

What are the changes brought by the Instant Payment System?

On 1 July 2019, the Instant Payment System (AFR) will be introduced in Hungary. In the new interbank clearing system it will be possible for the Bank's customers to transfer cash:¹

- from their payment accounts, via an e-banking channel only,
- up to HUF 10 million,
- within as little time as 5 seconds,
- on any day of the year.

An instant credit transfer may as well be completed if the customer does not know the account number of the beneficiary by addressing the order to a phone number, e-mail address or tax number (tax identification number), provided that the beneficiary has attached any of these as a secondary identifier to its account. Furthermore, incoming items will become available within 5 seconds in payment accounts kept not only in HUF, but also in the currency of any EEA member state in the case of domestic transfers.

Commercial banks are required to provide the instant credit transfer service continuously, that is 24 hours a day, on every day of the year, which will be implemented with the introduction of GIRO Zrt.'s GIRO Instant (IG3) system. Besides IG3, the current payment systems (IG2 and IG1) will operate in the future as well, and will continue to handle single credit transfer items in excess of HUF 10 million or those with future value dates, multiple transfers, as well as all standing credit transfer orders and direct debits, at the terms and conditions and execution times currently prevailing. These orders will not be executed instantly in the future either. The order of acceptance of collection orders will not change; however, already accepted orders that meet IG3 criteria will also be performed instantly.

What is the main purpose of the regulation?

The main objectives formulated by the National Bank of Hungary with the introduction of the new system are as follows:

- To implement an electronic payment system matching the speed, continuous availability and simplicity of cash transactions, hence create an electronic payment alternative in the widest range of payment situations possible
- Support innovation in the payment services market
- Prevent the emergence of not interoperable payment solutions in domestic payments

¹ Orders that have a specified value date will not be executed in this system, and furthermore the order will be rejected immediately if the balance in the account is insufficient to cover the transaction, i.e. banks will not be able to queue orders.

What does it mean for the customers?

- **AUTOMATED, QUICK PROCESSING**

The amount of the payment transaction will be transferred within 5 seconds to the beneficiary's payment service provider / bank, which is required to immediately make this amount available to the beneficiary.

- **IMMEDIATELY EXECUTED DOMESTIC SINGLE CREDIT TRANSFERS UP TO HUF 10 MILLION**

Customers will be able to launch HUF credit transfer orders from a **HUF payment account** to another HUF account (or an account kept in the currency of any EEA member state) any day of the year, day and night, up to HUF 10 million. It is important that single credit transfers that are in excess of HUF 10 million or are future dated and multiple transfer orders are not to be executed in the AFR system. In the case of AFR credit transfers, the originator will get immediate feedback in the platform both on successful performance and on rejection, if that is the case.

- **CONTINUOUS (24/7/365) OPERATION**

The system is in continuous operation on every day of the year.

This does not mean, however, that all services of the Bank are available 0-24 hours, therefore it continues to be very important to keep in mind the cut-off times included in the List of Terms & Conditions concerning the different order types.

HUF credit transfers between the customer's own HUF accounts kept at the Bank will be executed immediately without limit as to the amount 24/7 on any day of the year.

- **USE OF SECONDARY ACCOUNT IDENTIFIERS**

The account holder or a person authorised to dispose of the account may register his/her e-mail address, mobile phone number, tax identification number or tax number. This can be done **only and exclusively on an e-banking platform**.

It is the statutory obligation of the Bank to make sure that the person registering the secondary identifier is authorised to dispose of the same.

The person registering the secondary identifier may meet this requirement by re-entering the one-time code sent to the registered e-mail address or telephone number in the course of the process in the electronic platform.

By using a secondary identifier payments may be launched easily and quickly, and it is not even necessary to know the account number, but is enough if the payer is informed of the secondary identifier. For each account number, several secondary identifiers may be registered (several mobile phone numbers or e-mail addresses), while a secondary identifier may only be registered for one

single account number. A secondary identifier may be used only and exclusively in the case of transactions executed in AFR. The validity of the identifiers must be reconfirmed each year. Secondary identifiers are handled by GIRO in a central registry, and the identifier will be matched with the account number upon each credit transfer made with reference to a secondary identifier. Before an already registered secondary identifier is matched with a new account number, the customer should give an order for the erasure of the existing attribution to the previous account number at its bank.

The customer may block the use of a secondary identifier for the sub-account number in respect of which he/she has right of disposal (subject to signature rules). In such case the secondary identifiers recorded earlier for the given sub-account will be deleted.

In the case of dual signature, the approval of both signatories is needed to record or delete a secondary identifier.

In the case of a credit transfer launched to a secondary identifier, the account statement will include the secondary identifier only instead of the account number and name.

Other changes due to instant credit transfers

Processing of in-bank HUF transfers launched from HUF accounts to FX accounts
In the e-banking systems, in-bank HUF transfers launched from HUF accounts to FX accounts may only be recorded as HUF credit transfer orders. Accordingly, it will not be technically possible in the future to enter a HUF credit transfer order as an FX credit transfer (selecting the HUF currency) in the e-banking systems.

Changes concerning retail customers and including individual provisions:

Changes in fee settlement dates

Account-keeping fees will be settled—with the exception of the Basis 2.0 account package—instead of the last business day of the month, on the first business day following the relevant month. This change will become effective on 01/05/2019, therefore the account-keeping fees due at the end of May 2019 will be settled on 03/06/2019.

The due dates of payment as specified in the List of Terms & Conditions of the fees and commissions of single HUF (including instant) and standing HUF credit transfers, direct debits and cash withdrawals at the Bank's cash desks will not change; however, the Bank's practice for the settlement of fees will change in so far as the settlement of fees will take place during the Bank's opening hours not at the end of the business day, but immediately after the transaction. In the case

of an instant credit transfer completed outside the Bank's opening hours, the due fee will be settled after the transaction, but on the next banking day.

Early withdrawal of time deposits outside of the Bank's opening hours

The cut-off time of orders given through the DirektNet channel for the early withdrawal of time deposits will change, as such early withdrawal orders will be executed by the Bank—similarly to instant credit transfers—continuously, 24/7 on every calendar day of the year.

Changes concerning corporate customers and including individual provisions:

Fee settlement date in the case of corporate customers:

The account-keeping and transaction fees will be in each case settled—instead of the last business day of the relevant month—on the first business day of the month following the relevant month. This change will become effective on 01/05/2019, therefore for the first time the account-keeping and transaction fees due at the end of May 2019 will be settled on 03/06/2019.