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The marketization of family planning: the role of banks as policy actors in Hungarian reproductive policies

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Abstract

This study is part of a doctoral dissertation that deals with the marketization of family policy in Hungary. The current system simultaneously serves selective pronatalism, the growth of inequalities and the creation of 'traditional' families. Since 2010, the state has been motivating upper-middle class families to have children, for which it provides significant amounts of state-subsidized loans. These subsidies can be applied for through banks, so they do not function as a classic social policy tool. A full presentation of all state-subsidized loans is not possible within the scope of this article, so the study focuses only on the baby-expecting loan (*babaváró hitel*), introduced in 2019, as one of the tools of marketization. The article presents, based on 62 semi-structured interviews, the new situations that the marketization system confronts Hungarian families with. The interviews were conducted with people who were involved in the loan in some way (e. g.: successful borrowers, unsuccessful borrowers). The results show that, on the one hand, the general consequences of fiscalization (weakening of social rights, increasing individual responsibility, strengthening of market actors) are appearing, and on the other hand, there is a strong biopolitical pressure, which may even come from banks.

Keywords: state-subsidized loan, family policy, neoliberal social policy, selective pronatalism, marketization of social policy, baby-expecting loan

1 Introduction

Hungarian social policy, and within its family policy, has undergone significant changes since the change of government in 2010. The Fidesz-KDNP government, which came to power at that time and has been re-elected several times since then set itself the goal of halting population decline and restoring respect for 'traditional' values, which means conservative male-female roles and the large family model (with three or more children) (Szikra, 2018). It is trying to achieve all this based on the principle of selective pronatalism, i.e. the government wants to promote the adoption of children by better-off, 'deserving', 'working' families through the tax system and state-subsidized loans. One of the main goals for these subsidized loans is having children. If the applicants meet this requirement, then they receive remarkable benefits, but if not, they may suffer significant financial losses. Another characteristic feature of these loans is that many of them were created for housing purposes. However, the state does not intend to provide an alternative for poor families (Czirfusz, 2024) but rather uses new housing policy elements as a population policy and as an economic stimulus tool (cf. Elek & Szikra, 2018).

Kovács (2023) defines the Hungarian (welfare) model that emerged after 2010 as one in which decommodification is not achieved through redistribution. The increase in dependence on the market can also be clearly observed through the new family support elements, of which the article focuses on the baby-expecting loan. This form of support was the first to simultaneously include the government's traditional definition of family and support for those in work.

The marketization of Hungarian family policy and its subordination to demographic goals create a special situation in which the well-being of families often depends on the birth of a child or children. Since state-subsidized loans often require a promise of the child's future birth, the privatization and marketization of childhood begins even before birth.

The study examines the baby-expecting loan, which was established in Hungary in 2019, to show how the marketization of social policy and the privatization of childbearing can affect the private lives and decisions of the affected families, as well as the new situations they face. The results of this study were achieved in the context of the doctoral thesis of the author of this paper and cannot be considered representative, but they may highlight systemic problems worthy of further research.

The article first summarizes the international literature on the marketization of social policy and loans, then briefly presents the main points of the Hungarian family support system, with some historical overview. After that the baby-expecting loan is presented as a family support tool. In the second half of the article, the results of 62 semi-structured interviews are explored through the personal narratives of the affected people.

2 Neoliberalization of social policy – the role of the market and loans

This chapter aims to present what the marketization of social policy means, and to address one important element of marketization, which is the role of loans.

According to Balan (2023), market-oriented measures can be called neoliberal processes overall. Neoliberalization is most often mentioned in connection with the abolition of price controls, the deregulation of capital markets, the easing of trade restrictions, and the reduction of state involvement. The fiscalization of social policy can therefore rightly be called the neoliberal turn of social policy, which is present at the international level. The marketization of the social sector started to spread in the last thirty years across Western Europe. The change has already reached Sweden and Denmark, where some public services are increasingly moving towards market principles. This may threaten the universal Scandinavian welfare model (Petersen & Hjelmar, 2013).

Lavinas et al. (2023) analysed the relationship between social policy and financialization, examining how capitalism has transformed social policy. Based on their results, there has been a recommodification in welfare systems, based on which social services and benefits are increasingly market-based. The authors focused their research mainly on the global south but some of their findings may also be true for Hungary, so these aspects will also appear in the conclusion. A common element of the systems examined is that the state is increasingly present as a kind of intermediary, encouraging market actors to provide services. In addition, the aspect of financial return is gaining more and more space in social policy decisions. All this naturally leads to an increase in inequalities and a weakening of social rights. The latter means that an individual can access certain benefits and services based on their financial situation, rather than on their citizenship rights. Another significant problem is that financial risks are increasingly shifting to the individual, which may increase the vulnerability of families.

In the context of neoliberalization and marketization, it can certainly be stated that credit and debt play a significant role in developed countries, so their role cannot be neglected when examining welfare states.

The literature analyses both state-supported and 'normal' market loans. State-subsidized loans differ from market loans in that a portion of the market interest rate is paid by the state to the lender under certain conditions during the subsidy period. This means that the interest and monthly repayments actually paid by the debtor will be lower.[1]

Subsidized loans (mortgages), which are usually related to the construction and purchase of real estate, are not uncommon in other European countries. For instance, the Czech Republic provides interest subsidies for mortgage loans to those under the age of 36, and Lithuania also supports young people's access to real estate. Estonia, Israel, Luxembourg, Latvia and France have also taken steps to ensure that young people have access to suitable housing. Portugal already introduced a home loan subsidy very early on, in 1986, which could be used primarily by the poor (*Credito Bonificado*) and young people (*Credito Bonificado Jovem*). The United Kingdom can also be highlighted, where access to a first home is supported by the state (*Help to Buy*) for young people (Fellner et al., 2021).

In relation to loans and indebtedness, certain specialist literature has also examined the role of the reigning government. Countries with a higher level of redistribution are better able to moderate the turn to borrowing. In the latter, the political powers in office play a major role, as left-wing governments devote more resources to social spending. In countries where the right is in power, there are more measures to encourage credit (Ahlquist & Ansell, 2017).

From the point of view of borrowing, it is also important to mention risk-taking. Wiedemann (2021) found in his US study that borrowing forces poor groups, who are forced to take on debt to maintain their standard of living, to take significant risks. Atkinson (2019) confirms this when he argues that credit has become an essential part of the social safety net in the United States. Mertens (2017) takes a similar position but emphasizes that even the richest households can benefit from credit systems.

[1] The definition can be found on the *Pénzügyi Navigátor* page of the Hungarian National Bank. https://www.mnb.hu/fogyasztovedelem/hitel-lizing/jelzalog-hitelek/ingatlan-celu-hitelek Accessed: 01-30-2025

Laruffa (2022) interpreted the issue of borrowing in the context of the paradox of neoliberal social policy. The author points out that neoliberal policies often give priority to economic rather than social aspects, so economic return will also be the main goal in the field of social services. As a result, social policy measures do not always serve to increase social welfare but become economically optimized measures.

Lavinas (2018) draws attention to the fact that a 'debtfare state' is being created instead of a welfare state, where credit becomes a kind of necessity to maintain prosperity and social status. It is questionable whether credit-based prosperity can really provide economic security and rights to individuals, or whether it creates new types of dependency and social inequality.

Many aspects of the literature presented here are typical of the current Hungarian situation. Since 2010, the degree of central redistribution has been continuously decreasing (Ferge, 2017), while state-subsidized loans have gained an increasing role. Growing inequalities, weakening social rights, increased risk-taking and the mediating role of the state can all be observed in the new family policy measures. However, the neoliberalization of family policy in Hungary does not (only) strengthen market processes in the classical sense, but its explicit goal is to increase the population in certain social groups. However, this latter phenomenon is not new, several such programmes have been established in the country throughout history, which are briefly discussed in the next section.

3 Hungarian state-subsidised loans and demography in a historical perspective

The Hungarian family benefit system has included measures to encourage childbearing for decades, with the first family benefit schemes being established quite early, in the late 1800s and early 1900s. This is largely because public discourse has long been permeated by the fear of population decline, which has an impact on family policy measures (Darvas-Szikra, 2017). Low fertility and population decline have been thematised as problems since the 1880s and have been present almost continuously in political rhetoric and population policy discourses since the 1970s. (Dányi-Monigl, 1988).[2]

The first population policy programme took place between 1940 and 1944, which followed the principle of selective pronatalism, i.e. it aimed to encourage only certain families to have children. The National Fund for the Protection of the People and the Family (*Országos Nép-és Családvédelmi Alap – ONCSA*) was, in principle, aimed at helping the poor, large families and the agricultural classes. The ONCSA was quite special at the time, as it was the first comprehensive programme to help families rather than individuals, and thus also functioned as an element of family policy (Szikra, 2008).

The programme also reflected the ideas of a so-called productive social policy, which aimed at 'producing nationally worthy Hungarians', 'creating a Christian national labour system' and putting the poor to work rather than general welfare (Cora, 2014). In the case

[2] Data from the Hungarian Central Statistical Office. https://www.ksh.hu/stadat_files/nep/hu/nep0006.html Accessed: 01-29-2025

of the ONCSA, productivity (i.e. participation in economic life) was primarily targeted at men, while women were responsible for reproductive and care work. The beneficiaries were poor peasant families with four or more children, but 'Hungarian origin', 'moral life' and 'willingness to work' were important (Szikra, 2008).

The ONCSA also offered the possibility of a marriage loan (*házasodási kölcsön*), which was closely linked to the exclusion of people of Jewish origin. The marriage loan was intended to help deserving couples to buy various items of home furnishings and was interest-free. On the birth of the first child, the repayment obligation was suspended for a year and 10 percent of the debt was forgiven by the state. The state waived an additional 20 percent for the second child, and for the third child 30 percent, and for the fourth child the remaining debt was waived (Pornói, 2017). The maximum age limit for applicants was 32 years, and the loan application was accompanied by several documents concerning the applicants' family and financial situation. Interestingly, the legislator also allowed the divorce of the parties, in which case the property purchased had to be divided equally.

Alongside demographic objectives, the ONCSA was intended to alleviate poverty among certain 'deserving' families. In addition, applicants had to comply with several rules, often involving the most intimate aspects of their private lives. Another important goal was for the applicants to have their own property so that they could build and expand it further (Article XXIII of Act of 1940 on the ONCSA).

The other major subsidy is a product of the 1970s and is the social policy subsidy (*szociálpolitikai támogatás*) known as the *szocpol*. The benefit served social policy, economic stimulus and demographic objectives at the same time (Misetics, 2017).

The szocpol started in 1971 and lasted until 2009, with many modifications over the years. It was a subsidized mortgage which supported families with three or more children. Only couples under the age of 40 were eligible for the latter. In principle, the aim was to buy/build property, but at certain times a rental subsidy could also be claimed under a sub-programme.

When the szocpol came under scrutiny, experts have made several criticisms, the most important of which was that it was more skewed towards reverse redistribution, i.e. better-off families were more likely to benefit from it. Families in a worse financial situation, on the other hand, found it difficult to raise an adequate deductible, so they mostly bought low-quality properties with subsidies in disadvantaged settlements. This often led to poverty traps (Czirfusz-Jelinek, 2021).

These two loans therefore had an important demographic target, mostly to encourage the formation of large families. However, for this, the applicants had to meet strict conditions, such as 'mandatorily' having children. Great emphasis was placed on the purchase or construction of one's own real estate, while in the meantime, permanent public rental housing construction was not established. State incentives for having children did not apply to everyone, as the ONCSA excluded Jews and different nationalities. Exclusion was less noticeable in the case of szocpol, but even here not everyone who needed it received support. All of this shows that housing policy measures primarily served demographic goals, not (only) solving housing problems.

The next section turns to the Hungarian family policy situation after 2010. As we will see, similarly to the ONCSA programme of the 1940s, productivity (permanent work) and reproductivity (raising many children) once again became the main conditions for merit.

4 Workfare, traditional family and selective pronatalism – The Fidesz-KDNP government's family policy since 2010

In 2010, the new government clarified that the sole goal of family policy would be to increase the population, and it made a sharp distinction between 'working' families worthy of support, and 'non-working' families unworthy of support (Szikra, 2018). The prime minister emphasized this several times, for example, in a 2017 speech he gave in the European Parliament: '*We have created a workfare society, we are giving jobs instead of benefits to everyone who wants to work. Our aim is full employment.*'[3] This suggests that, according to the government, employment is simply a matter of will. Accordingly, in social policy (and family policy) the so-called principles of a work-based society are implemented, and selective pronatalism is strongly present.

As stated in the introduction, the government set as an important goal to 'save' the traditional family model, which was accompanied by several symbolic and concrete measures (Szikra, 2018).

From the perspective of the research, one of the most important is the new Fundamental Law of 2011 (formerly the Constitution), which states that Hungary protects marriage as a life partnership between a man and a woman. The law also states that the family is the basis for the survival of the nation. It also specifies that the basis of the family is marriage and the parent-child relationship. All this was supplemented in 2020 with the sentence that the mother is a woman, the father is a man (Art L (1) of the 2011 Fundamental Law of Hungary).

Based on the above, it is easy to define the range of those worthy of support. The ideal Hungarian citizen has a stable job, is married and has (preferably at least three) children. Family policy is also aligned with this principle, as universal benefits (some of which have existed for more than 100 years) have become almost completely worthless, while the value of wage-based benefits has increased year by year. Since 2015, more and more measures targeted at better-off citizens offer preferential loan schemes on the condition of having children. The two most popular are the family home-building benefit (*Családi Otthonteremtési Kedvezmény – CSOK*) and the baby-expecting loan (*babaváró hitel*). The former can only be claimed for the construction of or for the purchase or extension of a flat; while the latter is a free-use loan, but a significant number of claimants spend it on housing purposes, as the law even allows it to be used as own contribution when buying a home.[4]

In the following, the baby-expecting loan will be presented in more detail, as well as the main results of the related interviews.

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[3] Prime Minister Viktor Orbán's speech in the European Parliament (in English) https://2015-2019.kormany.hu/en/the-prime-minister/the-prime-minister-s-speeches/prime-minister-viktor-orban-s-speech-in-the-european-parliament20170426 Accessed: 02-05-2024

[4] The appendix contains the three most important state-subsidized loans related to having children, as well as other family benefits available in Hungary.

5 The baby-expecting loan

This loan was introduced as part of the government's Family Protection Action Plan (*Családvédelmi Akcióterv*). The scheme was introduced on 1st of July 2019, with an initial closing date on 31st of December 2022, but eventually it was extended until the end of 2024 in 2022. The loan is regulated by Government Decree 44/2019. (III. 12.), which has been amended several times. According to the regulation, only married couples can apply as joint applicants for a maximum of HUF 11 million (≈ EUR 27,300) interest-free, free-to-use loan. The interest is paid by the Hungarian state instead of the claimant if at least one child is born within five years, or if the foetus reaches the 12th week during this time. The loan can also be applied for after an adopted child.

Proof of continuous social security relationship is extremely important in the case of the baby-expecting loan. According to the decree, at least one of the parties must have three years of continuous social insurance relationship, and only one year of the legal relationship resulting from public work can be counted. This clearly shows that families with uncertain financial situations are not the target group for the loan.

In the event of the birth of a child, repayment can be suspended for three years. If a second child is born, *non-refundable child support* can be used for 30 percent of the outstanding debt. This means that 30 percent of the debt is paid by the state instead of the family. In addition, repayment can be suspended for another three years. In the event of the birth of the third child, the rest of the debt is paid by the state.

If no child is born within five years, or none of the claimants has a residential address in Hungary, the parties divorce, or neither claimant raises the child in their own household, then the interest subsidy will cease, and the parties must pay transaction interest (penalty interest) in a lump sum within 120 days. For the sake of fairness, a maximum of 24 monthly instalments is allowed, but in this case, the beneficiary must prove that the lump sum repayment would have a serious disadvantage. After all this, the baby-expecting loan becomes a market loan (44/2019. (III. 12.) Government decree about the baby-expecting loan).

However, there are cases when the beneficiaries cannot meet a condition through no fault of their own. If childbearing was not completed due to health reasons, or one of the parties died, or their ability to work changed, the married couple is exempted from the penalty interest repayment obligation.

Among the spouses, the wife is subject to restrictions based on her age. Until the end of 2023, this meant that the woman concerned had not yet turned 41 at the time of taking out the loan. However, from 2024, a significant tightening came into effect, according to which only those couples are eligible for the loan where the wife has not yet reached the age of 30. However, at the end of 2024, the age restriction was relaxed again, so the baby-expecting loan can be applied for until the wife is 35 years old. The frequent modifications are presumably due to budgetary and political reasons, which confirms Laruffa's (2022) claim that economic returns are increasingly playing a role in social policy.

While in 2020 the state budget expenditures for the baby-expecting loan amounted to HUF 38.65 billion (≈ EUR 96 million), in 2023 it was HUF 178.157 billion (≈ EUR 443 million). This is a significant increase, especially when compared to one of the oldest universal elements of the Hungarian family benefit system, which is the family allowance.

Expenditures on family allowance almost stagnated between 2020 and 2023 (2020: HUF 309.3 billion (≈ EUR 768.9 million); 2023: HUF 309.5 billion (≈ EUR 769.4 million)).

The Hungarian National Bank (*Magyar Nemzeti Bank - MNB*) conducted an online questionnaire survey among the borrowers of baby-expecting loans with the cooperation of commercial banks.[5] The results of which were made public in September 2020. The information provided here confirms the fact that the baby-expecting loan is mostly used by upper-middle-class families with a stable financial situation. Compared to the general population, these individuals have higher education and more income (Fellner et al., 2020).

Along with demographic goals, with the fiscalization of family policy, childbearing is also being marketized and privatized. In the case of the baby-expecting loan, the loan must be taken out before the child is born. Since the amount that can be borrowed is quite high, the financial security of families depends on whether the child is born on time. The opposite may also be true. Since there is no state rental housing system in Hungary, the child can serve as a kind of investment in the future, and the child will be the key to whether the family can acquire their own property. This is also supported by research conducted by the MNB. Although the baby-expecting loan is freely available, real estate purposes dominate when it is used (Fellner & Marosi, 2020).

6 Methods and data

This research aims to answer the question of what new challenges the marketized family policy and the privatization of childhood in Hungary confront the affected families with. To answer this question, a total of 62 semi-structured interviews were conducted between December 2021 and November 2023 by the author.

The initial goal of the research was to find people who had successfully taken out a baby-expecting loan or were planning to take one out. It was also important to interview people who, despite their intentions, were unable to take out a baby-expecting loan. In addition, the goal was to find those who were forced to pay penalty interest due to violating some condition. Interviewees repeatedly reported that in certain situations, such as when doing banking, the bank clerk started recommending the baby-expecting loan. But often family members and acquaintances also tried to motivate interviewees to take out the loan. Thus, the range of interviewees was expanded to include people who would have basically met the conditions of the loan but did not want to take advantage of the opportunity. This proved to be a useful step, as the results showed that these interviewees also experienced significant social pressure because of the baby-expecting loan.

Ultimately, 33 people were interviewed who successfully took out the loan; 5 were still in the process of applying at the time of the interview; 2 people were divorced, so they had to pay penalty interest; and 22 did not take out the loan. The interviewees were mostly women, and only 16 men agreeing to participate. Most had a higher education

[5] Responses to the questionnaire were received between May 25 and June 15, 2020, 10 percent of debtors expecting a baby, 7,655 people, participated in the survey (Fellner et al., 2020).

(45 interviewees) or were in their first marriage (40 interviewees). Of those who took out the loan, 17 couples did not have children at the time of the interview. 6 of the 17 women were pregnant. At the time of the interview, 30 people lived in the capital, Budapest.

Since most interviewees were of good social status, there is naturally little information about families with a poorer financial situation. This is not surprising given that the baby-expecting loan is aimed at the upper-middle class. However, the paper is not suitable for presenting how people of different social statuses experienced taking out or being rejected from a baby-expecting loan. Several attempts were made during the research to contact these families, but with limited success. This suggests that other methods are needed to find those of lower social status. The interview covered a total of five themes, which were:

- Demographic data
- Family, marriage, childbearing
- Employment, career
- Family allowances, baby-expecting loan
- Vision for the future

The above topics contained a total of 23 questions, the order of which could be changed at will, and new sub-topics appeared from time to time. This was the case, for example, when some female interviewees recounted their birth experiences, which influenced their plans for further childbearing.

During the selection, an important aspect was that the interviewees had at least one child under the age of 14, were pregnant or had serious plans to have children. An important goal of the research was to reveal the feelings and motivations of the interviewees, which led them to take up or reject the baby-expecting loan. In their reports, the interviewees mostly revealed their own experiences and opinions, but sometimes the experiences of friends and family members were also mentioned, which had a great impact on their decisions.

The respondents were collected by the snowball method, and by announcing the research online in 15 selected Facebook groups whose topics were baby-expecting loan and childbearing. The latter achieved its goal less, since few people applied for the invitation, however, those who did, passed on the news of the research to their friends, thus managing to establish contact with new interviewees. The target group of this research is considered sensitive from the point of view that they shared their plans for having children, their financial situation and, where applicable, their political views. The snowball method was also supported by the fact that there is no database available on the debtors of the baby-expecting loan.

In terms of the question set, the 'Family allowances, baby-expecting loan' section is the most important in this paper. This part of the interview highlights the challenges that clearly point towards the marketization of family policy and, with it, childhood. Such challenges include the increase in discretion, the weakening of social rights; the increase in self-assertion and individual responsibility; the increase in risks and the new role of banks.

7 Discretionary and individual situations instead of social rights

Since the baby-expecting loan is a family support instrument provided by the state the question of social rights may arise. In short, we consider social rights as rights that are related to the protection of human dignity, such as the right to housing or education (Kovács, 2023). According to Juhász & Tausz (2012), these rights also facilitate the implementation of social policy.

The baby-expecting loan, although facilitated by the state, does not allow for the realisation of social rights. An example of this is the Hungarian family allowance *(családi pótlék),* which citizens can access under certain conditions that can be enforced by the state. A baby-expecting loan, however, is more of a hybrid benefit, subject to both state and banking rules. Within the framework of the relevant government decree, each bank acts according to its own terms and conditions, which vary from one institution to another. The state government decree therefore provides a framework which does not in itself guarantee that the applicant will be able to receive the baby-expecting loan. Several cases were reported by interviewees where the bank rules did not prove transparent, in some cases even to the bank clerk.

A 28-year-old urban woman with a university degree reported that she and her partner did not receive the full loan amount. However, the bank did not tell them the reason:

> '*We went to two banks, at the first one they didn't want to give us the full amount. (…) The bank did not give reasons, and the administrator did not know why. Seven million forints were offered. We switched to another bank, there was nothing extra, we received the full amount within 48 hours. It was a completely different attitude.*'

As we can see in the quote, the interviewee did not receive an explanation for the first bank's decision. As a result, she could only guess what she had to change. However, the second bank gave the pair a much more favourable assessment, but we do not know the exact reasons here either. A 34-year-old man with a secondary education from the capital reported a similar case:

> '*…there were so many problems that the first bank rejected the application without giving a reason, so we looked for another bank. (…) Moreover, the birth of the child was close, so it was urgent. We also asked the first time when we didn't receive it, but they said that they don't have to give a reason for this.*'

The two cases above clearly show that banks are not just intermediaries between the state and the applicants. Through their own rules, banks also influence who can receive the baby-expecting loan. This construction is therefore much more similar to a market loan than to a classic social policy or family policy support. In both cases, we see that a lot depends on the bank's risk assessment and on how informed or communicative the administrator is.

The differences between banks are well illustrated by the situation of a 37-year-old woman with a university degree from the capital:

> '*We met all the conditions, but then it turned out that there were differences between the banks. There were several banks that ultimately did not give us the baby-expecting loan. The criteria are*

> *very different. For example, we had to present the last three months' bank statements. (…) There were a few items that were classified as gambling* (lottery tickets). *That's where the whole thing fell through. (…) In the end, the assessment was different at the last bank, so we got the loan.*'

The above story shows that the baby-expecting loan was hindered by some previously purchased lottery tickets, as the banks did not consider the client trustworthy based on these. This procedure is not unusual for market loans, but it is nevertheless concerning in the case of a family benefit element. The fact that the interviewee finally found the right bank, where she received the loan, was solely due to her own advocacy skills.

Although the baby-expecting loan and its application method favour those with higher social status, even they may face situations that they find difficult to resolve. In these situations, the individual's aptitude, connections or even luck (e.g. the helpfulness of the administrator) can play a decisive role. Kovács (2023) highlights that since 2010 the government has been introducing subsidies that are not intended to guarantee social rights, but serve other purposes, such as stimulating the construction industry. The baby-expecting loan fits well into this scheme, as it does not guarantee any social rights, and in many cases the discretionary power is more in the hands of the banks.

7 Difficult transparency, administrative errors

Based on the results, it seems that the market-oriented social policy, in contrast to the classic benefits, can even cause a financial disadvantage. The reports of the interviewees revealed that sometimes the bank clerks themselves were not aware of the applicable rules. This caused misunderstandings at best and serious mistakes at worst. A 39-year-old man with a university degree from the capital said that he and his wife had problems with two banks. The first had too strict rules, so they were rejected. They received the loan from the second bank, but due to an administrative error, the transfer did not arrive on time. As a result, the couple could not start paying the instalments on time, so the bank obliged them to pay a penalty (HUF 10,000 ≈ EUR 26 per day). The penalty payment was ordered on 20th of October 2023, the interview was conducted on 24th of October 2023, so the financial loss was already significant at that time. A similar case was reported by a woman who divorced her husband after taking out a baby-expecting loan. Since they had no children, they had to pay penalty interest under the government decree, and the baby-expecting loan was subsequently converted into a market loan. A 29-year-old woman, from the capital, with a higher education, reported the follow:

> *'We received the divorce and went to the bank. We told the administrator that, if we remember correctly, the interest subsidy must be repaid within 120 days. The administrator (..) said the repayment will be due in four-five years at the most, when it will be clear that there are no children. I told her we were divorced, so there definitely wouldn't be any child. We did not receive any information after that. (…) We paid the penalty interest. We then agreed with the bank that we would continue to pay the loan in a 50/50 ratio. Despite this, they have been demanding the full repayment from me for months. My ex-husband and I are in constant contact because of this.'*

The above two cases are certainly not unique, which is also proven by an article from the MNB. A short document was published at the end of 2023 discussing reconciliation cases related to baby-expecting loans. The author, a member of the financial reconciliation board within the MNB, also reports on several omissions and misunderstandings. The article reports that failure to pause repayment was a common problem due to tight deadlines and administrative errors. It often caused a problem that it had to be reported within 60 days after the birth of the child, and at the same time, the request to suspend the repayment and release the debt had to be submitted. In this regard, customers reported a lack of information and several administrative errors, due to which they missed the deadline and could not benefit from the above-mentioned discounts. Thus, the legislator later amended this provision to 180 days, which helped many clients during the procedure (Lakó, 2023).

Reading the above stories, we can see that extremely complicated situations can arise in connection with a baby-expecting loan. The cases of the two interviewees highlight that even highly qualified loan applicants have difficulty coping with these challenges. In this regard, a 35-year-old married woman from the capital with a higher education reported a rather bizarre situation. The interviewee's husband had taken out the baby-expecting loan with his ex-wife. Unfortunately, the woman had passed away. As a result, there was no need to pay penalty interest, but the loan amount was in the woman's bank account. According to the interviewee, the ex-wife had died more than two years ago, but her husband only managed to obtain the 10 million forints a few weeks before the interview. All this was very stressful not only for the husband, but also for the interviewee:

> *'The system is not prepared for the fact that there can be so many different life paths. The administrators are not prepared and are not sensitive enough. They cannot handle these things. It is terrible how they could not handle it, my husband had to go back and forth. Now he has managed to get it registered in his name. His wife has been dead for more than two years.'*

Overall, the administration of the baby-expecting loan can be fraught with many errors, as evidenced by the interviews and the MNB cases. All of these can be considered problematic in the case of a market loan, but they can be particularly harmful in the case of a family support element. In this respect, the baby-expecting loan therefore strengthens dependence on the market much more than the protection of social rights. It is important to emphasize, however, that administrative errors can also occur in state bureaucracy, and based on the examples presented here, too many individual situations can arise that bank clerks cannot always handle properly. In these situations, individual responsibility on the part of clients matters a lot, which we could also see in the research of Lavinas et al. (2023).

8 Significant risks

The baby-expecting loan forces applicants, who are mostly well-off families, not poor ones, to take significant risks. Therefore, Wiedemann's (2021) claim regarding this loan does not prove to be entirely true, but it should be noted that a potential penalty interest would probably be a greater burden for a poorer household. However, since they have less access to this loan, the 'victims' will be more likely to be upper-middle-class families. It was stated on several occasions during the interviews that the interviewees are aware of the dangers of the loan and several people also pointed out that they can count on their family and the money they have set aside in the event of a problem. All this means that paying a potential penalty interest would not necessarily cause a financial crisis for these families. However, the question rightly arises as to whether these families would have taken the risk if they had not felt that they had to seize the opportunity in a given situation. Due to the tightening of credit conditions and the lack of information, several respondents decided to take the risk, even though this was not their original plan. It has already been mentioned that at the end of 2023, the age limit for women was unexpectedly lowered from the previous 41 to 30 years. A 29-year-old interviewee from Budapest with a higher education degree and her husband decided so:

> '*Basically, we planned to use it (*the baby-expecting loan*), but only when the pregnancy is already established. Obviously, this has now been crossed out by the amendment, I will be 30 soon and we would no longer be able to take it. We have now accepted this risk; we were very hesitant because we do not want children for a few years. Now it [a child] must be produced within five years as we have accepted the risk.*'

A similar phenomenon was also observed at the end of 2022, when there was no official information about whether the baby-expecting loan would still be available. The scheme was originally announced until 31-12-2022, and there was no news about the extension for a long time (until 8th of December 2023). A 24-year-old woman with a secondary educational degree from Budapest reported that at the end of 2022 that they took out the loan with great difficulty, because there were suddenly a lot of applicants. The interviewee was already pregnant at the time of application, which is also a very important factor, since once the child is born, the loan can no longer be used. In addition, the interviewee reported rumours that the baby-expecting loan will be 'different' from 2023. The couple faced many difficulties, partly because they were not fully aware of the conditions of the loan. Due to that, several unnecessary measures were taken. However, they could not take out the loan in the capital because they did not get an appointment. The situation was finally resolved by the interviewee's mother, who had banking connections in a rural town.

The story of a 29-year-old divorced woman with a university degree is also a good example of risk-taking. The interviewee was motivated to take risks by her family, especially her mother-in-law. The interviewee said that she had many concerns about the loan, but her family members always reassured her, so the interviewee finally agreed to take out the loan. According to her, she experienced the situation as if she were being treated like a child. The couple ultimately had no children, and the divorce was still in progress at the time of the interview. The interviewee stated that she would rather pay penalty interest than live in a bad marriage.

Overall, we see that family support provided through loans carries similar, but different, risks to market structures. While in the case of a market loan, the only thing to fear is that the person concerned will become insolvent, in the case of a baby-expected loan, significant biological factors also play a role. The three cases presented clearly reflect the uncertainties surrounding a baby-expecting loan: it is not known whether the desired child will be born or how long the current rules will be in place. That can make long-term planning particularly difficult for potential applicants.

The biopolitical nature of family policy, in this case, the baby-expecting loan, is perhaps most clearly seen here: The loan can force couples into life situations they did not originally want. This could mean paying penalty interest, marrying prematurely, or even participating in an IVF programme that the female member of the couple would not have undertaken without financial pressure.

9 'Pronatalist' banks?

During the research, several interviewees reported situations where the bank tried to motivate them to take out a baby-expecting loan or other state-supported, demographic-oriented loan. Since these are also banking products, it is understandable that financial institutions have an interest in acquiring as many customers as possible. They try to achieve this with various interest rate discounts and loans, which they actively advertise. However, based on what the interviewees said, these attempts can sometimes seriously violate privacy.

A 32-year-old woman living in a village with a secondary education degree reported that the bank tried to put pressure on her to take out as high an amount as possible and have another child (She was pregnant at the time of the loan.). At the time of the interview, the woman already had a child and did not plan more with her partner.

> '*They told us to take CSOK for two children (…). I did not want to sign for two children. Then they told us to sign for three children, and to take the baby-expecting loan along with it. I think we were called four times in one week in relation to CSOK. (…).*'

In the end, the interviewee and her husband only took out the baby-expecting loan, but even at the time of signing the contract, the administrators tried to persuade them to take out the CSOK as well. The couple was quite outraged by this behaviour.

Similar experiences were shared by a 39-year-old woman from the capital, with a higher education degree, who did not want to use the baby-expecting loan but was at the bank for other matters.

> *'Last year, when our daughter was born, we went to the bank for some reason, and when the clerk saw that I was carrying the little girl in a carrier, she immediately started recommending that I take out the baby-expecting loan and have a second child.'*

Banks are obviously not interested in demographic issues, but financial gain motivates them to interfere in customers' private lives such as having children. In an indirect way, the banks were interested in the birth of as many children as possible. This confirms the findings of Lavinas et al. (2023) that market participants (in this case banks) are incentivized by the state to provide services. However, this may lead customers to make important personal decisions that determine their future in the long term, not only in financial terms.

It is important to note that this chapter presented individual experiences, and the objectionable behaviour of bank clerks was not a typical element during the interviews. However, this highlights that marketization can also lead to situations that can be considered absurd, which should hardly be the case in a state system.

10 Conclusion

This study dealt with the marketization of family policy in Hungary, and the baby-expecting loan. The transformation of state social policy in the classical sense had antecedents earlier, but since 2010 the state has been gradually withdrawing from social policy and outsourcing more and more benefits to market actors, in this case the family benefit elements to banks. However, the marketization process in Hungary does not only serve to stimulate the economy and the freedom of market participants. The main goal is to encourage the upper-middle class to have children through state-subsidized loans.

Based on interviews with stakeholders of the baby-expecting loan, this research sought to answer what new situations the marketization of Hungarian family policy (and social policy) creates and how that influences the private lives and decisions of families.

The results of the research are in line with the findings of several items in the international literature, but at the same time certain 'individual characteristics' are also visible. If we take the considerations of Lavinas et al. (2023) as a basis, the following may be true for the Hungarian market-based system:

The state as an intermediary: The baby-expecting loan and other state-supported loans are regulated by government decree, but these only represent the basic conditions of the loans. Banks can move freely within the framework of the government decree. We could also see this in the interviews, when some banks rejected the applicants despite them complying with the regulations.

Increasing inequalities, weakening social rights: The baby-expecting loan fundamentally increases inequality, as only a narrow section of society has access to it. In addition, the different rules of the banks are also important in this regard, as it is possible that one bank is 'more lenient' and another is 'stricter'. Since the interviewees were not always given a reason for the rejection, they did not have the means to appeal. Access to a baby-expecting loan can easily depend on the individual's ability, or even luck.

Based on the results, it is also debatable how true Mertens' (2017) statement is for the current Hungarian situation, according to which households with good financial standing benefit from credit systems. Better-off families may be winners of the system in the sense that they can access large sums of money, but they can easily become losers if certain conditions are not met (no child is born). Overall, the social security of upper-middle-class families also decreases because of marketization, but they presumably have more means to solve unexpected problems than poor households.

Appreciation of financial situation: The credit-based subsidies introduced in Hungary after 2010 are linked to employment. In addition, banks decide based on their own risk analysis, e.g. how much income is sufficient for taking out a loan. Credit-based family subsidies are therefore not based on a citizen's right.

The financial risks are borne by the individual: In this respect, a baby-expecting loan works similarly to a market loan. Couples take it out and then repay it according to the rules (unless three children are born in the meantime). Based on the results of this article, in the Hungarian market-based family policy, the better-off are more likely to be forced to take risks. However, it is important to note that poor households also have much less chance of taking out a loan, so they are naturally less able to take risks in this area.

In addition to all this, however, the Hungarian market has strong biopolitical goals, so the individual is not only financially obligated, but also has a child-bearing obligation. This is all this extremely risky. According to the calculations of the MNB, of those who took out a baby-expecting loan in the second half of 2019, a quarter of the debtors had not yet had a child by mid-2023 (Aczél et al., 2024). The government announced on 8th of July 2024 that for those who took out the loan between July 1, 2019, and July 1, 2021, the deadline for the birth of the first child would be extended by two years. The new date is therefore July 1, 2026. Whether this will result in the birth of the children who were left behind could be a later direction of the research. In addition, the role of banks is also worth examining further, as they have become decisive players in family policy.

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Appendix

Table 1 State-subsidized loans in Hungary

Name of the benefit	Date of introduction	Amounts in 2024
Baby-expecting loan *(Babaváró hitel)*	2019	max. HUF 11 million (at one time) ≈ EUR 28.000
Family home-building benefit (and its subgroups) *(Családok Otthonteremtési Kedvezménye – CSOK)*	2015 – CSOK 2019 – CSOK in small settlements 2024 – CSOK Plus	max HUF 50 million (at one time, depending on the number of children) ≈ EUR 128.000
Car purchase programme *(Nagycsaládosok személygépkocsi-szerzési támogatása)*	2019	max. HUF 2,5 million (at one time) ≈ EUR 6.500

Table 2 Tax/loan discounts for families in Hungary

Name of the benefit	Date of introduction	Amounts in 2024
Lifetime income tax break for mothers of four (or more) children *(Négy-vagy többgyermekes nők SZJA mentessége)*	2020	Personal income tax is 15%
Mortgage relief program for families with two or more children *(Többgyermekes családok jelzáloghitel tartozásának csökkentése)*	2017	For two children: Releasing HUF 1 million ≈ EUR 2.500 For three children: Releasing HUF 4 million ≈ EUR 10.300 More children: Releasing HUF 1-1 million
Childbearing discount for women with student loans *(Diákhiteles nők gyermektámogatási kedvezménye)*	2018	Up to 100% of the debt can be forgiven.
Tax relief for mothers under the age of 30 *(30 év alatti anyák kedvezménye)*	2023	Personal income tax is 15%
Family tax benefit (családi adókedvezmény)	1999	For one child: HUF 66.670/month ≈ EUR 171 *For two children: HUF 133.330/month* ≈ EUR 343 For three children: HUF 220.000/month ≈ EUR 565

Table 3 Employment based benefits for families in Hungary

Childcare fee for working grandparents *(nagyszülői GYED)*	2020	70% of the income, but max. HUF 373.520/month ≈ EUR 960
Childcare fee (and its subgroups) (*GYED*) – until the child is two years old	1985 – GYED 2014 – GYED extra	70% of the income, but max. HUF 373.520/month ≈ EUR 960
Infant care allowance *(CSED)* – only for mothers after birth max 24 weeks	It was established in 1891, since then it has changed a lot, and gained its current form in 2015.	100% of the income

Table 4 Universal benefits for families in Hungary

Name of the benefit	**Date of introduction**	**Amounts in 2024**
Family allowance *(családi pótlék)*	1912 – At that time, it was not yet available to all families.	For one child: HUF 12.200/month ≈ EUR 31 For two children: HUF 13.300/month ≈ EUR 34 More children: HUF 16.000/month ≈ EUR 41 (Single parents and chronically ill children receive slightly more.)
Childcare allowance *(GYES)* – until the child is three years old	1967	HUF 28.500/month ≈ EUR 73
Birth grant *(anyasági támogatás)* – only for mothers after birth	1953	HUF 64.125 (at one time) ≈ EUR 165
Child raising support (GYET) – only for parents with three of more children	1993	HUF 28.500/month ≈ EUR 733