



FAQ K&H SZÉP Card re-contracting

Cardholders:

- 1) will the switchover entail a suspension of the service?**
Yes. You will not be able to use your card or access your balance from 17:00 on 30 November 2018 till the morning of 1 December 2018.
- 2) will there be any changes to the card application process?**
Yes. As of 1 December 2018 you will be able to apply for a new card, a replacement card or an additional card at our branches only; as of 26 November no applications can be submitted through the employer.
- 3) what is the deadline for cardholders to conclude a new contract in person at K&H Bank branches?**
You can re-contract at K&H Bank branches by 28 November. The re-contracting process involves checking your data. For quicker service you may want to make an appointment online at kh.hu/ido pontfoglalas.
- 4) what if a cardholder does not want to re-contract?**
A client who does not want to enter into a contract with K&H Bank should make a written statement to that effect, and either deliver it to a K&H Bank branch or send it to the Bank by post (SZÉP Card – 1095 Budapest, Lechner Ödön fasor 9.) by 28 November, but not later than the 15th day upon receipt of the contract offer. Please note that in this case, in compliance with applicable law, as of 1 December 2018 **you will no longer be able to use your K&H SZÉP Card, as it will be blocked. The vouchers on the card will be transferred back to the employer upon expiration.**
- 5) what if a cardholder does not visit a branch to re-contract by the deadline set?**
A cardholder who does not visit a K&H Bank branch to re-contract will receive a letter from the Bank about re-contracting. The Bank will post the letter by registered mail, return receipt requested, by 24 October. If the cardholder does not respond to the letter, re-contracting will go through without any additional action required.
We suggest, however, that cardholders should either visit one of our branches for a data check – for which they can make an appointment if they wish – or update their personal data online in the K&H SZÉP Card system (<https://www.kh.hu/web/szep-kartya/kartyabirtokos>) so that we have their contact details where we can continue to inform them appropriately about the use of the K&H SZÉP Card.
- 6) from what date can I open an account or apply for a card at a bank branch ONLY?**
From 1 December.
- 7) will the card service continue to be free of charge?**
Yes. Primary cardholders can apply for a primary card free of charge; furthermore, applications for an additional card or a replacement card are also free at present until K&H Bank's ongoing promotion ends.
- 8) do additional cardholders also have to re-contract?**
No. Only the primary cardholder is required to re-contract. We will also send a notification letter to additional cardholders – by regular mail – at the end of November about the amendment to the additional card agreement if the primary cardholder concludes a contract for the new K&H SZÉP Account either in person at a K&H Bank branch or by registered letter, return receipt requested. If the primary cardholder does not re-contract, the additional card(s) will also be blocked, and the contract will not be sent.



9) can I continue to use the balance after the switchover?

Yes. Clients who re-contract will still have access to the balance and be able to use it.

10) can I continue to use my existing card after the switchover?

Yes. The card will work as before, it will not be replaced. Transactions will remain free of charge; no fee or levy (e.g. transaction levy) will be charged on card use.

11) where and how can I use my K&H SZÉP Card?

In the usual manner at K&H SZÉP Card acceptance locations. For further useful information on card use please visit kh.hu/szepkisokos.

12) will the balance continue to have an expiration date?

This will change. → Under the earlier regulations, after 31 May of the second year following the grant year any voucher balance that was not used and thus expired was transferred back to the employer that had granted it. In the future, benefits will continue to have an expiration date, but it will also be possible to spend expired voucher balances; **however**, under the new regulations the Bank will have the right to debit the K&H SZÉP Account with a 3% monthly fee on any expired and unused balance. This fee will be introduced as a result of the legislative changes.

13) what happens when the card expires?

The Bank will send a notification e-mail that it will extend the card, and send an extended card with a new expiration date to the cardholder's mailing address.

14) what regulates the provision of the K&H SZÉP Card Service and the use of the card?

Government Decree 76/2018 and the General Contracting Terms and Conditions of K&H SZÉP Cards. They can be found on K&H Bank's website.

15) how will the operation of the card change technically?

The previous voucher accounts (known as "pockets") linked to the card will be replaced by accommodation, hospitality and leisure subaccounts, which will be regarded as bank accounts. The contract signed with the Bank contains the 24-digit subaccount numbers. In the future employers will be able to transfer benefits to these subaccounts.

16) will it be possible to sign a contract for only one subaccount after the switch?

No. If after 1 December 2018 a client concludes a SZÉP account and card agreement, it must cover all three subaccounts (accommodation, hospitality, leisure). It was not possible to sign a contract for just one "pocket" before, either.

17) will there be a separate card for each subaccount?

No. As before, there will be a single card for all three "pockets" (subaccounts). When you pay by card, on the terminal you will be able to select which subaccount you wish to spend a benefit from. There will be no change in this regard, either.

18) where can I find all the necessary, up-to-date information?

Our website continuously provides information on the latest developments. Please visit kh.hu/web/szep-kartya/kartyabirtokos.

19) will the contracts sent to cardholders have an indefinite term? In other words, will anyone be able to visit a K&H Bank branch at any time and terminate the offer previously accepted?

Yes. Clients can obviously terminate their SZÉP account at any time **provided that the account balance is zero**. If the balance is positive, it must be spent, because by default a SZÉP account cannot be terminated until that happens. This restriction stems from the government decree, which does not allow a benefit to be converted to cash and thus the balance to be reduced to zero.



20) what happens to the amount on the account if the employee (cardholder) dies? Will the account be frozen? Will the 3% monthly fee be charged on the expired amount?

No. The 3% fee cannot be charged in this case if the death is officially reported to K&H Bank. The provisions of Article 9. (1) of the applicable government decree rule out the charging of a fee in such a case. Pursuant to the provisions, the heir will receive the balance held on the account at the time the death is reported, regardless of how long the estate proceedings take.

21) will the contract be deemed accepted automatically if the employee fails to return it within 15 days upon receipt?

Yes, re-contracting will thus be deemed completed, whereupon the account balance will become available.

22) what happens if after re-contracting the cardholder changes their mind and the bank receives a negative statement?

If a cardholder does not want to re-contract but fails to make a statement to that effect by 28 November but not later than 15 days upon receipt of the contract offer, re-contracting will be deemed completed. In this case the cardholder will only be able to terminate the SZÉP Card by terminating the account, which they can do at a K&H Bank branch from 1 December 2018.

23) if a cardholder has made a statement that they do not want to re-contract, but then changes their mind, what should they do?

The cardholder can later change the negative decision on re-contracting, and visit a K&H Bank branch to complete the re-contracting process; in this case they will gain immediate access to their prevailing voucher balance. If this does not happen, once the voucher balance expires, either in whole or in part (at 24:00 on 31 May 2019 and/or 31 May 2020), it will be transferred back to the employer that has granted it.

24) where can cardholders get information about their balance and transactions?

Information on the balance, the transactions made with the card and any recorded deposit for accommodation booked can be obtained via the employee interface of the K&H SZÉP Card system (accessible from the website at kh.hu/web/szep-kartya/kartyabirtokos) or the K&H TeleCenter (+36 1/20/30/70 335 3355 → menu item 7).

Cardholders who have provided their e-mail address will receive messages from the Bank about data changes made through the employee interface, large transactions, expiring balances, card blocks or cancellations, and orders for replacement cards.

25) where can cardholders request information or help?

K&H Bank operates a 24/7 K&H SZÉP Card call center at +36 1/20/30/70 335 3355 (menu item 7), where the following services are available: general information, transaction reconciliation, card activation, card cancellation, replacement card application, balance inquiry, authorization by phone, complaint handling, assistance with “booking accommodation with a deposit” and/or “paying for accommodation with a deposit” transactions. You can also e-mail your questions to szepkartya@kh.hu.



Employers:

26) will there be any changes to the taxation of SZÉP Card benefits?

No, the decree in effect has not introduced any changes in this regard. This matter is governed by the prevailing tax act and not the SZÉP Card government decree.

27) will employers have to pay any transaction levy/accounting fee on the transfers?

No. The GIRO transfer of benefits (by employers) to the accounts of cardholders/employees is exempt from transaction levy, so the Bank does not charge an accounting fee on such transactions, either.

28) what information obligations will employers have regarding account numbers?

Employers will have to know the 24-digit GIRO account numbers of the cardholders' different subaccounts (3 in total), as they will not be able to initiate transfers to employee accounts without them. Employers will be responsible for obtaining the GIRO account numbers assigned to their employees' subaccounts. K&H Bank will help employers it has a contractual relationship with: from 1 December a new inquiry function will be added to the familiar SZÉP Card employer interface where employers will be able to retrieve the relevant GIRO account numbers by providing their employees' taxpayer identification numbers.

29) how can K&H Bank help employers in handling the transfers to their employees more smoothly?

We will provide an inquiry interface and function in the familiar SZÉP Card employer application where employers will be able to retrieve all three GIRO account numbers of their employees' K&H SZÉP Accounts by entering the employees' taxpayer identification numbers.

30) if some employees do not want to conclude a contract with K&H Bank, will K&H Bank send a detailed list of the amounts transferred back that shows how much was returned from each account?

No. Unfortunately, that is not possible. The employees are the only ones entitled to their voucher balance; their voucher is an acquired right, and only they can control and operate it. If they do not sign a new contract for a K&H SZÉP Account, it means that they will not be able to access their balance. Later they can change this negative decision and re-contract, whereupon they will immediately gain access to their prevailing voucher balance. If this does not happen, once their voucher balance expires, either in whole or in part (at 24:00 on 31 May 2019 and/or 31 May 2020), it will be transferred back to the employer that has granted it.

31) previously it was possible to adjust vouchers from the SZÉP Card "pockets". Will it be possible in the future?

NO. Such adjustments will not be possible in the future. At present they are possible only if the employer makes a mistake when granting a benefit (mistaking one "pocket" for another). In the future, if an employer makes a mistake when granting a benefit, the only way to adjust it will be the same as when an incorrect GIRO transfer is recalled. The employer notifies their bank account provider that they want to recall the erroneous transfer. The employer's bank account provider notifies K&H Bank accordingly by one of the formal methods available for this purpose. K&H Bank can only return an incorrectly transferred benefit to the employer if the employee authorizes K&H Bank to refund the amount from the employees' K&H SZÉP Account. If the employee does not give their authorization, the incorrect benefit must be settled between the employer and the employee.



32) will employers have to sign a new agreement with K&H Bank?

The Bank will unilaterally amend the agreement entered into with employers. Employers will receive a notification in October, and then have 30 days to terminate the new agreement if they do not wish to accept it.

33) how long will the current voucher top-up and card application procedures apply?

Until 26 November 2018. After this date we will no longer be able to accept new card applications. The correct card applications received by 26 November will be processed before the switchover, but incorrect applications will be rejected, and the related voucher amounts will be transferred back to the employers. Therefore, if you have a major hiring project ongoing, it is worth submitting your card application directly, according to the old system, even if you only intend to initiate GIRO transfers in January to top up the vouchers. In this case you must enter into an agreement with KHCSK and submit your card applications by 26 November.

With regard to the new card applications received between 10 October and 26 November the Bank will post the letters with the re-contracting offer by registered mail, return receipt requested, on 28 November, but every cardholder will also be able to re-contract in person at K&H Bank branches.

34) will you be able to set up a pop-up branch at the employers' registered office or other site?

Please consult your relationship managers about the possibility of a pop-up branch.

