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European Forum for Innovation in Payments

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MAGYAR NEMZETI BANK

INTRODUCTION OF INSTANT PAYMENTS IN HUNGARY

BASIC OPERATIONAL RULES OF THE HUNGARIAN MODEL

Mandatory for credit transfers under EUR 30.000 (instant processing of corporate batches, value date and standing order transactions are optional)

Continuous operation (24/7/365) with no planned downtime

5 seconds maximum execution time

Instant clearing and settlement on a per-transaction basis

Prefunding at the MNB & Automated credit line during night and weekend

Main rules appear in legislation or in standards

Open standards and interoperability

Additional services (Secondary IDs and Request-to-pay messages)

INSTANT PAYMENTS COULD BE USED WIDELY DUE TO THE BASIC RULES OF THE SERVICE

LIQUIDITY MANAGEMENT FEATURES IN THE HUNGARIAN MODEL

•Continuous and immediate clearing and settlement

•Banks will prefund their estimated liquidity needs for instant payments to a main account in MNB's RTGS (VIBER)

•Legally MNB is responsible for settlement, however technically this task is done by the ACH (GIRO) on behalf of the MNB

•For the periods outside the operating hours of VIBER (during the night or at weekends) **<u>automated collateralised credit is available</u>** to banks

•The prefunded liquidity in IPS can be included in the fulfilment of the credit institutions' minimum reserve requirement

PROJECT TIMELINE

12/2016
MNB FSB decision about the main rules and the national scope of the project

03/2017
MNB BoD decision abut the development of the central infrastructure

07/2017
Country-wide project has started;

Project timeline has been announced

12/2017
Publication of the related modifications of the MNB Decree on Execution of Payment Transactions

01/2019
Beginning of the voluntary test period

04/2019
Mandatory tests started;

GIRO launched its 24/7 operation

06/2019
Pilot period for the live systems;

Banks had the opportunity to test their live infrastructure

01/07/2019
Original go-live date;

However, in line with the request of the Hungarian Banking Association, MNB FSB announced an 8-month delay due to some participants' inadequate preparation

07/2019
Test run on the live core infrastructure;

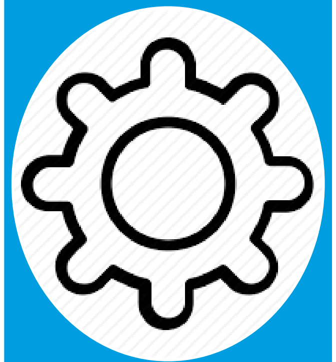
Mandatory participation from 09/2019 with high requirements

02/03/2020
Revised go-live date

Original timeline has been consulted with the banking community:
half-year preparation + 1-year development + half-year test period
+ 8-month additional live test run

MAIN EXPERIENCES AND CHALLENGES

35 participants with very different infrastructures have to finish their developments by the same deadline



Core systems cannot be changed so quickly (integration of a middleware (shadow balance) layer)

Main challenge is to ensure continuous (24/7/365) operation with no planned downtime

The lack of available IT-development resources is a bottleneck

The handling of batched corporate transactions is a challenge (regulation or central load-balancer is needed)

THANK YOU FOR YOUR ATTENTION!