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Local Currencies in a Globalizing World: Lessons to be Learned from the Fate of the Hungarian *Soproni Kékfrank*

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ABSTRACT: “Local, or community, currencies” refer to place-based monetary tools for building sustainable local economies. The first representative and "flagship" of local currencies in Hungary was the *Soproni Kékfrank*. The present paper is to analyzes the experiences of this local currency, which was introduced in 2010 and has since been discontinued, with the aim of providing assistance for new introductions in the future by deducting the experience. The research is based on literature analysis and in-depth interview with founder Tamás Perkovátz. The only moderate success of domestic local currencies can be traced back to the lack of circulation opportunities in the economic ecosystem delimited by the places of acceptance. At a theoretical level, in Hungary, the introduction of local currencies has to meet certain prerequisites - which can be interpreted at the level of economic resilience. If a sufficiently strong local economic ecosystem is not available, local funds cannot exert their positive effects, and the economics of the issue also become highly questionable in light of the maintenance costs. As a final question, the study tries to answer whether local currencies have a right to exist in a globalizing world, and if so, what are the prerequisites for their success.

Keywords: local (community) currency, Hungary, *Soproni Kékfrank*, Gesell’s theory, interview, prerequisites

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1. Introduction

As Lindstorm and Witt claimed (Lindstorm & Witt, 2003) *local currencies* to refer to place-based monetary tools for building sustainable local economies. After a few hundred years of domination by national currencies, their power is beginning to diminish. The rise of supra-national currencies like the Euro, the widespread use of the USD, and a series of economical, political and war crises are weakening the monopoly of national currencies within their borders. As a response, communities are introducing community currencies to protect themselves from these crises (DeMeulenaere, 2000). The events of the 21st century only intensified the trends already visible at the beginning of the millennium.

The purpose of using local currencies or local currency is to strengthen the local community and regional economy. Another basis of locally focused finance is that it can counterbalance the effects of global crises by localizing the real economy as an alternative financial concept. In order for a local currency to exert its positive effects and fulfill its expected functions, some macroeconomic and microeconomic conditions must be met. Macroeconomically, the high interest rate environment and the relative scarcity of money are factors that support the emergence of money substitutes. Microeconomically, it is crucial that the number of people using local currency reaches a critical level of economies of scale. A necessary factor for this is the creation of a more efficient circulation through economic relations between users. According to our assumption, the product and service offering of enterprises involved in local financial systems - the so-called product and service track - largely determines the success of long-term operations. Therefore, efforts must be made to build a system that, on the one hand, enables the redemption of products and services that are attractive to consumers, and on the other hand, stimulates transactions between the involved local businesses.

There are thousands of local currencies all around the world. It is difficult to calculate an exact number, since many have a relatively short lifecycle. In spring 2022, for example, a local currency was launched in the Kirseberg neighbourhood of Malmö. There are almost as many different ways in which local currencies work, however, they all can only be spent in a certain area and they cannot usually be exchanged for conventional money. Often its direct aim is to stimulate the local economy at times of economic crises (Kjällkvist, 2023).

2. Theoretical Overview of the Main Concepts

Based on the thought process identified above, the focal point of our research is the following hypotheses: the active involvement and dedication of the relevant local political decision-maker; the prerequisite for the long-term successful operation of a local monetary system is the appropriate level of diversity and active social involvement of local economic actors; a necessary prerequisite is also the existence of local markets, local production chains and the local availability of resources for economic activity (Nagy, 2007). Local currency alone cannot function as a force for creating local economic relations, however, if the prerequisites are met, it can successfully catalyze the local economy (Szemerédi, 2020). We can observe the creation of local monetary systems mainly during economic crises and in the period immediately following them (Varga, 2016). Since the crisis of 2008, the global economy has been and continues to be affected by many shocks that destabilize financial markets, reshape supply chains and highlight the risks inherent in the unsustainable energy consumption structure and the banking sector. One of the possible responses to cyclical negative swings in the economy is the introduction of local monetary systems.

3. Methodology

Observing the current macro environment, it can therefore be seen that it may again be justified to summarize the experiences related to the operation of the previously implemented local monetary systems and to draw lessons from these experiences. Through the analysis of success stories worldwide, and also the Hungarian attempts, conclusions can be drawn regarding the critical cornerstones of implementation and operation. Regarding the topic, the relevance and novelty of the present paper is given by the fact that the local currency practice in Hungary was not previously analyzed with a detailed exploration of the operating mechanisms. Experiences and findings related to Hungarian local funds have not previously been highlighted in the literature from the perspective of operational and practical implementation. The mapping of the operation - by using and processing the direct experiences of the issuers - makes it possible to draw conclusions based on novel aspects.

4. Discussion

In relation to local currencies, there are many literature positions with a supportive attitude, an attitude of acceptance in times of crisis, and also a rejection in principle (Varga, 2018). The literature background on the theoretical foundation of local currencies is quite rich (Kennedy & Lietaer, 2002; Bánóczy, 2013; Blanc, 2013; Lietaer & Belgin, 2017; Gelleri, 2020).

The cornerstones of the operating mechanisms of local currency were laid by Silvio Gesell (1862-1930),

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based on whose work we explain the functions to be performed by locally used cash substitutes. The Argentine crisis of 1880 and the Great Depression of 1929-1933 had a direct impact on Gesell's research activities (Balogh & Varga, 2012). By processing these external factors, he laid down the *Freiwirtschaft*, i.e. free economy theory, which serves as the theoretical basis of local money, in his work *The Natural Economic Order* (1929; 211). His much-controversial work has never been part of the economics mainstream, it can be found mainly in the literature of alternative economics researching local money. Gesell's theoretical starting point is money and basic monetary functions. For money, it is a financial instrument that can be interpreted as a means of exchange, a measure of value and a unit of account (Blanc, 1998). Based on the basic functions of money, it can be established that money has become an infrastructural factor, which can be identified as a primary key factor in the coordination of the division of labor, the flow of goods, information and materials (Szalay, 2008). In order to influence the operating mechanisms of the economy and to eliminate economic anomalies, a significant effect can be exerted through the redefining of certain functions of money. Gesell highlights the value retention of the money currently used in the economy compared to the goods produced by humans. Due to its indispensable role and almost unlimited range of uses, money has a liquidity premium that exceeds any other article. According to Gesell, the money-goods relationship is the power of the non-perishable over the perishable. The moneylender is not constrained by *"rats, moths, rust, fire and roof damage"* (Gesell, 2011: 326). From this mentioned feature, it follows that the owner of the money enjoys an unfair advantage over the owner of the goods, due to the depreciating attribute of the goods, which creates an imbalance in terms of the bargaining position of the actors. According to Gesell, money rules over goods as a result of all this. The main basic thesis of Gesell's work is that there is a constant lack of exchangeable money in the market, which can be traced back to the formation of monetary reserves guided by speculative or prudent considerations. As a result, the circulation of money slows down and its circulation encounters obstacles (Balogh & Varga, 2012). The revealed asymmetry greatly limits efficient commodity trading. The storage costs and perishability of the goods make the owners of the goods to turn their goods into money as soon as possible, to exchange them. The imbalance can therefore be interpreted as a factor affecting the efficiency of the supply-demand balance. According to Gesell's interpretation, money is concentrated in financial intermediaries, who can make the liquidity necessary for market balance available to society in return for interest. Interest is the factor that destroys the fair distribution of income, the exploitation of which can be achieved through increased production. By withholding money from the economic cycle as a means of accumulation, it can result in crises of overproduction, and this kind of disruption of the economic order overrides the equilibrium operating mechanisms of the division of labor. Gesell saw the imbalance in the harmonization of the nature of goods and money. According to his theory, money should be made perishable, similar to goods, whose instrument is negative interest. The negative interest rate penalizes the withholding of money and speculative reserves. The purpose of this idea is to encourage the function of money as a means of exchange while relegating the function of accumulation to the background (Sárdi, 2012).

In the United States government's monopoly position with respect to the issuance of money means that currency, as a product must be used, even if it is unsatisfactory. Its monopoly prevents the discovery of better methods of satisfying a need. Periodic inflation and general economic instability may result, in large measure, from the government's monopoly over money which also assisted in general growth of federal governmental power. Looking back over the twentieth century, the federal government expanded greatly, assisted by the possibility of covering deficits by issuing money. Government power over money facilitated ever-mounting centralization (Solomon, 1996: 66). The Nobel economics laureate Friedrick Hayek sought to introduce competition into the production of money (Hayek, 1976). An alternative currency would help in effectively preserving not only the integrity of local economy but also promoting ecological sustainability.

The following quote accurately illustrates the monetary function expected by Gesell, which can be interpreted as a basic thesis of the operating mechanism of local currencies: *"Money is a means of exchange, nothing else. It must facilitate the exchange of goods and overcome the difficulties of barter. Barter was uncertain, difficult, expensive, and often bankrupt; therefore the money which is to replace it must ensure the exchange of goods, must speed up and make the exchange of goods cheap. This is what we expect from money."* (Gesell, 2011: 247).

The purpose of money, according to Gesell, which is referred to as a depreciating, rusting or circulating thing, can be traced back to the withholding of money, to avoid supply-demand shocks and to prevent the resulting crisis situations. The objective just mentioned results in an increase in the speed of circulation of money. Although the introduction of a currency similar to this is unprecedented on a national economic level, in the case of smaller communities, in the form of local currencies, initiatives can be studied, the theoretical background of which is Gesell's work. The present study uses the term *"local currency"*, which, however, in terms of its legal background, is not money in the strict sense of the word. Local money can be legally defined as a money-substitute negotiable voucher. The essential difference between legal tender and vouchers is that the acceptance of the former is mandatory for everyone during economic transactions, while the latter can only be voluntary. Therefore, in terms of the use and spread of vouchers, the circle of those who accept vouchers is critical.

The life cycle of traditional vouchers ends with redemption. However, the transferability of the voucher means that during its use there is the possibility of further circulation or transfer. In the European Union, there is no uniform and detailed regulation regarding local currencies. For example, Directive 2015/2366 of the European Parliament and Council (EU) on internal market payment services does not address the legal status of negotiable vouchers or other local currencies. Based on the exceptions listed in Article 3, the said directives do not apply to paper-based vouchers, this mentioned classification being closest to local money. The operation of local funds is mainly subject to the regulations of the given Member State, or even within the region. Germany is relevant as an international example, as there are many local financial initiatives operating here. The Deutsche Bundesbank considers local currencies as vouchers. Based on the experience of court rulings and decisions in the German legal system, only money in the traditional sense is considered legal tender, and it is clearly distinguished from means of exchange such as crypto-currencies or local currencies. Local currency is therefore not currently under bank supervision in Germany (Gelleri, 2021).

In Hungary, the negotiable voucher was introduced by Section 2 (1) of Act 98 of 2013 incorporated by amending Act 237 of 2013 on credit institutions and financial enterprises (Koponicsné et al., 2015). Based on the interpretation of the latter act, a negotiable voucher is any paper-based payment instrument that can be transferred and used multiple times and is not considered a bank note, a cash substitute payment instrument or a security that represents a monetary claim against the issuer of the voucher, and is used to settle the consideration for goods or services. As a guarantee rule for the safe operation of the negotiable voucher, it has been established that the voucher issuer must place the funds received against the negotiable voucher at a credit institution established in the EU in a deposit account in the official currency of the nominal value of the negotiable voucher or deposit it in government securities issued by an EU member state. The supervision of voucher issuance activities in Hungary falls under the competence of the National Bank of Hungary.

In Hungary, we can talk about five local money initiatives these are the *Soproni Kékfrank*, *Balatoni Korona*, *Bocskai Korona*, *Alsómocsoládi Rigac* and *Tokaji Dukát*. Soproni Kékfrank can be considered the first initiative of Hungarian local currencies, the practice of which then served as a model for the introduction

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of later money substitutes (Juhász, 2017). Due to its significance and system-founding activities, the Soproni Kékfrank got into the focus of this paper. However, the latter is not the subject of the investigation due to its relatively small scale. In the case of the Bocskai Korona, we are talking about a local currency system that is still in operation today, which drew on the operational model of the Hungarian initiatives founded earlier, but due to its system characteristics, we can still see it as a successful money substitute in the region. Regarding the significance of the Hungarian initiatives, it is worth pointing out that the economic role of the Hungarian local currency systems is considerable from a theoretical aspect however, in the current Hungarian environment it is negligible from a practical point of view due to the moderate spread. The low interest rate environment and the lack of economic stability experienced previously – i.e. during the operational years of all three examined projects – did not create a favorable economic climate for local funds. The main advantage of local currencies issued in Hungary is that the economic and legal environment created by their creation makes the operation of negotiable vouchers more regulated, thus reducing the potential risks for the participating parties. (Varga et al., 2022).

Picture 1: Soproni Kérkfrank of Twenty-thousand HUF denomination with the image of Hungarian composer Ferenc Liszt
(sopron.hu: http://www.sopron.hu/Sopron/portal/show.printableview?id_content=22627)

The "HA-Mi - Összefogunk" European Cooperative was founded on September 29, 2009 in Sopron, a city in Hungary on the Austrian border. On May 7, 2010, it issued the Sopron Kékfrank, which can be considered the first Hungarian local currency initiative. The president of the cooperative and the main idea behind the project is Tamás Perkovátz. The implementation of local currency was created on the basis of a local civic association. This voucher system served as the basis and model for local currency issued after the Kékfrank. The local currency was issued with the participation of 123 members and a share capital of 38,500 Euros based on the cooperative's articles of association. (Perkovátz, 2010). The Cooperative kept its accounts at the Rajka és Vidéke Credit Union.

The Articles of Association of the Cooperative define the goal set in connection with the introduction of the system: "*The aim of the European cooperative is to stimulate the economy of Sopron and its catchment area, which also cross borders, and connected districts by using blue Kékfrank vouchers. It stimulates the economy through the economic enterprise of its Hungarian and foreign members.*" (Ha-Mi-Összefogunk SCE, 2009:4). The Sopron Kékfrank is a cross-border project that wanted to put the geographically and economically connected unity of the Sopron region at the center of the initiative. Based on the reports, the sources of income necessary to maintain the local currency system would have been composed of the following four sources: interest received from the Kékfrank's HUF cover account in circulation; the redemption commission; income from business (production, service) activity that fits the profile; as well as possible application sources (support). In practice, however, the latter two would have required more activity than was available from the voluntary membership, so the sources included in the first two points generated the Cooperative's income.

The final settlement of the Cooperative took place in 2018. During the years of operation, the level of income never exceeded expenses. The operation of the Cooperative was not economically sustainable. The net sales revenue and the income from financial operations showed an encouraging trend until 2013. In the years after 2013, the interest income and the redemption commission shrank to a marginal level. This suggests that Kékfrank's turnover dropped significantly from 2014. In 2017, the net sales revenue was at an almost negligible level of HUF 52,000. Redemptions in 2013 significantly exceeded the amount of Kékfrank redemptions, i.e. interest income also permanently decreased. The situation of Sopron Kékfrank was further complicated by the fact that the low interest rate environment characteristic of the years of operation also affected the level of interest income. The income from financial operations decreased to HUF 48,000 in 2017. Kékfrank was very far from profitable operation, as the turnover and the number of users did not reach the critical minimum level necessary to maintain the local monetary system. Based on the 2016 report, the annual Sopron Kékfrank turnover required for profitable operation is HUF 240 million (Juhász, 2017).

This turnover value can be considered the break-even point determined by the issuer in the case of the Cooperative. However, the turnover of HUF 240 million was unattainable, when the estimate was made, Kékfrank's turnover reached a tenth of the estimated break-even point.
The fact that the primary users of the issued vouchers were the cooperative members also contributed to the maintenance of the persistently low turnover level. This fact limited the spread of the initiative on the one hand, and it made the sustainable operation of the system dependent on the intensity of activity of the members on the other. Based on the communication of the Cooperative and the surveys conducted during the years of operation, it was possible to reveal the lack of a proactive attitude of the municipality as a factor hindering smooth operation. The lack of support and participation of the local government hindered and made the spread and use of the Kékfrank difficult. (Varga et al., 2022).

The involvement of local governments is an almost indispensable element for the successful operation of a local voucher system. The lack of support affects the degree of acceptance of the cash substitute in the local society, and due to the lack of acceptance options provided by the municipality the use of a given currency is less attractive among individual economic actors and businesses. It can be also stated that without the support and help of local decision-making - in addition to all these influencing factors - in the case just described, the increased activity and dedication of the members is needed (Kennedy, 2009).

The combined existence of all these factors explains the disappearance of the Soproni Kékfrank and the potential lack of positive socio-economic effects of local currency. On June 1, 2018 liquidation was initiated against “HA-Mi - Összefogunk” European Cooperative, which issued the voucher and it was deleted from the Company Register on June 13, 2019.

5. Synopsis of the Main Research Outcomes

The Soproni Kékfrank is of particular importance from the point of view of Hungarian local currency

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operational practice, as it was the first initiative to pave the way for Hungarian negotiable voucher systems that would appear later. The introduction of the first local currency is therefore very significant, serving as a kind of template for the Balatoni Korona and the Bocskai Korona. As a result, it is worthwhile to examine in more detail the circumstances of its introduction and the experiences gained during its operation. To get to know the operation of Kékfrank in Sopron, an in-depth interview seemed to be the most appropriate of the available options. The subject of the interview is Tamás Perkovátz, the former president of the "HA-Mi - Összefogunk" European Cooperative, which issued the Soproni Kékfrank, without whose organizational work the first Hungarian negotiable voucher would hardly have been put into circulation. As a restaurant owner, Perkovátz previously issued cafeteria vouchers at the local level.

Picture 2: Founder Tamás Perkovátz (sopron.hu: http://www.sopron.hu/Sopron/portal/show.printableview?id_content=22627)

5.1. The circumstances of the issuance of the Soproni Kékfrank

The issuer was created in the form of a European cooperative. The reason for this is that it carried out cross-border activities in the territory of the European Union. The basic purpose of its operation was to revive and catalyze traditional economic and trade relations in the Sopron area, and therefore its operation was not only limited to the territory of Hungary.

With regard to the operational hierarchy of the issuing cooperative, during its establishment the founding members considered it important to create a democratic system, without the possibility of the decision-making power of some actors becoming dominant. As a guarantee of this, the number of partial tickets redeemable by members was maximized at 40, thereby promoting local community advocacy and limiting individual advocacy.

Professional professionalism was realized by the cooperative by setting up a professional delegation. The reputation of the members of the delegation functioned as a tool aimed at supporting the local society and the municipality. Local entrepreneur Tamás Perkovátz, president of the Sopron Chamber of Commerce and Industry, Gyula Károlyi, president of the Sopron and Rural Council, Csaba Székely, dean of the Faculty of Economics of the University of Sopron, and István Varga, the Magyar Vice-president of the National Association of Taxpayers at the time. Based on the composition of the participants, it can be concluded that the cooperative tried to represent the widest possible range of those involved in the introduction, thereby showing the professional validation of the initiative.

The responsibility of the issuer is not limited to the circulation of the voucher. The essential task of the issuer is the organization of acceptance points and partners, and in the case of Sopron Kékfrank, the coordination of the cooperative and cooperative members. Among the basic principles of operation, it was emphasized that, in order to effectively implement the goals, the acceptance site could be a Hungarian-owned enterprise. However, in order to make the local currency as liquid as possible, the involvement of larger companies and retail chains was also a necessary step.

The redemption fee - set at 0.25% + VAT and a fixed level of HUF 500 + VAT - can be considered extremely low in Hungarian comparison. Although the fixed fee is intended to ensure that only the right amount of Soproni Kékfrank is redeemed, the low variable fee element was not a sufficiently effective incentive to keep the local currency in circulation. The redemption structure created in this way wanted to achieve the strongest involvement of local businesses by making it attractive from a business point of view to become a place of acceptance and use. In essence, the local currencyy tried to gain an opportunity for widespread use as an alternative to the 2% bank commission that occurs in the case of transactions between economic actors.

5.2. The role of the local government and the financial institution background

Despite the large number of founding members actively participating in the launch and the delegation supporting professional credibility, the local government took a passive supporting position. The local government did not actively participate in the development of the local initiative, it did not accept the voucher either as a consideration for local tax or when using local services. All in all, the municipality - following the principle of prudence - stayed away from Kékfrank in Sopron, but did not hinder its local operation. This circumstance made it significantly more difficult for the spread of the local currency system, because the municipality acting as an acceptor greatly broadens the possibilities of use. The lack of active local government support also acted as a limiting factor from the point of view that local entrepreneurs felt the lack of validation of local political decision-making. This factor can be identified as one of the main factors resulting in the cessation of operations.

The HUF cover of the Soproni Kékfrank was placed with the Rajka és Vidéke Credit Union. In connection with the issue, the savings association developed the software background on the basis of which Soproni Kékfrank could have become operational in the form of invoices. The implementation of this system could obviously have made the spread and use of the local currency system smoother among businesses and local economic actors. However, the developed and ready-to-implement system was rejected by Takarékbank cPlc, under whose auspices Rajka és Vidéke Credit Union operated, due to legal concerns. As a result - and in accordance with later legal regulations - the Soproni Kékfrank, as in the case of other Hungarian initiatives, was sold exclusively in the form of a paper-based voucher.

5.3. Moderate spread and causes of extinction

In addition to those mentioned above, several negative factors influenced the initiative, which ultimately resulted in the impossibility of operation. One of these essential elements is that the turnover generated by the cooperative members in local currency was not of sufficient volume. In order to maintain a stable operation, during the active years of Soproni Kékfrank, it would have been necessary to conduct a monthly turnover of HUF 100 million. In reality, the voucher was worth much less, HUF 10-15 million.

There was passivity on the part of the membership. Although they readily accepted the local currency and waited for the upswing in traffic, fewer resources than necessary were grouped together to ensure that the currency entered the local economic cycle. For this, it would have been necessary for the local businesses linked to the membership to use the local currency of Sopron more intensively, either in the form of a cafeteria for the employees, or in conducting transactions with suppliers. On this topic, Tamás Perkovátz mentioned as an example when he paid fringe benefits to his employees in Kékfrank in Sopron. The employees were obviously opposed to the benefit system operating in this form because they had a very limited opportunity to spend the income earned in this way. The fact that the employees - with the intervention of the employer - could spend the Soproni Kékfrank at local businesses whose products and services they had previously used, resolved the conflict situation on the one hand, and expanded the system and the scope of acceptance in line with realistic demand needs on the other.

The lack of motivation on the part of the membership can also be interpreted as a complex factor. In the case of many products and services, it is difficult to replace Hungarian suppliers with a multinational background or nationwide coverage, because it is either too expensive for the entrepreneur or cannot be solved due to the alternatives available on the market. This is related to the fact that such and similar sacrifices would have been necessary for the sake of local goals and the operation of the local monetary system, if sufficient dedication is available.

The participation of the local population was also hampered by the lack of commitment. In relation to the construction of local funds, it is important that the population does not necessarily see the importance of the initiative and its complex system of goals and tools. Since average consumer behavior is based on the realization of short-term benefits, commitment to long-term goals can be interpreted as a highly limited resource. In exchange for long-term community benefits, the local population showed a moderate willingness to make short-term sacrifices and to participate in a construction that results in spending the limited income associated with local money. The use of local currency therefore often fell outside the consumer's comfort zone due to the lack of community spirit. Due to its geographical situation it is characteristic of the Sopron region that the local population kept and used Euros for their expenses as an alternative to the HUF. The use of a second alternative is already too complicated and can also be defined as behavior outside the comfort zone.

Based on the facts discussed above, the cooperative membership, the motivations and attitudes of the local population were not suitable for expanding the use of local currency and keeping it within a stable framework. As a result, the low circulation of local currency did not allow the issue to operate within a profitable framework. The lack of active support from the municipality and the unfavorable financial institution-legal background, in addition to what was experienced in relation to local economic actors, resulted in the cooperative's share capital shrinking as already shown and further operation becoming impossible.

5.4. The key to Bocskai Korona's success

Tamás Perkovátz, who during his work at the Association of Local Finances dealt with the Bocskai Korona as well, also revealed the driving forces behind the current operation. The Bocskai Korona is still operating, which is thanks to the municipality and its strong community-creating and community-building intention. The strong stance of the municipality and the mayor in a kind of opinion leader role encourages the use of the currency. Thanks to this action, Hajdúnánás city has developed an image that promotes the use of cash alternatives and has strengthened its community identity. Depending on this, local currency has successfully achieved its goal of acting as a community organizing force. The Bocskai Korona could not exist in its present form without the strong local government participation.

Picture 3: Bocskai Korona of Twenty-thousand HUF denomination with the image of István Bocskai Prince of Transylvania

(Bocskai Korona: https://www.bocskaikorona.hu/cimlet_2000.php)

6. Conclusions

The purpose of this study was to present the operation of local currency. The importance of the research is given by the fact that the operating mechanisms of local currencies in Hungary have not been analyzed in detail so far. The new approach is based on the use and processing of the direct experiences of issuers. This aspect provided an opportunity to draw new conclusions. Our main source of data was the in-depth interview with the local currency issuer Kékfrank in Sopron. In addition to the in-depth interview, however, theoretical and numerical analyzes are also important in order to place the data in a broader economic context. Overall, based on the analysis, it can be concluded that the problem of the spread of local currencies in Hungary can be traced back to complex reasons. The lack of social commitment, the preference for short-term benefits over the long-term community interest, the decision-making approach of economic actors, the passivity of local governments, and strict legal regulations all contribute to the low prevalence of local funds in Hungary. In order to spread local funds more successfully, it is therefore necessary to inform the population and economic actors, and to support local governments. If the availability of the examined prerequisites is not complete, then the operation of local funds cannot be profitable, long-term, effective and predictable. This means that for the sustainability and effectiveness of the operation of local funds, it is necessary to ensure the appropriate economic and social preconditions, and in the absence of this, the operation of local funds and the validation of the assumed social and economic benefits will remain limited.
In a globalising world applying our collective creativity (Lindstorm & Witt, 2003) and strenghtening civil association of local residents and producers cooperation may be the key to the success of local currencies.

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