

The role of trust in the B2B cooperation of the Hungarian Banking Association

ABSTRACT

The aim of the study is to discover how the role and influence of the Hungarian Banking Association (HBA) have changed in the years of the global financial and economic crisis and what the role and the characteristics of trust are in the cooperation among the partners according to the representatives of the HBA and concerned bank managers.

The main question the study addresses is what the main characteristics of the business relationships and the cooperation among competitors are in case of the Hungarian Banking Association. This examination of the B2B relationships has some special aspects. Although directly there are no real transactions (exchange of products or services) in the HBA, to put it in the frames of the IMP Interaction Model (Håkansson, 1982), as a forum for social exchange and information exchange, it has a great influence on the adaption of new business models and potentially also on intra-sectoral cooperation. In order to understand more thoroughly the operation of the Hungarian Banking Association, the evolution of its activities and licences are also presented.

Keywords: banking, advocacy in banking, trust research

INTRODUCTION

The Hungarian Banking Association (HBA) was founded by 22 banks and financial institutions in 1988 and today it has 44 partner banks. The most important function of the Association is to represent the member commercial banks' interests vis-a-vis third parties. For this purpose working committees are established, involving professionals from member banks. The Association represents its members' interests in the drafting and discussion of laws, statutes and projects that affect the banking sector directly or indirectly. The Association develops opinions and standpoints on a consensus basis.

The HBA reviews regulatory proposals of the National Bank of Hungary and maintains a close cooperation with the Hungarian Financial Supervisory Authority. Furthermore, it cooperates with other professional organisations. In some special cases the Association plays a coordinating role in the implementation of bank modernisation projects. One of its main roles is to improve the stability and efficiency of the banking system. It also develops and coordinates a public relations project to promote an objective view of the operation of the Hungarian banking system. The Hungarian Banking Association is a member of the European Banking Federation (FBE).

The operation of the HBA is worth analysing since it reflects the inter-organisational problems and the communities of interest on a smaller scale as it is the lobbying body and the forum for consultation of the actors of the Hungarian banking market.

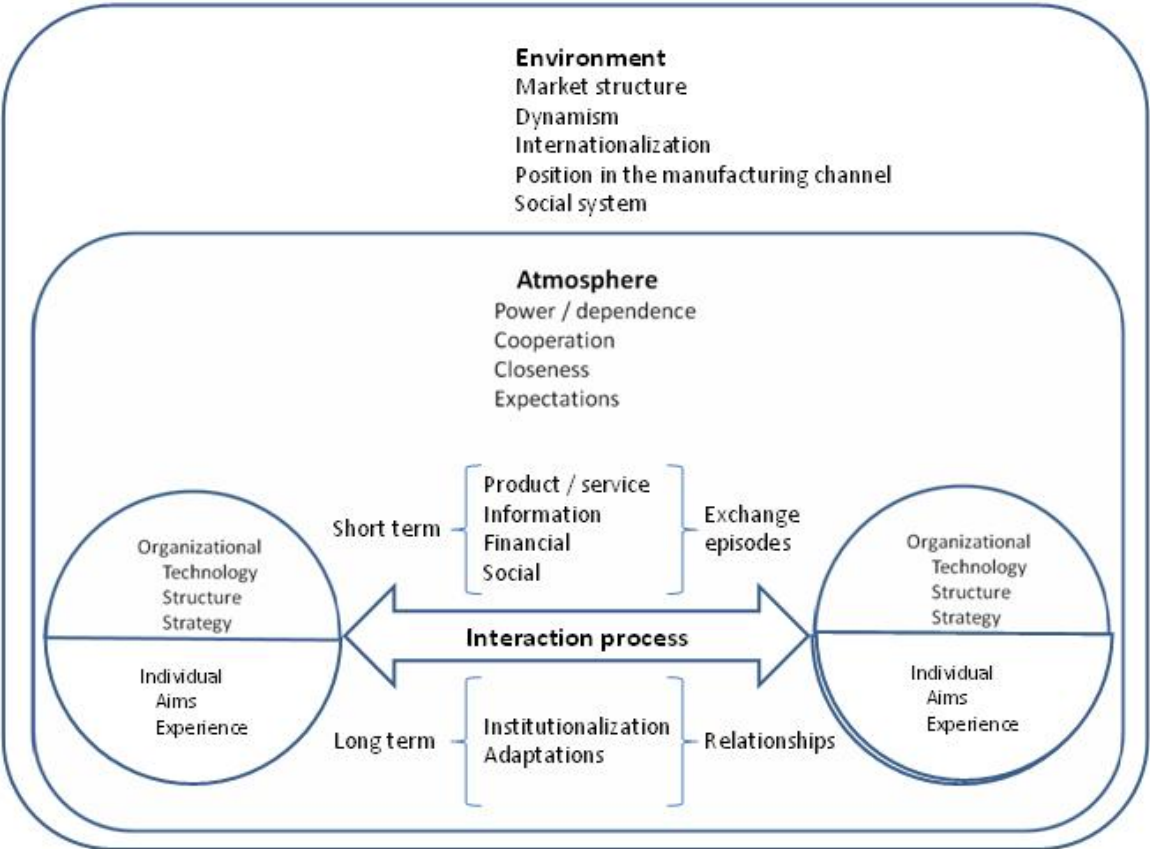
There are two main types of cooperation in case of the Hungarian Banking Association: the first one is the cooperation among the Hungarian banks; the second is the cooperation among the Hungarian Banking Association and the other stakeholders, such as advocacy organizations. To reveal the manifestations of this cooperation, it is necessary to address the influencing factors and the relationship stress among the partners.

THEORETICAL BACKGROUND

The IMP Interaction Model (Håkansson, 1982) is appropriate for examining trust in the relationship between banks. Although primarily the model emerged from an industrial context with large product-based firms, as Proenca and de Castro (2000) suggests, it is believed that

significant insights about the nature of workings of the banking relationship can be obtained from using the IMP Group methodology. The complex interaction phenomenon is also relevant in the banking sector. It is of a great importance and plays an even more significant role than the fact whether the product is tangible or not. The interaction model is also suitable to examine market dynamics and mutual dependences.

The interaction model presumes business relationships where both supplier and customer organisations are active participants in the exchange processes. The IMP interaction model defines four facets to describe inter-firm relationships and exchange dynamics: participants in the interaction; interacting process; relationship atmosphere and general environment.



Håkansson 1982: 24

Participants in the interaction: both organisations (customer and supplier) can be interpreted as a social system by including the individual’s personal stakes within the organisation. This system is influenced by the firms’ strategy and structural and technological background. In the case of large projects the bank is acting as the supplier who is providing credits as product. Furthermore on the interbank market, through which several currency transactions

are channelled, it is possible that a bank plays the role of the supplier as well as the role of the customer at the same time in different transactions.

The interaction process can be defined in short-term (negotiations, interpersonal contacts, incidents, etc.) and long-term (resource-allocation, stability, etc.) perspectives as well. An interbank cooperation in the HBA requires rather a mid-term or long-term period. The same banks remain partners for further problems to solve. However, the frequent change of the representatives of some banks can complicate the cooperation and the traceability of personal responsibilities.

The atmosphere indicates the business climate that exists between the parties. The features of the atmosphere are the following: power/dependence, co-operation/conflict, social and cultural differences, collective and individual perceptions. The fact is, that atmosphere of the interbank cooperation in the HBA is sometimes influenced by other common projects between certain banks.

The general environment gives a broader context: political and economic context, cultural and social context, market and its internalisation, market dynamics, etc. Since one of its main tasks is to negotiate between the banking sector and the government, in the case of the HBA, the political context plays a significant role. The global financial and economic crisis put a great pressure on the general environment and consequently on the participants and on business processes as well. Therefore we study its effects in the case of the HBA too.

Behind the (significantly) globalized market forces are corporate cultures and nation states with different habits and mentality globalising more slowly in cultural terms (although in case of multinational corporations, the corporate culture is of a higher degree of globalization, this can not be generalised to the corporate sector as a whole).

The processes may be best understood at the global level, while the consequences and reactions are to analyse locally. In the working paper, the actors of the Hungarian banking sector are local ones, which, however, also operate globally due to the parent bank and their business transactions. The Association's operation is regarded as a decisive indicator of the atmosphere defining the Hungarian banking sector since it is supposed to represent a professional consultation process and lobbying within the banking sector.

The interdependence of banking players is worth observing from certain aspects- at the present we do this by focusing on the Hungarian Banking Association (HBA). According to Håkansson and Snehota (1995), regardless of the type or the industry, every company operates within the texture of interdependencies that affects its development. They defined five kinds of interdependencies that are repeatedly encountered in business relationships: technology, knowledge, social relations, administrative routines and systems and legal ties.

Technology: although the Data Protection Ombudsman in Hungary did not consent to the creation of a credit registry proposed by the HBA, the negative credit registry (the so-called BAR list) of all players of the financial sector has existed since 1996. This database contains the debtors (both individuals and corporations) who have owed at least the amount of the minimum wage to one or more financial institutions for at least three months. Previously, the limitation period used to be five years. According to a change of law this year, in case of belated fulfilment of debt, all information about the registered borrowers has to be deleted within one year after fulfilment. Accordingly, about 75 thousand cases have been removed out of the 232 thousand bad loans this year. The database is available to all banks and it is a common technological basis in terms of an information technology system.

Knowledge: Snehota and Håkansson (1995) mainly describe tacit knowledge. A company represents a combination of physical and human resources that makes certain activities possible. Through headhunting much of the knowledge becomes available to others outside the company. In the case of the Banking Association, the explicit and tacit knowledge and the motivations of each member play a significant role. The role of tacit knowledge may also be more important in case of working groups, when the aim is to reach a consensus after assessing several impacts related to a current problem of the sector.

During the re-election of the management (of not only the president, but also some other board members) it was feared that the whole body becomes inoperative if not the right person comes to power. In addition to the appropriate professional skills, assertiveness, good communication skills and necessary skills of the board members, typically the president's style and communication skills are the determining factors of the whole organization's communication.

Social relations: the Association's employees holding offices have been discovered to have particularly good and extensive professional and social relationships. They are members of the upper-middle class who had typically held a middle-management position in a bank and who had already been involved in some kind of communication activity. They are in a friendly relationship with a number of ex-colleagues in (middle) managerial positions, who usually work for a commercial bank, in a ministry or a research organization.

Administrative routines and systems: as necessary (for example, prior to the preparation of a legislative amendment) the Association prepares specialized materials, preliminary drafts for feedback and circulate them among the banks, which give recommendations and opinions. This consultation process now takes place on an internal online forum.

Legal ties: this includes mainly financial and banking law, but also all laws and regulations in relation to the banking sector. The Association's special role in the legal ties is that it has influence before the regulation enters into force, even though only at the level of professional consultation. An example of this is the consultation process related to the government-initiated scheme helping people with foreign exchange loans. At the end of this, the banking sector and the government are expected to undertake some sort of commitment to assist people with foreign exchange loans or some groups of them chosen according to certain parameters. The terms and conditions are still under discussion.

RESEARCH METHODOLOGY

Since the research of the role of trust in the interbank cooperation in the HBA is in a preliminary stage, we have chosen exploratory research.

According to Malhotra (2007) exploratory research is a type of research design, which has its primary objective the provision of insights into and comprehension of the problem situation confronting the researcher.

The academic demand for exploratory analysis appeared relatively long time ago. Kaplan (1964) states that the traditional „hypothetical-deductive” method of inquiry (associated with logical empiricism) is problematic, since theory seems to be too often in the „shadowy background”.

Babbie (1989) identifies three potential aims of social science research: exploratory, descriptive and explanatory. Exploratory research is suggested for problems in a preliminary stage, furthermore when the topic or issue is not clearly defined and when data is difficult to collect. This kind of research is appropriate to generate formal hypotheses. Its flexibility allows to take questions of all types (e.g. what, why, how).

After conducting the exploratory research, we would like to extend our research with a descriptive and explanatory stage as well. However to find common patterns of the interviewees way of thinking regarding the research topic and to generate some formal hypothesis, exploratory research has a great importance.

Stebbins (2001) emphasises that exploration lacks of finality. In this case reliability refers to the replicability of the researcher's observations. Consequently it turns on the question of whether another researcher with similar background can make similar observations in the case of the HBA. We conducted expert interviews with three of the five-six most active and well-known members of the HBA. So thus we think that the data derives from these interviews and findings based upon them meet the reliability criteria. Nevertheless, further interviews need to be conducted among the bank managers and other stakeholders of the HBA.

Though we have not calculated Cohen's kappa yet, which measures the agreement between the raters in classifying the items into mutually exclusive categories, to support validity, all three of our notations were taken into consideration while determining the dimensions of the interviews.

All 10 in-depth interviews were conducted on a one-to-one basis with professionals and lasted between 60 and 90 minutes. Since there is no social pressure on the respondents to conform and no group dynamics, this research methodology were suitable for uncovering hidden issues like the characteristics of trust in the banking sector. The issue of bank secrecy had significant relevance in this research, which had to be taken into consideration.

The sample was chosen with snowballing approach Criteria applied when selecting this group included: to have some professional experience with HBA (or be directly involved in its

consultation processes) and that the interviewee has to be at least a mid-level manager or equal or have a higher position.

Similar to the guideline of Tyler and Stanley (1999), first we asked the interviewees about their position in the bank, their roles and responsibilities, the time spent there and then we asked them to tell me about their experience with in relation to the Association. we let them present the case on their own and we did not intervene because we was curious about the emotional patterns of presentation of the case, particularly with regard to the dimension of trust. If after the presentation we had questions, of course, we asked but only after the interviewee had finished the story.

The interviews with the Association's members were more structured but at first they were carried out similarly to the interviews with the professionals of the banking industry: we asked about the person's job, their roles and responsibilities and some examples and experiences. A set of open-ended questions were used to focus the discussion. Then we continued to enquire about organizational issues, such as the co-operation of teams, the problems arisen in the course of consultations and lobbying, the relevant regulatory issues, the international cooperation they participate in and the changes they had experienced during the crisis.

RESEARCH RESULTS AND INTERPRETATION

We analysed the notes of the interviews and sought to find common patterns. We selected those patterns for which we found examples in at least three or more interviews. These were the following dimensions:

- (1) Consultation and lobby,
- (2) Do we need relationships?,
- (3) The effects of the crisis,
- (4) Time orientation,
- (5) Internationalism.

A section on trust has been added to each dimension, dealing with the topic of trust of the dimension discussed based upon the interviews.

Consultation and lobby

The professional consultation within the Association takes place in working groups. These working groups are formed on an ad hoc basis and all banks may send representatives to the groups. These working groups prepare proposals or respond to political initiatives related to the banking sector. Currently the following working groups are operative: taxation, agricultural, Basel II., HR, legal, SME, communications, public warehousing, housing loans, macroeconomic, bank data and supplying of data on credit institutions working groups. So-called working committees have been set up in connection with bank security, implementation and anti-money laundering activities. Also, a working committee of ethics has been established.

According to one representative of the HBA, activity within a working group depends on several factors, such as: conditions at one's own workplace, professional experience and general attitude of the team. The enthusiasm of the early period seems to fade over time - at first the Basel II. working group consisted of several representatives of several banks who then scattered.

The working language of HBA is Hungarian; however, there only certain materials are published in English, too. This may cause serious problems to foreigners, since *they cannot access materials and information* (or this requires a disproportionately large effort), *which are*

intelligible to Hungarians. (A number of materials are only available in Hungarian on the Association's website too.)

An HBA representative mentioned as a major problem the fact that *there is no impact assessment before the regulations enter into force*, when the possible the existing provisions are examined. Moreover, he said that the team of experts are typically replaced every four years in Hungary. He gave the situation of Sweden as a counter example, where the number of positions in the public sector that may be changed is limited (to about 2000 persons). It is interesting to observe that he gives an example from the public sector, i.e. *he described the HBA as an office rather than a lobby organisation.*

The Hungarian National Bank (Magyar Nemzeti Bank) suggested a previous practice, in which next day settlement should be changed to intraday settlement in case of transfer between banks. The Hungarian National Bank prepared a draft law and forwarded it to HBA to give comments on, which it did. The policy is that colleagues may be overruled by the Association while the common opinion is being shaped. However, there is a habit that the name of the person with a different opinion is noted at the end of the document. This happened in the aforementioned case, as well. According to an HBA representative, *the price of the consensus between the banks is that a common but less strong opinion comes into existence which is not always enough for an effective sectoral lobby.*

A bank manager who had worked on numerous occasions in working groups said that *working groups may have non-cooperative members who can paralyse the entire team* (they are demoralising and not constructive). Lobbying and a conversation with the authority are important and not without difficulties in other countries either, but in Hungary they very often depend on the persons involved. As Cunningham and Turnbull (1982) write „the personal contacts are at the heart of interaction between organizations, in industrial markets, in particular”.

He believes that at EU level, more financial professionals may be involved in such consultations and perhaps these are *less influenced by politics* than in Hungary. He observed that the openness to innovation of banking markets in different countries was closely linked to the activities of the organizations (banks, advocacy groups, public authorities).

Trust

Contrary to larger banks, *blind trust may be observed on a number of occasions in smaller banks during professional consultation, sometimes even in respect of their own specific interests*. According to Gambetta (2000) blind trust or distrust are similar in representing lexicographic predispositions to assign the extreme values of the probability and maintain them unconditionally over and above the evidence. Parkhe (1998) draws attention to phenomena that a company can trust too much too soon, without sufficient cues from a partner that the trust (and the vulnerability it creates) will not be abused.

The recommendations expressed in the consultation process were typically responded to by large banks not small ones. A bank manager who is also very active during the consultation of the HBA said that the reason was that *the daily routine takes the smaller institutions so much effort and resources that their attitude is simply "I trust these people [=the big banks here]"*

The aspect of *distrust is also present*. Another bank manager expressed serious concern over the Association's materials for decision preparation "Where do they come from? The HBA does not have enough capacity to prepare all this itself. Which (competing) bank or banks are they from? "Furthermore, he complained that the HBA has its own opinion, which it circulates, then it is consulted on and then it declares its position. He wondered why they did not formulate an opinion jointly with the other banks at the very start.

Do we need relationships?

Blois (1998) raises the question whether corporate relations are always necessary and he highlights some negative aspects of corporate relations, as well. About the Hungarian banking sector as a whole, we can say that relationships are necessary and a well-functioning network of contacts is required for effective lobbying and professional consultation. On the other hand, the different banks need this network to varying degrees and in case of some market actors; it is questionable whether they need any other members of the sector at all. Although relationships show different pictures time to time (in their forms and values as well), they are not optional business activities. However the phenomenon 'need for relationships' could be observed more or less during every interview, although sometimes from different aspects. The interviewees requested anonymity (hence the name UMB Bank), but they agreed to the scientific analysis of the phenomenon.

UMB Bank has a significant share of the Hungarian market. It is a member of HBA and also of a European bank lobby. As a listed company, it has to take into consideration the shareholders' interests in some issues of business policy instead of the interests of the sector. It pays the highest fees for the HBA in proportion to its size, and therefore the other banks need its assistance several times for lobbying. Within the Association the occasional conflict of interests sometimes leads to confrontation between and UMB and the rest of the banks. However, agreement is vital if they wish to present a united front and settle the conflict between politics and the banking sector. On the other hand, this did not happen in many cases because UMB refused to cooperate and it tried to lobby independently of the other banks at an international level or in the political sphere.

Although Blois (1998) shows the potential drawbacks of relationships through a business to consumer example, the same logical structure can be useful in the analysis of relations between banks in case of the UMB Bank:

(A) *Loss of control.* Banking services are characterized by inertia (GfK 2010), which significantly moderates customers' willingness to switch banks. As a major player, UMB benefits from this market phenomenon. If during the consultation, the interests of the sector overcome substantially the interests of UMB, its competitors get into a more advantageous position and their better offers threaten the customer base of UMB.

(B) *Interdeterminateness.* If UMB is in favour of lobbying jointly with the other members of the sector, it would hurt the shareholders' interests in certain special issues. This would probably shake the confidence of fundamental analysts present on the stock market (who base their investments on a consistent and transparent business operation), because it would not be predictable whether UMB would stand by the interests of shareholders. This could cause severe losses to UMB.

(C) *Resource demanding.* If UMB provided more scope for the interests of the sector while lobbying the government, it might have an indirect impact on interbank markets through regulation.

(D) *Preclusion from other opportunities.* If UMB acts as a loyal partner during all consultation processes in the sector, it would not have an opportunity to lobby individually the EU or the political sphere.

(E) *Unexpected demands*. Provided UMB put the interests of the sector ahead and if it lobbied less than currently, probably over time a need for fixing the possible ways of lobbying under the competition law would present itself. It could also mean a reference for the other partner banks, an example of giving in.

Trust

This phenomenon at times leads to tensions in the Association's permanent staff and the bank consultation process. Some colleagues are frustrated by the need for balancing between UMB and the other banks, "*in order to avoid tension*". In case of smaller market actors, "blind trust" is not affected, but for larger banks it has a destabilizing effect. According to Andaleeb's (1992) trust-based matrix smaller banks are characterised by hopeful trust, whereas bonding or unstable trust are typical of larger ones (which sometimes move between these two categories). UMB can be described by unstable trust towards the other members of the sector and the Association.

The aspect of trust of the relationships between banks, of course, can be tested at a personal level too. Hallén (1992) draws distinction between organization-centered and person-centered infrastructural relations. Organization-centered relationships are basically created by and related to the company, while the person-centered relationships are related to him/her personally and have less to do with the persons place of work. When entering a firm the person brings his/her personal contact network, which is based on his/her personal life, family, friends, schools and earlier tasks in various firms and organizations. Axelsson and Agndal (2000) call the totality of this heritage "relationship sediment" The personal "relationship sediments" are parts of the opportunity networks of the firm. It depends on the persons ability and willingness who these contacts will be used in the future for either company or private purposes.

One interviewed bank manager's claim in connection with their personal relationships and promotion mirrors Blois' (1998) concept of arms length relations: "of course, trust is very important, we usually have lunch and dinner together as old classmates, friends, former or prospective colleagues and *sometimes I wonder how they know this or that, but we do not tell each other essential information because we are competitors and our salaries and annual bonus depend on these pieces of information.*"

The effects of the crisis

When we talk about the effects, it is important to take into account the time and the condition of the country at the moment it was hit by the crisis. Numerous Hungarian economic politicians expected much less serious effects than what actually took place. Moreover, Hungary's economy was very vulnerable at the end of 2008. One, if not the most important, reason is that the structural reforms had been started right before the crisis (by the Gyurcsány and Bajnai governments with an aim to reduce the budget deficit).

Hungary was the first to resort to international assistance from the World Bank, the IMF, the EU and the EBRD (European Bank for Reconstruction and Development). The IMF loan package was given as a stand-by credit facility, but ultimately it was not needed and it was not called. (A 20 billion euro package was earmarked for saving banks.)

According to one HBA representative, the change of government had a more serious effect on the Association's work than the crisis. However, the crisis is in the background of the extraordinary measures taken by the government. It is only the way how to implement these which causes difficulties for the Association.

The sector suffers from the fact that the political media talks about "bad banks" and "good, protective politicians". Especially since they did not call the bank saving package or they have nothing to do with what happened in the US.

Trust

A representative said that *the crisis had both weakened and simultaneously strengthened the trust and the cooperation between the banks*. It weakens it since the banks' own interest intensified in order to survive because they have to raise provisions. It strengthens it as it forced the banks to work more closely together in order to strengthen lobbying. He compared this phenomenon to a sinking ship, where people need the help of others to escape but at the same time they stand on the shoulders of their comrades even if it is about survival. This phenomenon could be called the *Titanic-effect*.

The Association also encountered the problem that a consumer protection process had already started before the crisis. Consequently, more and more emphasis was put on pointing out mistakes and failures, which in normal circumstances is not a problem, or even a merit, but during the crisis it resulted in the destruction of trust and it enhanced customers' image of those "damn banks". Government communication strengthened this attitude even more in some cases. The destruction of trust is always much easier than its restoration (Parkhe 1998), which in this case is a banking industry-wide problem. The weight of the problem can be observed in the inaugural speech of the new HBA president, Mihály Patai, elected in April 2011. He defined the aim of the upcoming years as follows: "[the Association's task is to] bring about improvement in both government relations and client relationships which contributes significantly to the strengthening of reputation and confidence in banks"¹

Time orientation

The question of time orientation is of utmost importance in assessing lobbying capabilities. Time-dependence issues have been frequently discussed in logistics research, since time issues have become increasingly important in recent supply chain network structures in several industries that emphasize leanness (Lambert et al., 1998). According to Toyoda (1987) even business relationships in the vehicle industry are affected by just-in-time principles. This is an example how the general sectoral managerial practices influence the characteristics of B2B interactions. We think that the influence of time on business relationships is not only relevant in logistics but everywhere where value creation process exists. What timescale are the parties thinking of? Do short-, medium-, and long-term interests typically conflict?

Banks: both short- and long-term interests, short-term thinking due to the reporting obligation towards the investors of the parent bank, long-term in connection with the management of the client portfolio;

HBA: long-term interests of the sector preferred, but inevitably the short-term bank and government interests are more significant in order to reach a consensus;

Government: short- and medium-term interests, re-election after 5 years, due to the insufficiency of the collective memory in the last few years and the uncertain political situation, there has been a tendency to seek popular actions with high media coverage.

¹ www.inforadio.hu

In order to offset the negative consequences of the crisis, the government started taking action quickly. These measures were introduced with an aim of quick implementation. Although they were meant to help long-term consolidation, the different parts addressed more the implementation of short-term sub-interests. Some are also characterized by a degree of haste, such as the elimination of private pension plans, which affected banks, as well.

Neither the banking sector, nor the Association is prepared for the government's short-term and swift measures. With the opportunity that individual members of the Parliament may put forward motions, the consultation within the government and with professional unions (that is the HBA, in this case), which used to be obligatory, can be avoided. Moreover, the act on legislation once again declared a deadline of 8 days to introduce legislation. However, this time between the draft and the vote is hardly enough to settle most professional matters and to reach consensus.

An interviewee said that "instead of enough time and intensive consultation *there is more of a hurry in the Association now*. The Hungarian legal system is not simple; the authority (Hungarian Financial Supervisory Authority) does not understand everything. If there was time, there would be fewer conflicts. However, it should also be noted that the ministry also lacks time so it has to expedite the legislative process. *Of course, we are dissatisfied, but often neither can we bank clerks reach consensus quickly.* "

Trust

Zajonc (1968) in his well-known study "Attitudinal effects of mere exposure" describes the psychological phenomenon that people tend to develop a preference for things because they are familiar with them. We suppose that the lack of consultation due to the lack of time is likely to erode trust. According to the interviews in the HBA time pressure burdens the relationship between banks and it also affects the operation of the Association directly. Before the crisis they had more time for negotiations. In the Association's increasingly fast communication process, the question of the demonstration of more power has emerged in order to lobby more effectively. We can not judge where these demonstrations of power may lead, but at the moment trust does not seem to be strengthening.

Internationalism

The main banking advocacy organisations at EU level are the following: European Banking Federation (EBF), European Savings Banks Group, Association of European Banks (EACB), European Mortgage Federation, European Leasing Federation, European Public Banks and the European Federation of Building Societies. Most of them have Hungarian members as well. The highest level of the European banking advocacy organisations is the Banking Industry Committee (EBIC). According to the interviews, it only concentrates on the most essential principles and at the same time its opinions are typically too general due to the several different interests it represents.

Although Hungary is a relatively small country with a banking sector of the appropriate size, the Hungarian banking advocacy operates well abroad and also the European Banking Advocacy organisations take its opinions and standpoints into consideration.

According to the principles of the EU, a single market requires a single regulation. However, this aspiration is a serious challenge for the Hungarian banking sector to face, and it makes its prudential operation more difficult. The new regulations impose a relatively big burden on the smaller countries and banks as the implementation capacities of Hungary and Germany, or a small savings cooperative and a market leading bank are different.

This disproportionateness also exists in the case of languages and translations. The so-called 'language risk' derives from the inaccurate translations of the regulations - in several cases there are no correct technical terms at all.

A further problem is that Brussels as originally the capital of the 15 EU member states is quite far from the region of Central and Eastern Europe. While e.g. French bankers have to travel 2 and a half hours from Paris to Brussels and can travel back on the same day, their Hungarian colleague needs much more time to travel and book a hotel for the night. As a result, even the travelling and other additional costs and the necessary time are significant higher. According to an interviewee, this affects the advocacy possibilities of the region too.

Trust

An interesting example of the blurred limit between the local and global levels is that the government was presented with a petition by several banks together before the introduction of

the bank tax, i.e. a local conflict forced a global (or at least European) cooperation between the parent banks.

Person	Position	Experience	Emotions	Attitude	Main insight(s)	Cooperation	Competition
♀ mid-50s	HBA, executive	Negotiations: the HBA tries to balance between the governmental & sectoral interests	Sympathetic, feeling of defenselessness	Problem solving, open to compromises	UMBs influence is strong (do we need this relationship?)	▲	▲
♂ early 60s	HBA, executive	Negotiations: the problems with the government support interbank cooperation	Scornful towards politicians	Struggling, but subservient towards „♀ mid-50s“	Interesting increase both in the level of cooperation and competition	▲	▲
♂ early 40s	Bank manager	The regulation of house loans	Distrustfulness, feeling of defenselessness	Powerlessness	UMBs influence is strong (do we need this relationship?)	▼	▲
♂ early 30s	Bank manager	Communication issues	Respectfulness towards HBA	Detached	A bank will never admit to be in a tight spot	▼	▲
♀ late 50s	HBA & consultant	Reward of managers	Sense of reality, mixture of optimism & resignation	Talkative, analytical, logical, have an international perspective	UMBs influence is strong + blind trust among the smaller banks	- (stagnates at a relatively high level)	▲
♀ early 60s	Bank manager & researcher	Lobby struggle	She has a public spirit	Analytical	Free pass between HBA and banks	- stagnates	?
♀ late 50s	Financial supervisor	Negotiations: problem with the personal changes	Pessimism	Hopelessness	UMBs influence is strong (do we need this relationship?)	?	▲
♂ early 30s	Bank manager	Business arrangement in process with a foreign bank was deleted because off the HBA's slowness	Hopeful	Satirical	The slowness of the HBA hampers interbank business processes (time)	▲	?
♂ mid-40s	Bank manager	Corporate finance: HBA is helpful but could be faster	Controversial feelings	Uninterested	The lobby power of HBA is not too strong	- (stagnates at a low level)	▲
♂ late 30s	Bank manager	Business ethics	Slightly derogatory	Uninterested	no insights	?	?

Data gained from the interviews

CONCLUSION

In the recent years the influence of the Hungarian Banking Association have seemed to weaken, which is an indicator for the advocacy capability of the whole Hungarian banking sector, as well. The crisis intensified both the cooperation and the competition among the banks, consequently trust was strengthened and eroded at the same time. Lewis' (1990) statement that even competitors can build trust if they separate their conflict and that conflicting objectives are less of a problem than deception seems to be proved in this situation.

We identified the interdependences among the banks of the Hungarian Banking Association according to Håkansson and Snehota (1995) as follows: technology, knowledge, social relations, administrative routines and systems and legal ties. The main characteristics of the business relationships and the cooperation among competitors in case of the HBA were analysed along the dimensions of consultation and lobbying, the level of necessity for relationships, the effects of the crisis, time orientation and internationalism. The nature of trust in each dimension and the phenomenon "blind trust" were also discussed.

The emotions and attitudes of representatives of the HBA and the bank managers are different. However, the overrepresentation of the UMB Bank in the Hungarian banking market was complained several times and it seems clear, furthermore, that UMB has a great influence on the interbank cooperation in the HBA. The interviewees agreed mainly that the extent of competition has increased during the crisis among the banks, however, the views of the change in the cooperation are far not consensual (see table).

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