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NATIONAL BANK OF HUNGARY

Contact:
Telephone:
E-mail:
File number: 1530-9/2024
Decision number: H-PIF-I-B-2/2024
Dated: 14th May, 2024

OTP BANK Plc.
Budapest H-1051
Nádor Street 16.

Subject: application of measures and the imposition of fine

In view of the findings of the audit procedure under case number/2022 (case number in 2023:/2023, in 2024:/2024) held at **OTP Bank Plc.** (registered office: 1051 Budapest, Nádor utca 16., company registration number: 01 10 041585) ("the Bank, or Credit Institution"), the National Bank of Hungary (registered office: 1013 Budapest, Krisztina krt.55.) ("MNB") passes the following

Resolution

I. obligates the Credit Institution that it shall in respect of I.1. point until 31 July 2024, in respect of I.2., I.4.-I.6., I.9. and I.10. points until November 15, 2024, I.7. and in respect of I.8. points until January 31, 2025, as well as in respect of point I.3., June 30, 2025, fulfill its obligations and provide it continuously thereafter:

1. in view of on Section 3 (2) of Act. LXXXV of 2009 on the provision of payment services Act (hereinafter: Pft.), in relation to subsections ec) and ed) of Section 10 (1) e) point of Pft. Section, in order to comply with the provisions Section 8 (2) of Pft. and of points o) and p) of Section 14 (1) of Pft., in the case of the consumer and customers that qualify as micro-enterprises, in shall in respect of the paying party accurately record the liability rules as defined in Section 45 of Pft., as well as the service provider's liability for unapproved payment operations in the course of the agreement on the provision of payment services (hereinafter: framework agreement) and during the obligation to provide information prior to the conclusion of the framework agreement;
2. in order to comply with paragraph (3) of § 62 of the Pft.,- including payment of the credit limit associated with the payment account -, the execution of the official transfer must precede the execution of other payment operations;
3. in order to comply with Section 7 (8) of 35/2017 (XII. 14.) MNB Decree (hereinafter: MNBr.) on the handling of cash flows, that in the case of an immediate transfer order – contrary to the provisions of § 7, paragraph (7) of MNBr.- , in addition to the details of the order, the receipt date as specified in subsection (4) of § 7 of MNBr., it shall record and store its time in year, month, day, hour, minute, second, millisecond detail. Furthermore, in order to comply with paragraph (9) of § 7 of MNBr., in the case of an immediate transfer order, it shall transmit the detailed data of the receipt of the payment order, including year, month, day, hour, minute, second, millisecond, together with the data content of the payment order to other payment service providers participating in the payment transaction;
4. in order to comply with the provisions of § 21, paragraph (1) of MNBr., as the payment service provider of the beneficiary, in respect of the amount of the foreign currency payment operation denominated in the currency of an EEA country other than the euro and HUF, requiring conversion, and the amount of payment orders received from the Real-Time Gross Settlement System (hereinafter: VIBER), it shall after crediting on its own account, immediately credit it to the beneficiary's payment account;
5. in order to comply with point b) of § 23 of MNBr., it shall ensure that in the case of group direct debits between payment accounts maintained by the Credit Institution (hereinafter: internal group direct debits), after debiting the payment account of the paying party, it shall immediately credit the amount of the payment transaction to the payment account of the beneficiary, by taking into account the performance deadline as set out in paragraph (2) of § 17 of MNBr.;

6. in view of the Regulation (EU) 2021/1230 of the European Parliament and of the Council of 14 July 2021 on cross-border payments in the Union (hereinafter: CBPR2.) Article 1, paragraph (1) and the second subparagraph of paragraph (2), in order to comply with Article 5(2) of CBPR2., before the initiation of such a financial operation within the Union (including the EEA states), domestic and cross-border, denominated in euros or in the national currency of a member state other than the euro, initiated via the electronic channel provided by the Credit Institution, to which a currency exchange service is also connected, it shall communicate with the paying party the total estimated amount of the transfer in a clear, neutral and comprehensible manner in the currency of the paying party's account;
7. in order to comply with the provisions of Section 6 (1) of Government Decree 144/2018 (VIII. 13.) (hereinafter: Fdtr.) on certain issues of information on fees related to payment accounts maintained for consumers, it shall ensure compliance with Article 10 (3), (4) and (5) of Commission Implementing Regulation (EU) 2018/33 of September 28, 2017 (hereinafter: Statement of Fees Vhr.) on the definition of implementation technical standards for the unified format and unified symbol of the fee statement.
8. in order to comply with paragraph (1) of § 6 the Fdtr., it shall prepare fee statement in accordance with paragraph (1) of Article 16 of Statement of the Fee Vhr.;
9. in order to comply with Directive (EU) 2015/2366 of the European Parliament and of the Council on strong customer authentication, and with Article 3(1) of Commission Delegated Regulation (EU) 2018/389 of November 27, 2017 on supplementing the regulatory technical standards for common and secure open communication standards (hereinafter: SCAR.), it shall test, evaluate and check at regular intervals by an auditor with expertise in IT security and payments, working independently within or outside the Credit Institution, the implementation of security measures referred to in Article 1 by SCAR.;
10. in order to comply with Paragraph (1) of Article 13 of SCAR., and point c) of § (1). 55/C. of Pft., it shall apply special strong customer authentication when the paying party compiles or modifies a list of reliable beneficiaries through the Credit Institution at the same time as an order to complete a payment operation;

II. in the context of extraordinary data provision, it requires the Credit Institution to verify the full fulfillment of the obligations contained in point I. of the operative part of the decision

1. in the case of points I.1., I.2., I.6., I.9. , I.10. supported by a document, and in the case of points I.1., I.2., I.6., I.9, I.10, it shall report on the measures taken until December 15, 2024;
2. in the case of point I.3. supported by a document, and it shall report on the measures taken until July 15, 2025;
3. with regard to point I.4. and I.5., it shall send until December 15, 2024 the data sheets with codes: PIF14, PIF21, PIF32 and PIF33 filled out with data for the period between November 17-21.
4. with regard to point I.7. and I.8., it shall send until February 15, 2025 the fee statements for the year 2024 of five of your customers, which are relevant to the error phenomenon recorded in point 13 of the reasoning of the decision, and send the transaction analytics of the payment account related to the fee statement;

The Credit Institute is obliged to perform the extraordinary data provision to the MNB as detailed in the document request order number 2380-3/2022.

In the case of failure to meet the obligations stipulated in point I. and II., or in the case of repeated violations of the laws and official decisions of the MNB under the control powers of the MNB, the MNB in line with Article 75 of CXXXIX of 2013 on the Hungarian National Bank Act (hereinafter: MNB Act), according to Articles 183-198 on CCXXXVII of 2013 on credit institutions and financial enterprises Act (hereinafter: Hpt.), can apply additional measures, exceptional measures, and repeatedly impose fines. The amount of the fine pursuant to Article 76, paragraphs (1) and (2) of MNB Act may range from one hundred thousand Hungarian Forints to two billion Hungarian Forints, or up to two hundred percent of the annual supervision fee (sum of basic fee and variable fee) established for the Credit Institution, if the latter amount exceeds two billion Hungarian Forints.

III. states that the Credit Institution during the period under review (hereafter, where the decision does not indicate otherwise: in the month of June 2022):

1. it has not informed its customers who are considered consumers and micro-enterprises before concluding the framework contract, and in the framework contract itself, from the point of view of the paying party, to the charge of their payment account, on the final date of acceptance of a group direct debit order from another payment service provider [from the night settlement system of the Interbank Clearing System (hereinafter: BKR); hereinafter: IG1 system], a direct debit order based on a letter of authorization, and an official transfer to the Credit Institution for execution on the relevant day, meaning that it has not inform of the date by which the Credit Institution, as the payment service provider of the paying party, will perform the tasks assigned to it from the fulfillment of these payment orders on the given payment business day, and also did not inform

and publish in a way that is accessible to customers within the working day the starting and closing time between which the mentioned payment orders are accepted, therefore, in the case of customers of the Credit Institute who qualify as consumers and micro-enterprises, with regard to Article 3, paragraph (2). Pft., it has violated - regarding § 10, paragraph (1) point b) point bd) of Pft., - Article 8 paragraph (2) of Pft., and – regarding Article 14, paragraph (1) point f) -, in the case of customers of the Credit Institution, paragraph (1) of Article 6 of MNBr;

2. it has not clearly and precisely informed its customers who are classified as consumers and micro-enterprises in the framework contract regarding the cash-substitute payment instrument used by the Credit Institution on the use of "Mobile Signature as a simplified transaction, therefore -in the case of its customers who are classified as consumers and micro-enterprises in view of Section 3 (2) of Pft., -, it has violated point g) of subsection (1) of Section 14. of Pft.;
3. in one of the thirty payment accounts randomly selected and examined by the MNB in the months of May-June 2022, it opened a payment account for an already registered legal entity without a document or data not older than thirty days from the organization managing the register on the basis of which it would have made sure that its client was included in the register necessary for its establishment, therefore it has violated point a) of subsection (1) of Section 18. of Pft.;
4. in the case of forty-two unapproved payment transactions affected by a complaint, the Credit Institution did not refund the amount of the unapproved payment transaction to the paying party by the end of the next payment business day at the latest after receiving the complaint, and it did not notify the MNB by the end of the mentioned deadline that it suspected fraud; in addition, in connection with two cases of complaints, when correcting twelve unapproved payment transactions - without notifying the MNB of the suspected fraud in writing - the credit was not carried out immediately after learning or being informed about the payment transaction, but by the end of the following working day at the latest, therefore it has violated subsection (1) of Section 44. of Pft.;
5. in connection with the execution of twenty-seven official transfers purposefully selected and examined by the MNB, it happened in the case of three payment orders that after the receipt of the official transfer order, but before its first partial fulfillment or fulfillment, the Credit Institution completed the cash withdrawal from the automatic banknote dispensing machine initiated by the paying party, therefore it has violated subsection (3) of Section 62. of Pft., and subsection (4) of Section 34. of MNBr.;
6. as the payment service provider managing the payment account of the paying party, did not immediately notify the beneficiary via the payment service provider managing the beneficiary's payment account about the queueing of a collection order based on a letter of authorization that could not be fulfilled due to lack of funds on the payment account, initiated by the beneficiary's own payment service provider, therefore it has violated subsection (4) of Section 10. of MNBr. In addition, the Credit Institution, as the payment service provider of the paying party, in the event of queueing up the official transfer order received by it -initiated via the beneficiary's own payment service provider -, it did not send the notification according to § 11, subsection (3) of the MNBr., to the beneficiary via the beneficiary's payment service provider, therefore it has violated subsection (4) of Section 11. of MNBr.;
7. in the case of 4586 pieces of payment order according to point a) subsection (1) of Section 16. of MNBr., it did not ensure as the payment service provider of the paying party that the sum of these payment operations was credited to the account of the beneficiary's payment service provider no later than the payment order be credited within four hours of receipt in accordance with point a) of paragraph (2) of § 7 of MNBr., and the availability of the cover required for performance or partial performance, therefore it has violated subsection (2) of Section 17. of MNBr.;
8. as the beneficiary's payment service provider, in the case of payment transactions coming from BKR's intraday multiple settlement system (hereinafter: IG2), it did not always provide the value date immediately after crediting the amount of the payment transaction to its own account, and did not credit the beneficiary's payment account in such a way that the beneficiary can dispose of it immediately, therefore it has violated subsection (1) of Section 21. of MNBr.;
9. in the month of January 2022, the fee statements prepared by the Credit Institution for the year 2021 did not include all the fees paid for the relevant services in the relevant period, thereby Fee statement applicable based on subsection (1) of Section 6 of Fdtr., subsection (1) of Section 10 of Vhr.;
10. from July 25, 2023 to October 29, 2023 it did not ensure, that it does not apply strong customer authentication if less than 180 days have passed since the payment service user - through the service provider that aggregates the account information with strong customer authentication - accessed the information set out in point b) subsection (1) of Article 10.a. of the SCAr. for the last time online, therefore it has violated point b) subsection (2) of Article 10.a. of the SCAr.

IV. it obliges the Credit Institution to pay a fine in the amount of 102.000.000,-HUF (i.e. one hundred and two million Hungarian Forints).

The imposed fine has to be paid to the account number 19017004-01678000-30900002 of the MNB within 30 days after the resolution becoming enforceable by indicating "fine" as a comment and the number of the resolution.

In the event the deadline for the payment of the supervisory fine is missed, default interest will be charged, the extent of which will be calculated at the rate of 365th (three hundred sixty-fifth) of the double of the central bank rate in effect on the date of imposition after every calendar day following the date of imposition. After the late payment of default interest, no further default payment can be charged. The default interest has to be paid to the cited account of the MNB by indicating the number of the resolution and the comment "default interest".

In the case of an obligee for whom the MNB maintains a payment account, the MNB collects the overdue debt resulting from the payment decision by means of direct satisfaction.

No procedural costs were incurred during the procedure.

No appeal can be made against the resolution, at the same time, the Credit Institution may initiate administrative proceeding against the resolution within 30 days of the publication of the decision citing violation of law. Legal representation is mandatory. The application shall be submitted to the MNB addressed to the Budapest-Capital Regional Court. (The assistance service of form's submission: <https://www.mnb.hu/felugyelet/engedelyezes-es-intezmenyfelugyeles/hatarozatok-es-vegzesek-keresese>.)

The submission of the application has no suspensory effect on the entry into force of the decision, but the Credit Institution can request immediate legal protection in the letter of claim. The court will, as a general rule, decide the trial out of court. A hearing shall be held, if so requested in the application by the Credit Institution. Failure to request a hearing cannot be justified. The court may adjudicate the case in a simplified trial - without a trial - if the Credit Institute requests this in its statement of claim and the MNB does not oppose it in the defense document.

ELECTRONICALLY SIGNED DOCUMENT