesítők, magyar helyi pénzek, helyi önkormányzatok, osztályozás, Magyarország

## INTRODUCTION

When describing currency systems, which operate alongside the national currency, the terms most widely used are complementary currency or community currency. They do not aim to replace the national currency, it simply means, that “the existence of the two currencies depends on the other without being casually linked” (Trischler, 2014:1, Kennedy-Lietaer, 2004). These alternative currencies serve as money substitutes. They can obtain many forms depending on their function and geographic delimitations (Trischler 2014, Preissing, 2009). Whilst local currencies operate in a specific area e.g. a town, a city or a neighborhood, regional currencies are used in a wider geographical area. This paper does not examine the so called technical cash equivalents.

In the literature there is no common definition “beyond a series of considerations distinguishing specific items between complementary currencies” (Blanc, 2011: 4), let alone a differentiation between the two. There have been attempts to classify complementary currency (CC) initiatives, but there is no commonly accepted typology. The major problem that arises is that CC schemes due to their diversity and dynamics do not fit into any standard classification. In addition different objectives may lead to different categorizations (Blanc, 2011).

The purpose of this paper is to outline a possible categorization of complementary currency systems, and classify Hungarian complementary currencies based on the built typology. Section 2 discusses previous classifying attempts, in length the typology made by Jérôme Blanc, Marie Fare and Jens Martignoni. Section 3 proposes a differentiation drawn on previous literature, and section 4 applies it to a typology. Based on the built typology section 5 proposes a distinction between Hungarian schemes. Section 6 contains conclusions.

## EXISTING TYPOLOGIES

In English literature there are only a few classification systems on the subject and these are mostly proceeding from the traditional understanding of money, which is unable to capture the special features of complementary currency initiatives (Martignoni, 2012). In Hungarian literature little work has been done on the classification of operating complementary currencies in the country. Most of the literature limits itself to their forms, functions and impacts of their application in local society. A general typology is not given, hence my attempt to draw up the outline of a classification for the working CCs in Hungary.

To build a relevant system one must first review the theoretical and methodological contributions to the topic. One must understand how these typologies are built, which sets of items are combined to make up the system. According to Blanc the difficulty lies in creating a system “that is flexible enough to let space for innovation” (Blanc, 2011: 5). Building a new

one should not have the aim of replacing existing typologies. The problem is that many previous experiments failed to deepen it sufficiently, and provided instead a series of elementary items e.g. their form, their functions (Blanc, 2011). Kennedy and Lietaer (2004) tried to create a typology of CCs according to their purposes, but eventually only discussed the way they are issued, their function and the way their costs are covered etc.

Blanc (2011) proposed that one should not focus on items but rather on projects. He introduces a distinction between three sorts of projects. There are “territorial projects centered on a geopolitical space, community projects and economic projects centred on production and market exchange activities” (Blanc, 2011: 6). He also emphasizes the importance of the project’s background. Implementers could be non-profit organizations, informal groupings, governments or firms. Schemes implemented by firms and national currencies are removed from his analysis. He sets ideal-types of currency schemes based on the space considered, on the purpose and guiding principle. He also proposes a second level of classification, distinguishing four generations that overlap and are gradually changing (Blanc, 2011).

For Martignoni’s (2012) typology Greco’s (2001) three basic principles serve as the basis. He presents a set of questions, and develops an evaluation system. A unique type may then be assigned through a division into quadrants. The four key questions are about the permission to issue the currency, about the basis for the currency, about the costs and benefits, and about the aims of the schemes. Dimension A of the typology shows who has the permission to issue currency; the second dimension distinguishes between currencies with the bases pure personal loan, goods and services, material assets, property and higher value currency. The key issue is how much currency can be brought into circulation. The tools used to assess the circulation are costs and benefits. Costs can be large holding costs, or small holding costs. There are also complementary currencies with no costs. The schemes can serve individuals, a group or a community or the general public. They could also serve as a means for a group to achieve positive effects for others e.g. socially disadvantaged (Martignoni, 2012).

Jerome Blanc and Marie Fare (2013) also presented a paper that concentrates on the role played by local governments and administrations in the development and differentiation of CCs. They explain the role of governments in the emergence of four generations. They also discuss the problems local governments have to overcome, and traps to avoid if they commit themselves to implement such schemes. The presented generations help to understand the relationship between complementary currencies and local governments. In the first generation of CCs e.g. LETS model the local administration does not play a role, they are not part of implementation process. Second generation schemes e.g. time banks have been used as tools to strengthen social ties at the community level. The third generation CCs e.g. Ithaca Hour

seek advanced partnerships with local governments and authorities, also with local banking institutions. The fourth generation has a central role for local governments.

Marie Fare et al. (2015) examine the impacts of complementary currencies in terms of sustainable territorial development. Fare et al. identify three potentials in relation to sustainable development: making economic, social and political activities territorial, the revitalization of exchanges and modifying community practices and values.

Fesenfeld et al. (2015) argue that the ideology and ideals of the implementer shape the “constituency of the users, the size of the user group, their interconnection with similar projects and the goals of the scheme” (Fesenfeld et al., 2015: 166). They may be driven by a political ideology, by the motivation of promoting the regional economy, or by sustainability.

Siglinde Bode (2004) proposes a typology based on the type of business relationship. There are four possibilities according to Bode: business to business, business to customer, customer to customer and customer to business. From this she develops a scheme consisting of the relationship, payment system and backing of CCs. Martignoni argues that this typology is based “primarily on conventional business thinking, therefore poorly suited as a starting point for a true classification” (Martignoni, 2012: 4). Nevertheless it provides an important insight into how complementary currency schemes work.

The Talent Switzerland association classifies currencies by purpose and by sector (Dold, 2010). A spectrum between market/competition and relationships, gift economy is presented. Sectoral money that can be used for limited economic activities is also distinguished e.g. Fureai-Kippu for care in old age, or educational vouchers in Brazil.

Zagata (2004) states, that “the establishment of complementary currency in a locality is *per se* unique”. The result depends on factors such as the needs of the community, on the ways of carrying out transactions, on the forms of exchange etc. In consequence of this fact one can present an ideal type of CC, but it can never really exist in reality (Zagata, 2004).

As a conclusion they can either have very similar or very different characteristics (Blanc, 2011), it depends on the circumstances in which they are implemented. A typology should not be built in order to classify the researcher’s observations (Blanc, 2011), and initiatives should not be forced into an existing framework.

## **BUILDING A TYPOLOGY**

The above introduced concepts do not make it fully possible to compare complementary currencies. According to Martignoni (2012) in most cases terms like function or goals are used to describe money in and of itself and are not usable in distinguishing between different currencies. There are many overlaps and similar classifications, but a clear evaluation system that could be implemented for various types of CC schemes is missing (Martignoni, 2012).

The models used by Blanc-Marie Fare and Martignoni are the closest to a flexible system that enables further development. Thus the models of Blanc - Marie Fare and Martignoni are used as the starting point for the development of my typology.

Blanc (2011) argues that the right way of building a typology is making first its purpose clear. This paper concentrates on the role local governments play in different CC schemes, and how they can help to spread, and develop these initiatives. The analysis of Hungarian schemes could offer at last partially an answer to the question regarding the support of CCs in a country, where partnerships between local government and civil society are not the strongest.

In order to build a typology the paper focuses on projects and not on items e.g. the different bases for currency. The general philosophy, the guiding values serve as a major orientation point for the system. Blanc and Fare (2013) identified four generations of schemes that are characterized by their specific relations with the local or central government. They state that although the term generation refers to a “chronological order of emergence, the schemes overlap and a new generation does not put an end to earlier ones” (Blanc-Fare, 2013: 66). Under this respect, this section proposes a differentiation between four type of projects, not using the term generation. These projects have specific forms of relations with local authorities, and have different guiding values. The general purpose each one has is strongly linked to how much they interact with the local government. The philosophy they creators have shapes the development route that these projects follow. As previously mentioned, designers according to Fesenfeld et al. (2015) may have the goal to strengthen community ties, modify values or to make way for a new paradigm. They may wish to strengthen or revitalize the economy, the economic exchanges or they mainly be centered on territorialization of economic, social or political activities.

Drawing on the above mentioned typologies this framework helps to identify two types of projects depending on the designers’ goal. The first type of projects primarily focuses on networks of individuals, or businesses, aiming to strengthen community ties or to revitalize economic exchanges between them. The second type pursues a territorial purpose, aiming to promote and to protect the regional economy. These kind initiatives have local resilience or local development as a desired result (Zagata, 2004).

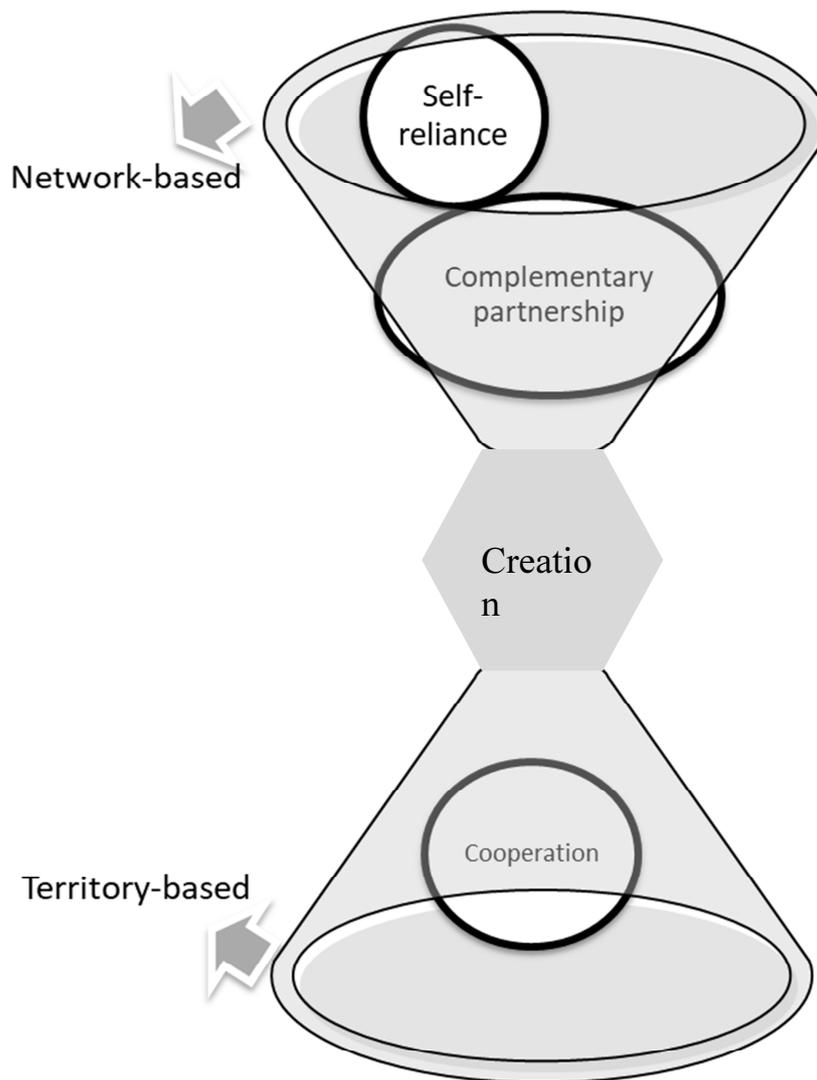
Although the second type pursues mostly a territorial purpose, it is also tied to community or economic issues. An example for this type of scheme is the Chimgauer in Germany. As mentioned above the goal is closely linked with the type of partnership their creators have with local governments.

Based on this the next section proposes a combination of two dimensions into a graph (Fig. 1) that shows the relations between CC schemes and local governments and the space they are

based on. It identifies four types of projects, namely: self-reliance, complementary partnership, cooperation and creation. The foregoing types of projects serve as a basis for the built system, but as it is in the first phase of research, it has much room for further refinement. Nevertheless it could serve as square one for analysis of the partnering between local governments and CC schemes in Hungary.

### APPLICATION TO A TYPOLOGY

**Figure 1** Typology based on the purpose and the role of local governments



**First type of projects: self-reliance - no dependence on the local government and administration, exchange-oriented**

In great majority the first type complementary currency schemes were implemented by communities in response to needs that are not satisfied by the market (Blanc-Fare, 2013). They are typically grassroots initiatives that have the empowerment of the community as aim,

their goal is to revitalize social exchanges, and make the community self-reliant. The overarching principle is reciprocity; this kind of scheme has trust as its basis. These kinds of communities are most of the time independent from any geographical dimension (Fare, 2011). No central authority is required to guarantee the currency and manage its supply. As these projects are not dependent on the assistance of any kind of authority, they have no relationship with the local government. “In most cases there is a will to keep one’s autonomy from government and administrations” (Blanc-Fare, 2013: 66).

The closest example is LETS, a mutual credit currency. Each transaction is recorded as a “corresponding credit and debit in the two participants' accounts. The quantity of currency is issued through their exchange, and automatically sufficient” (Transaction Net, n.d.). There is no need for an organization to manage the quantity; it works in a self-organized way. The amount of currency needed in such a transaction is negotiable. It is a scheme that can be applied to various communities, where products or services require a different amount of work or different set of skills (Jelínek et al., 2012). These kinds of projects do not need the involvement of local governments, and it is very rare that the community reaches out for the local authorities’ support. However there are some cases, when local governments supported them, by accepting the community currency in local tax collection or tax debt repayment e.g. the case of Argentinean trueque (Blanc-Fare, 2013).

### **Second type of project: complementary partnerships - for solving social issues, service-oriented**

These schemes are pure community currencies built on “multilateral reciprocity” (Blanc, 2011). These kinds of CCs are service credit systems that aim to help the elderly, the sick or anyone in need of help. The difference to the first type of initiatives lies in the form reciprocal exchange. Time banks’ concept focuses mostly on services unlike LETS, where trading is concentrated on goods (Blanc-Fare, 2013). According to the inventor Edgar Cahn (2004) the persons “who benefit from the services are not necessarily the persons who have to return a service in order to balance their account” (Moers, 1998: 24).

The first generation of these programs began in the 1970s with Fureai Kippu, a Japanese complementary currency. They were used to provide personal services especially for the elderly. The second generation of service credit systems involves not only the elderly, but provides service to other groups, such as people suffering from AIDS virus, teenage mothers, or public housing residents. These schemes have integrated into health care systems, colleges, state and federal social agencies etc. In consequence they maintain relatively close ties with local governments or organizations in the social economy (Moers, 1998).

A good example is the Watford time bank was set up by the local council, as part of its 'Better Government for Older People' initiative, and "rewarded local residents for their input into evaluating local services" (Seyfang, 2002: 246). Another example is the case of Italian time banks. According to Coluccia (2001) around the year 2000, 60% of Italian time banks were supported by local council (Blanc-Fare, 2013: 67). Support took many different forms ranging from financial support to direct involvement in the creation and development of these schemes. Time banks could also be linked with local employment or training opportunities, as has happened through the Gorbals initiative, a local economic development initiative (Seyfang, 2002).

In conclusion the second type of projects is often seen as a tool to solve social problems, as a tool to strengthen ties in a community and to encourage members to do voluntary work.

### **Third type of projects: cooperation - seeking closer partnership with local government and actors, economy-oriented**

These CC schemes have the protecting, stimulating and revitalizing of local economy as purpose. Blanc (2011) named these as local currency, because the territorialization of economic or social activities is their underlying principle. They are concentrating on an economic space defined by a network of local businesses and stores. As these kinds of projects seek to have a stronger economical impact (Blanc-Fare, 2013) than the schemes mentioned above, it became necessary to seek stronger relations with local governments. As consequence in many cases e.g. the German Regiogeld local governments became active partners in the spread and development of these initiatives. Cooperation may occur in the form of financial support, administrative support, legal recognition etc. Legal recognition means that payments for local taxes, for health services, for culture etc. can be made in the local currency (Blanc-Fare, 2013).

This kind of support from local authorities may lead to a greater acceptance from local people. In this context a partnership with the local government may be of great importance, and inventors of this kind of scheme purposely seek advanced partnerships to further integrate local currency into the local economy.

A successful example is the German Chimgauer, which is the local currency of the Bavarian Chimsee region. The basic goal behind the scheme was to increase activity rate, for which purpose job seekers and volunteers were provided jobs and received their wages in the local currency. One of the most important employers are local governments of the region (Tóth, 2011). Although local governments did not play a significant role in the creation process, they contributed to its spread.

#### **Fourth type of projects: creation - complex goals, network-oriented and territory-based**

These complementary currencies are territorial projects created by local governments in partnership with local actors. They combine economic purposes with community purposes, and are built with regards to economic spaces. Sustainable development of the given geographical space is strongly integrated into the concept. The main goal is to ensure the financial, social and political sustainability of a geographically-defined space. The complexity of these kinds of schemes requires a “controlling centre” with the necessary financial, technical, fiscal etc. background (Blanc-Fare, 2013). Local governments do not just participate in scheme development as co-creators, but in many cases they initiate the CCs in cooperation with the local community, and local businesses. The complexity also means that these make up a “technically demanding and expensive system” (Blanc-Fare, 2013: 70).

Great example mentioned by Blanc and Fare (2013) for the fourth type is the SOL in France. The complex initiative integrates the aspects of territorial and community projects. It has been created by French local governments and four major organizations in the social economy.

#### **CLASSIFICATION OF HUNGARIAN COMPLEMENTARY CURRENCY SCHEMES**

In this section the paper attempts to classify Hungarian complementary currencies based on the above developed typology. From the operating complementary currency schemes I selected those with the most differences from each other, to encompass the whole spectrum. To understand how CC schemes work in Hungary one must look at the first experiments in this area. “The confrontation of the theoretical presumptions and practical effects is quiet difficult under the conditions of the European post-communist countries” (Zagata, 2004: 482).

The traditional rural communities’ element was the so called Kaláka, which is the form of mutual neighbor’s help. The relative closeness of the communities and the lack of resources have given rise to this kind of circle of mutual help (Zagata, 2004). Also during wartime alternative currencies, emergency currencies were used to counter the negative effects that came from the lack of money.

The first still existing LETS scheme, the Talentum was established in Budapest in 1996. It was inspired by the LETS initiative in Austria. Talentum has around 150-200 members, who have meetings every second months. Most of the deals are made during these meetings or at club meetings. In the following years several similar initiatives have emerged, with mixed results e.g. the Zöld Forint Kör (Green Forint Circle) at Gödöllő, a city close to Budapest, as well as LETS in Szolnok, Miskolc (Óra Kör), Tiszaluc and Győr (North, 2004). It appeared that these schemes attracted mainly young people, but the older generation refused to join. Some believed that the complementary currency system tried to bring back the traditional

elements of rural communities, which could not work “in the specific conditions of Hungary as a post-communist country” (Zagata, 2004: 483). Some of the early initiatives like Talentum are still operating, but most of them ceased to exist.

The second wave of CC schemes appeared with the Kékfrank in Sopron, in 2010. Shortly after the Balatoni Korona and Bocskai Korona were also introduced. Some other schemes discussed are the Alsómocsoládi Rigac, and the so called Kör initiatives (Jacsó, 2013). Following the discussion of these schemes I attempt to classify them based on the presented typology.

### **Soproni Kékfrank**

The currency has some very special features and because of that cannot truly be classified into the above mentioned types of projects. Kékfrank was created by a patriotic community, who wanted to reorganize the once organic social and economic relations. The inventor Tamás Perkovátz introduced some other vouchers in Sopron before creating the Kékfrank. The complementary currency was built on an existing community of patriots, who used Perkovátz’s purchase vouchers (Perkovátz, 2010).

For the creation of Kékfrank a new European form of enterprise served as background. The European Cooperative Society is an entity that opens the door for cross-border cooperation. The “HA-MI Összefogunk/If-We Unite Limited Liability European Cooperative Society” was founded by 123 members, both entrepreneurs and individuals. Its strategic partners are the Rajka and Region Credit Union, Chamber of Commerce and Industry, Industry Corporation of Sopron and Its Environs, the CIG Pannónia Insurance Company and the University of the West Hungary Faculty of Economics (Szalay, 2011). Everyone can become a member through purchasing a minimum of 1 share. The complementary currency can be converted into the national currency.

Interesting fact that although the project fulfills multiplex goals, has the revitalizing of local economy as its purpose, the local government does not play any kind of role in its operation. Although the local government has a passive role, its attitude is not dismissive. It does not try to make decisions that are not favorable to them, but does not make any decisions to help them either. The local government simply does not wish to join the initiative. Because of its complexity and the space considered it could be placed into the fourth type of projects, but as mentioned, there is not any kind of role played by the local government in its creation and spread.

### **Balatoni Korona**

The complementary currency debuted in 2012, and is the closest example of the fourth type of CC schemes. It is a result of a complex partnership between the local governments of Veszprém, Várpalota, Balatonfüred, Balatonalmádi, Litér, Nemesvámos and Tihany, the Kinizsi Bank and three other business partners.

In this case the local governments acted as initiators. They provided an appropriate legal framework, technical and financial support, and integrated it into specific public policies. The Balatoni Korona Ltd. founded by members of the partnership issued its currency in March of 2012.

Its main objective was to revitalize the economy of the region and to contribute to social cohesion through re-forming social ties (Sárdi et al., 2013). It meets various objectives and is used as a potential public policy tool by local governments. The local governments are the largest issuers as they provide some other allowances, fees and premiums in Korona. The total amount of such payments is about 12-13 Million Forint, from which 9 Million is related to Nemesvámos, and Várpalota (Sárdi et al., 2013). According to the objectives assigned to this scheme and the spaces it is built with regards to it can be categorized into the fourth type of projects.

General opinions about the system are positive, but the scheme is not without difficulties. The major problem lies in the permanent financial limitations, the erosion of social networks, and the lack of trust in each other.

### **Bocskai Korona**

The complementary currency was first introduced in 2012. Preparations began in the summer of 2011, when the local government of Hajdúnánás founded a holding company, the Hajdúnánási Holding Zrt. to ensure the scheme's financial and institutional background. An interesting fact that at first it was intended to be used only locally, and just later on spread to the surrounding municipalities (Sárdi et al., 2013).

It is a project aiming to affect economic relations in a “geopolitically-defined space” (Blanc, 2011: 6). Local government uses it to achieve certain ends, namely the revitalization of local economic exchanges. The scheme focuses on the daily consumer behavior of local population, so its aim is to strengthen the relations between local businesses, and the local individuals. Its objective is to keep their purchasing power inside the municipality. To keep it local means that first they even rejected the request to expand it to Debrecen.

The acceptance of the Korona is very high. Among the 50 acceptors there are a wide variety of shops e.g. flower shop, construction company etc. Also the local government made

it possible for local individuals to use Bocskai Korona as a means of payment for public services (Sárdi et al., 2013).

### **Alsómocsoládi Rigac**

The Rigac is based on similar considerations as the Bocskai Korona. Its foremost purpose is to combat poverty and exclusion, to promote local consumption and to provide resources for the community. It is implemented only in Alsómocsolád; the local government is responsible for its issuance.

Among the discussed CC schemes it is the one most widely used as means of payment. Local governments provide allowances, fees and premiums in Rigac. Local government collects local taxes in the local currency, and companies tied to the local government also pay part of their employees' salary in Rigac. Although it is limited to the municipality of Alsómocsolád, the possibilities of its expansion were also evaluated. It could be used as a tool to the develop tourism in the micro-region consisting of 5 municipalities. Inhabitants use around 90% of the local currency through the local governments system, because it also became possible to pay in Rigac for public services such as transport, home social care, culture etc (OFA Nonprofit Kft., 2015).

Administrative issues are the biggest challenge they have to face along the road. As the Rigac is part of the local government's budget its financial management needs a technically demanding system (OFA Nonprofit Kft., 2015).

### **Tokaji Dukát**

The latest in the line is the complementary currency of Tokaj wine region. It was born in March 2016 as a result of 27 municipalities' partnership in the region. The idea of making a complementary currency to make the regions' economy prosper again dates back to 2013. The local governments created the Dukát based on the example of Bocskai Korona (Parádi-Dolgos, 2016).

Its main goal is to strengthen the economic and social ties between the municipalities, and is designed to act as a tourist attraction. It is used to promote consumption of local or organic produce. As in the case of Bocskai Korona discounts are provided when purchasing local products (Parádi-Dolgos, 2016). Because of its relative newness there is little information available on the complementary currency. Its website acts as the main information source, according to that there are still just a few acceptors involved. If it meets the expectations and is able to become a widely used regional currency, it may be a great example to follow for regions with low economic performance.

The brief overview of the major CC schemes in Hungary illustrates the part Hungarian local governments play in the development and spread of these initiatives. The presented information is summarized in the following Tab. 1.

**Table 1** Hungarian CC schemes

	<b>Kékfrank</b>	<b>Balatoni Korona</b>	<b>Bocskai Korona</b>	<b>Alsómocsoládi Rigac</b>	<b>Tokaji Dukát</b>
<b>Type of project</b>	can not be categorized; based on complexity: fourth type based on relations with local government: first type	fourth type: creation	fourth type: creation	fourth type: creation	fourth type: creation
<b>Issuer</b>	Ha-Mi Összefogunk European Limited Liability Cooperative	Balatoni Korona Zrt.	Hajdúnánási Holding Zrt.	Local government of Alsómocsolád	Holding of 27 local governments in Tokaj wine region
<b>Origin</b>	founded in Sopron May 2010	founded in March 2012, cooperation between 7 local governments	founded in July 2012 in Hajdúnánás	founded in May 2013 in Alsómocsolád	founded in March 2016, cooperation of 27 municipalities
<b>Scope</b>	Sopron and its region, cross-border	7 municipalities around the lake Balaton	Hajdúnánás	Alsómocsolád	Tokaj wine region
<b>Space considered</b>	geopolitical, economic and social space	economic and social space	geopolitical and economic space	geopolitical and economic space	social and economic space
<b>Purpose</b>	revitalizing local economy, strengthening cross-border cooperation and social ties	strengthening regional economy, and revitalizing social exchanges	strengthening local economy, protecting local businesses, stimulating local exchanges	strengthening local economy, revitalizing community ties	strengthening community ties, protecting regional economy
<b>Relations with local government</b>	no	yes	yes	yes	yes

## CONCLUSION

The first wave of complementary currencies in Hungary, the so called Kör initiatives operated like LETS initiatives. The two major schemes are the Talentum in Budapest and the Suska Kör in Budapest and Szeged. Local governments did not play any kind of role in these schemes. They were typical first type projects, with the aim of strengthening community ties and fulfilling needs that could not be met through the market mechanism. They did not involve large groups, and most of the members were young people. Projects of the second and third type based on the cooperation with local governments cannot be observed in Hungary.

Frontrunners of the fourth type projects are the Balatoni Korona, the Bocskai Korona and the Alsómocsoládi Rigac. In these schemes local governments play the most important role, are the creators of them. These initiatives combine economic purpose with social purpose. As the local or regional economy grows it becomes more self-reliant and the dependence on outer areas will be reduced. This is in accordance with the model of local endogenous development (Zagata, 2004). Social capital is a crucial element for its success, because the community that uses a complementary currency strengthens its social ties. The specific social and cultural factors also affect the success of CC schemes.

Early attempts in Hungary concentrated on keeping the traditional elements of the once prospering rural communities alive e.g. the mutual help between neighbors. The new wave of complementary currencies concentrates mostly on a territory, combines economic and social goals; and local governments play an active role in the invention, implementation and expansion process. It attracts not just young adults, but local patriots, businesses, social institutions, local authorities and individuals who look to fulfill their needs locally.

As Blanc-Fare, and Martignoni made attempts to categorize international CC schemes, this paper left out the classification of these schemes and concentrated on the features of Hungarian complementary currencies. Even so classification was not an easy task, as there are some special cases that cannot be clearly classified into one type of project like the Kékfrank. This supports Blanc's (2011) argument, that an ideal typology does not truly exist and that CC schemes are more of a combination of basic items adapted under given circumstances. The newest generations in Hungary are certainly linked to local governments, and are acknowledged as a tool in local development processes. To further study these schemes the built system could serve as a basis of action research.

## REFERENCES

- Blanc, J. (2011). Classifying "CCs": Community, complementary and local currencies' types and generations. *International Journal of Community Currency Research*, 15, 4-10.

- Blanc, J., & Fare, M. (2013): Understanding the role of governments and administrations in the implementation of community and complementary currencies. *Annals of Public and Cooperative Economics*, 84, 63-81.
- Bode, S. (2004). *Potentiale regionaler Komplementärwährungen zur Förderung einer endogenen Regionalentwicklung* (Master's thesis). Retrieved November 9, 2017 from [http://www.regionalentwicklung.de/download/Siglinde\\_Bode\\_2005\\_Komplementaerwaehrungen\\_zur\\_endogenen\\_Regionalentwicklung.pdf](http://www.regionalentwicklung.de/download/Siglinde_Bode_2005_Komplementaerwaehrungen_zur_endogenen_Regionalentwicklung.pdf)
- Cahn, E. S. (2004). *No more Throw Away People: the Co-Production Imperative*. Washington: Essential Books
- Coluccia, P. (2001). *La Banca del tempo*. Torino: Bollati Boringhieri
- Dold, U. (2010). *TALENT in Switzerland*. Unpublished script, Degersheim.
- Fare, M., de Freitas, C. & Meyer, C. (2015). Territorial development and Community currencies: symbolic meanings in Brazilian Community development banks. *International Journal of Community Currency Research*, 19, 6-17.
- Fesenfeld, L., Stuckatz, J., Summerson, I., Kiesgen, T., Ruß, D. & Klimaschewski, M. (2015). It's the motivation, stupid! The influence of motivation of secondary currency initiators on the currencies' success. *International Journal of Community Currency Research*, 19, 165-172.
- Greco, T. H., Jr. (2001). *Money – Understanding and Creating Alternatives in Legal Tender*. Vermont: Chelsea Green Publishing Company
- Jacsó, E. (2013). *Helyi pénzek – Kisközösségi Program* (Online text). Retrieved August 27, 2017, from [http://www.humusz.hu/sites/default/files/Dokumentumok/kozossegek/helyi\\_penz\\_kiskozossegi\\_program.pdf](http://www.humusz.hu/sites/default/files/Dokumentumok/kozossegek/helyi_penz_kiskozossegi_program.pdf)
- Jelínek, P., Szalay Z. & Konečný, A. (2012). Local Exchange Trading Systems in Central European post-Communist Countries. *International Journal of Community Currency Research*, 16, 116-123.
- Karuschke, M. & Fischer, D. (2006). *Machbarkeitsstudie Regio-Initiative Barnim-Uckermark – Im Auftrag der Kommunität Grimnitz e.V. Joachimstahl* (Online text). Retrieved October 9, 2017, from <http://www.swschwedt.de/kunden/uckermark/projekte/machbarkeitsstudie.htm>
- Kennedy, M. & Lietaer, B. A. (2004). *Regionalwährungen: Neue Wege zu nachhaltigem Wohlstand*. München: Riemann Verlag
- Martignoni, J. (2012). A new approach to a typology of complementary currencies. *International Journal of Community Currency Research*, 16, 1-17.
- Moers, P. (1998). *Community Currency Systems: A Co-operative Option for the Developing World?* (Online text). Retrieved September 9, 2017, from [http://www.utopie.it/documenti/documenti\\_esd/A\\_Cooperative\\_Option.pdf](http://www.utopie.it/documenti/documenti_esd/A_Cooperative_Option.pdf)
- North, P. (2004): *Kaláka and Kör: Green money and mutual aid in Hungary*. *International Journal of Complementary Currency Research*, 8, 24-28.
- Országos Foglalkoztatási Közhasznú (OFA) Nonprofit Kft. (2015). *Helyi Pénz Tanulmány* (Online text). Retrieved September 17, 2017, from [http://www.piactars.hu/uploads/files/documents/Helyi%20Penz%20Tanulmany%20\(2015\).pdf](http://www.piactars.hu/uploads/files/documents/Helyi%20Penz%20Tanulmany%20(2015).pdf)
- Parádi Dolgos, A. (2016). *Az önkormányzatok szerepe a helyi pénz kibocsátásában és működtetésében*, In Kerekes Sándor (Ed.), *Pénzügyekről másképpen: Fenntarthatóság és közösségi pénzügyek* (pp. 147-160). Budapest: CompLex Wolters Kluwer
- Perkovátz, T. (2010). *Complementary currency and the stimulation of local economy* (Online text). Retrieved August 8, 2017, from [http://kekfrank.hu/letoltes/Oizeto\\_eszkozunk\\_a\\_kekfrank.pdf](http://kekfrank.hu/letoltes/Oizeto_eszkozunk_a_kekfrank.pdf)

- Preissing, S. (2009). Tauschen-Schenken-Geld? Ökonomische und gesellschaftliche Gegenentwürfe. Berlin: Dietrich Reimer Verlag GmbH
- Sárdi, G., Varga J. & Parádi-Dolgos A. (2013). Comparative analysis of the Hungarian complementary currency systems. 2<sup>nd</sup> International Conference on Complementary Currency Systems (CCS), Rotterdam, 2013 (Online text). Retrieved September 17, 2017, from [https://www.iss.nl/sites/corporate/files/Gabor\\_Sardi.pdf](https://www.iss.nl/sites/corporate/files/Gabor_Sardi.pdf)
- Seyfang, G. (2002). Time on our side. Time banks and active citizenship. *New economy*, 9 (4), 187-248.
- Szalay, E. Z. (2011). Kékfrank to boost the resilience of locality. *International Journal of Complementary Currency Research*, 15, 52-56.
- Tóth, I. B. (2011). The function of local currencies in local economic development – The Bavarian Chimgauer Regiogeld and the Kékfrank in Sopron. *Public Finance Quarterly*, 1, 67-78.
- Transaction Net (n.d.). LETS – Local Exchange Trading Systems (WWW page). Retrieved September 20, 2017 from <http://www.transaction.net/money/lets/>
- Trischler, S. (2014). Regional Complementary Currencies and the EU's Strive for Regional Development and Economic Cohesion (Master's thesis). Retrieved September 11, 2017, from [http://projekter.aau.dk/projekter/files/198416527/Master\\_Thesis\\_Susanne\\_Trischler\\_June\\_2014.pdf](http://projekter.aau.dk/projekter/files/198416527/Master_Thesis_Susanne_Trischler_June_2014.pdf)
- Zagata, L. (2004). Complementary currency systems as a source of endogenous development of localities. *Agricultural Economics*, 50 (10), 477–484.