

From September 1, 2023, the maximum amount of domestic instant payment will increase to HUF20 million

Information on instant payment – modification from September 1, 2023

- **Which banks will be affected by the introduction of the instant payment system?**

The instant payment system is being introduced pursuant to the applicable decree of the National Bank of Hungary, so the change will affect not only K&H but all financial institutions involved in domestic payments.

- **What will be the benefits of introducing the instant payment system?**

- continuous operation 24 hours a day, every day of the year
- forint transfers not exceeding HUF 20 million limit that meet certain conditions will be executed in seconds.
- transfers can also be initiated to mobile phone numbers, e-mail addresses or tax numbers / taxpayer identification numbers

- **What does continuous (24/7/365) operation mean?**

We must provide access to the instant payment system for our clients – that is, allow them to initiate and receive transfers – 24 hours a day, every day of the year.

→ The key features of instant transfers

- **What kinds of transfers will be executed automatically as instant transfers?**

Domestic one-off (single) forint transfers initiated from a forint payment account that meet the following conditions:

- they are initiated via an electronic channel, which means that they do not require manual processing,
- their amount is HUF 20 million or less,
- they are submitted for same-day execution (they are not forward-dated)
- in the case of business clients, orders submitted in individually in an order package that meet the above conditions.

- **What kinds of transfers will not be affected by the introduction of the instant payment system?**

- standing order,
- batch payments,
- execution of authority payment / warrant payment,
- foreign currency transfers, international forint transfers,
- the following types of one-off domestic forint transfers (including VIBER transfers):
 - transfers exceeding HUF 20 million,
 - transfers submitted with a value date,
 - transfers processed manually (transfers placed on paper, by phone or in a SWIFT MT101 message)

- **What does 5-second execution mean?**

The payer's bank account provider must ensure that the amount of the payment transaction is credited to the account of the payee's payment service provider within 5 – but not more than 20 – seconds upon receipt of the instant payment order – that is, when the payment order has been received and authenticated. The payee's payment service provider, in turn, must immediately credit the amount of the transfer to the payee's bank account in a manner so that it is instantly available to the payee.

- **Will intrabank forint transfers be executed instantly as well?**

Intrabank forint transfers and one-off forint book transfers between a client's own accounts will be executed in 5 seconds 24 hours a day every day of the year if they meet the conditions of instant forint transfers.

- **What will happen to instant forint transfer orders submitted by clients if there are insufficient funds on the account?**

If there are insufficient funds, the instant forint transfer will be rejected, and the client will be notified immediately. Instant forint transfers cannot be queued either on the day they are submitted or on the following business days. The client will have to initiate the instant transfer order again after providing sufficient funds. Intraday queuing will only apply to value-dated orders, orders submitted on paper or by phone, and regular transfers.

- **In what sequence will the submitted orders be executed?**

According to the NBH decree, instant forint transfers will take priority over other transfers initiated by the client that are still waiting for sufficient funds to be available. This means that if the client has a regular transfer order in a constant amount that is still waiting for sufficient funds but submits an instant forint transfer order that is covered by the funds available on his account, the instant forint transfer will be executed even though the regular transfer order was entered earlier.

→ Use of a secondary account identifier

- **What is a secondary account identifier?**

The account holder, or a signatory authorized to initiate transfer orders from the given account, may register a so-called secondary account identifier through the payment service provider where the account is held. The secondary account identifier can replace the payee's account number and the payee's name in instant transfers. This service is available for instant forint transfers only.

- **What types of secondary account identifiers can be used when initiating instant forint transfers?**

- EEA mobile phone number,
- e-mail address,
- Hungarian and EEA tax number / taxpayer identification number

- **Can several secondary account identifiers be assigned to an account?**

Yes. Several account identifiers – even identifiers of the same type – can be assigned to a payment account. In other words, you can specify a mobile phone number and an e-mail address, or 2 mobile phone numbers, or several e-mail addresses as secondary account identifiers for a bank account.

- **Can the same secondary account identifier be assigned to bank accounts held with several banks?**

No. Each secondary account identifier can only be assigned to one payment account. In other words, if a client holds bank accounts with two banks, and wishes to assign a secondary account identifier to every one of his bank accounts but only has one mobile phone number and one e-mail address, he can, for example, assign his mobile phone number to the account held with one bank, and his e-mail address to the account held with the other bank.

- **How can secondary account identifiers be assigned to bank accounts?**

- **assigning an EEA mobile phone number or e-mail address:**
 - via the e-bank / mobile bank, via Electra or at a bank branch: as part of registration, we will send a one-time password to the client's e-mail address or phone number; this password must be entered on the registration interface of the e-channel.
- **assigning a domestic tax number / taxpayer identification number:**
 - via the e-bank / mobile bank or via Electra: both private individuals and non-private individuals can register only the account holder's own tax number / taxpayer identification number stored in the client master file,
 - at a bank branch: in addition to the account holder's tax number / taxpayer identification number recorded by the Bank, another tax number / taxpayer identification number may also be registered.

- **Who maintains the records of secondary account identifiers?**

In the instant payment system, secondary account identifiers and the related data are stored and managed in real time by the Central Secondary Account Identifier Database of GIRO Zrt.

- **Once a secondary account identifier is registered, how long will it be valid?**

After successful registration, the secondary account identifier assigned to the payment account must be confirmed by the account holder annually. The Bank will send a notice via an e-channel or on paper 30 days before the deadline expires.

- **What details of an instant forint transfer order submitted with a secondary account identifier will be shown on the bank account statement?**

If a client provides the payee's secondary account identifier when submitting an instant transfer order, the secondary account identifier will be the payee's only detail shown on the bank account statement.

→ Changes affecting the Electra electronic banking system

- **How can a client place an instant transfer order in Electra?**

- When the details of the order are entered in in the Intraday Forint Transfer (HCT, Forint Transfer) menu item, an "instant transfer" checkbox will appear which needs to be ticked to initiate an instant transfer order. Such transfers will be put into a single-item order package; further items cannot be added to the same package. If this single-item package is submitted individually (as opposed to submitting several packages using bulk submission), the transfer will be executed in the instant payment system. Otherwise, the Bank will handle it as a batched order.
- Our business clients can request that we perform their batched orders in the instant payment system. The Bank executes these orders on a scheduled basis in the instant settlement system and ensures that the credited funds become available to the payee's payment service provider within 4 hours of receipt. In line with the legal regulation of payments, the Bank forwards batched Forint transfer orders in the instant payment system in compliance with the requirement that only one payment order per second may be sent to each account managing bank of the payee.

- **When will an order be executed in the instant payment system, and when will it be executed as a "traditional" / intraday forint transfer?**

- Any transaction where the package submitted contains one order only and that order meets the conditions of instant forint transfer orders will be an instant transfer.
- Any other transaction – for example, where several packages are submitted simultaneously or a package consists of several orders – will be executed "traditionally" / as an intraday forint transfer.

- **What will happen if I submit one or several items that meet the conditions of instant transfer orders? How will the Bank process the packages submitted?**

number of HUF packages	number of items per package	"instant transfer" checkbox	result
1	1	none	instant transfer
1	1	ticked	instant transfer
several	1	ticked	instant transfer
several	1	cannot be ticked	"traditional" / intraday forint transfer
1	several	ticked	instant transfer
1	several	none	"traditional" / intraday forint transfer

- **Can I submit several orders with secondary identifiers simultaneously?**

Yes, you can submit several orders, even instant orders, with secondary identifiers simultaneously.

- **Can VIBER execution be requested under HUF 20 million?**

Under applicable law, if an order meets the criteria of instant payment, it must be executed as an instant forint transfer; VIBER execution cannot be requested.

The following can be submitted to VIBER:

- forint orders over HUF 20 million,
- value-dated orders,
- orders placed on paper or by phone,
- batched forint transfer orders submitted by business clients (where the order package contains several items).

- **Will there be any changes to Electra import formats?**

The option to enter secondary account identifiers will be added to HCT xml import and custom import; the other import formats will remain unchanged. This means that you can import order packages without modification if you provide the payee account number in GIRO format.

Additional information on the changes to import files is available [here](#).

- **I want to import an order that contains a secondary identifier. Which formats can handle that?**

You will have the option to enter orders with a secondary identifier during HCT xml import and custom import. If you wish to place an order using a secondary identifier, the two details pertaining to the secondary identifier – the type and value of the identifier – must be entered into a new field within the import file.

- **I have imported an order package containing several items, but I want the selected items to be executed as instant transfers.**

Items imported in a package can be modified by ticking the “instant transfer” checkbox in the “manual package generation” menu item of K&H Electra.

Example:

- You import 3 items, which K&H Electra records in a single package.
- You use manual package generation to modify 1 item by ticking the “instant transfer” checkbox, so K&H Electra splits your original package into two packages.
- After the resulting 2 packages are submitted simultaneously:
 - the items in the two-item package – which are not marked as “instant transfers” – will be executed as intraday forint transfers, while
 - the single-item package containing the item marked as an “instant transfer” will be executed as an instant transfer in a few seconds.

- **How will clients be notified of the status (received, executed, failed) of instant transfer orders?**

The status of submitted orders will be communicated in exactly the same form in the case of instant transfers as well. This means that 5 – but not more than 20 – seconds after submission the user will see the final status in the “Sent batches” menu item of Electra.

- **Will there be any changes to Electra export formats?**

- **crediting an instant transfer to a secondary account identifier**
If you assign a secondary identifier to your bank account and you receive a credit addressed to such identifier, you will find this information in the “Comments” field of the credit entry.
- **initiating an instant transfer to a secondary account identifier**
If you wish to transfer funds to your partner’s secondary identifier, we may only show the payee’s secondary identifier and the type thereof in the account history and on the bank account statement. Additional information on the changes to export files is available [here](#).

- **Will there be any changes to Electra templates?**

Because of instant transfers, new fields will be added to the intraday forint transfer order template in Electra. In addition to the existing international bank account number (IBAN) field, clients will also have the option of entering a secondary account identifier on the intraday forint transfer interface. Each order may contain either an account number / name or a secondary account identifier.

- **Is there any change related to transaction codes?**

Six new transaction codes were introduced while implementing instant payment system.

Transaction code	Transaction name (EN)	Debit/Credit	SWIFT code
115	Instant HUF payment intrabank	D	TRF
116	Instant HUF payment interbank	D	TRF
117	Instant HUF transfer intrabank	D	TRF
615	Instant HUF payment intrabank	C	TRF
617	Instant HUF transfer intrabank	C	TRF
622	Instant HUF payment interbank	C	TRF

→ Changes to the e-bank and mobile bank systems

- **How can I place instant forint transfer orders on the K&H e-bank and mobile bank interfaces?**

In the case of retail clients, when the details of the order are entered in the “Forint transfer” menu item, “instant transfer” will be the default setting. If you change the value date (to a date that is not the given date), the transfer will be regarded as value-dated, so it will not be executed as an instant forint transfer.

“In the case of business clients, when a “Forint transfer” is initiated, the transfer will be “value-dated” by default. The value date will be the date of “submission” until the submission deadline specified in the announcement (18:00 for intrabank transfers and 16:30 for interbank transfers).

If the order meets the conditions of instant transfers and the orders are approved individually, item by item, the Bank will execute it as an instant transfer regardless of whether it has been marked as an instant transfer or not. Intraday queuing does not apply to such transfers, so they will be rejected immediately if there are insufficient funds on the account.

You can provide a secondary account identifier in the “Forint transfer” menu item, so an instant forint transfer can be initiated with a secondary account identifier.

- **Where can I find the secondary identifier functions in the e-bank or mobile bank?**

Secondary account identifiers can be saved, deleted and renewed annually (the latter of which is mandatory) in the “Account settings” menu item.

- **Can I enter a secondary account identifier when I save a partner?**

Yes. You will have the option of entering a secondary identifier on the “Save partner” page, and a secondary account identifier can also be added to partners saved earlier. Furthermore, when a transaction is entered, the partner can also be added immediately using the “Add partner” checkbox – the partner will be saved when the transaction is signed, and only then will it be possible to select them from the list of partners when further transfers are entered.

- **Will the introduction of instant transfers change the transaction signing process?**

When several orders are signed simultaneously, retail clients will be allowed to sign a maximum of 5 instant transfer transactions in the e-bank or the mobile bank at the same time. Business clients will be allowed to sign one instant forint transfer order at the same time, or the batched signature package can only contain one transfer marked as instant.

→ Frequently asked questions

- **How will the introduction of instant payment change the frequency of preparing bank account statements, with particular regard to weekends and non-business days?**

The method and frequency of preparing bank account statements will not change. The items of weekends and other non-business days will be shown on the statement of the next business day, together with the original value date of the transaction.

- **How will the introduction of the instant payment system change the execution deadline of transfers?**

In the case of intraday transfers – that is, regular transfers, direct credits, one-off transfers exceeding HUF 20 million, value-dated one-off transfers and orders processed manually – the deadlines for acceptance and execution will remain unchanged. Instant forint transfers can be submitted 24 hours a day, every day of the year, and will be executed in 5 seconds upon receipt.

- **Can payment requests be sent from / received on an account held with K&H?**

We will not be able to send or receive payment requests.

- **What should I know about the charges of instant forint transfers?**

Instant transfers will be priced identically to electronic, domestic or interbank, same-day or forward-dated forint transfers.

- **Is it possible that K&H Bank will also apply the 5-second rule to transfers over HUF 20 million?**

When the instant payment system is launched, we will send and receive instant transfers up to the HUF 20 million limit prescribed by law. Transfers exceeding this amount will be executed and received by the Bank in intraday clearing.

- **Can VIBER execution be requested under HUF 20 million?**

Under applicable law, if an order meets the criteria of instant transfers, it must be executed as an instant forint transfer; VIBER execution cannot be requested.

The following can be submitted to VIBER:

- forint orders over HUF 20 million,
- value-dated orders,
- orders placed on paper or by phone,
- batched forint transfer orders submitted by business clients (where the order package contains several items).

- **When will book transfers from and to a cash pool be executed during the day?**

The time of book transfers will not change, so transfers to the primary cash pool account will be executed during the current end-of-day period (probably after 18:00), and the system will transfer the balances back to the member accounts in the early morning hours.

As far as cash pools are concerned, the **key change** will result from the continuous, **0-24 access to forint payment accounts**. After instant payment is introduced, even if funds are transferred from the member accounts – bringing their balance to HUF 0 – the member accounts will be able to spend if the aggregate balance and the given daily limits allow. Naturally, this will not apply to cash pools where there is no verification of sufficient aggregate funds – there the members will have a balance of HUF 0 after the end-of-day transfer, so they will only be able to spend if funds are received on the account in the evening hours.

Debits and credits occurring after the end-of-day will be posted on the next day, but with the original value date, and interest will be calculated accordingly. These items will be shown on the next day's statement, but with the original value date.