

THE PAYMENT SERVICES DIRECTIVE (PSD) WITH RESPECT TO HUF VOSTRO ACCOUNT SERVICES FOR CORRESPONDENT BANKS

The term „PSD Payment” is used to describe a transaction where the location of the Ordering and Beneficiary Institutions is in one of the countries which will adopt PSD („PSD Country”) and where the currency of the payment is legal tender in at least one of those countries („PSD Currency”) and where the payment instruction is delivered in MT103 format.

1) Legal Background

The resp. Bill was passed by the Parliament of Hungary on 29th June 2009, while the respective Decree of the National Bank of Hungary (18/2009) was approved on 6th August 2009.

Hungary will be compliant with the terms of the PSD by 1st November 2009.

UniCredit Bank Hungary Zrt will be offering compliant PSD payment services from that date.

2) What is the bank’s position with regard to the „one leg out” payments?

„One leg out” payments (either the ordering or the beneficiary bank is located in a non-PSD country) are not considered as subject to PSD.

Our payments system will validate the data of the MT103 payment instruction relating to the ordering institution (Field 52aOption A) and the account with institution (Field 57a Option A) to ensure that the country of those parties is a PSD Country.

Please make sure that you always use Field 52a resp. Field 57a with Option A ie. BIC Codes.

If this is not the case, we will treat the payment as non PSD-compliant and our standard practices will apply.

In lack of Field 52a the country of the sender of the MT103 will decide whether we consider the payment as PSD compliant.

3) What is the bank’s position in respect of PSD Payments with Field 71A:BEN?

We shall treat such payments as they were „SHA” transactions.

a) Instructions in favour of our clients: We shall apply any charges in accordance with the terms and conditions agreed with the beneficiary. The client will receive the full amount, any charges will be debited separately.

b) Instructions in favour of non clients: we shall pass on the payment without deduction and will forward the payment with charging instruction „BEN”. In such cases we will charge the remitting bank a handling fee.

Impact: full amount will be transferred/credited to the client in both cases, handling fee will be applied in case of instructions in favour of non clients.

4) What is the bank’s position in respect of PSD Payments with Field 71A: OUR

Firstly, we do expect our counterparts to migrate to a standard of charges „SHA”.

However, in case we still receive a PSD payment with charges „OUR”, we will pass back all charges to the sending bank. Where our bank is involved as an intermediary bank and is forwarding the transaction to the beneficiary’s bank we will forward the payment with charges marked as „OUR”.

Impact: there is no change to the current process for our correspondent banks, either in terms of charges or fee options.

5) What is the bank's position regarding the float on PSD payments received in favour of own customers and for onward routing?

We shall make funds available to the beneficiary in our books with same day value.

Concerning LVP payments received for onward routing, these will be processed through the local ACH that works with plus one value day.

We expect all banks in PSD countries to adopt the same approach and give value to the beneficiaries without delay in accordance with the principles of PSD.

6) If a correspondent bank send a PSD payment for onward routing to the beneficiary's bank, what mechanism will be used and when will the beneficiary's bank receive value?

- a) Low value payments in favour of domestic beneficiaries are delivered to the local ACH, provided it is received prior to the cut-off time and there are sufficient funds available on the sending bank's account. The beneficiary's bank will receive next day value.
- b) High value payments in favour of non-domestic beneficiaries are delivered to the local RTGS system, provided it is received prior to the cut-off time and there are sufficient funds available on the sending bank's account, in this case the beneficiary's bank will receive it with same day value.

7) If a correspondent bank sends a PSD payment for onward routing, will all the information travel with the payment?

- a) payments processed through the local ACH are not SWIFT based payments, therefore not all information can travel with the payment
- b) payments processed through the local RTGS are SWIFT based payments, therefore all information will be forwarded to the intermediary/beneficiary's bank

8) Will the bank charge for processing PSD payments?

Where the beneficiary of the PSD payment has an account with us and the payment is instructed with charges „SHA” or „BEN”, the beneficiary will be charged as per the terms and conditions agreed with the beneficiary.

PSD payments received for onward routing, with charges „BEN” or „SHA”, will be subject to a forwarding fee which we will pass to the remitting bank.

We will not make any deduction from the amount of any PSD payment which we receive for onward routing to the beneficiary's bank.

For PSD payments with charges „OUR” we shall pass our charges to the sending bank.

9) Will the bank require to sign a new contract/agreement to cover PSD payments?

No, it is not necessary.

10) What is bank's the cut-off time for processing MT103 payments?

As of 1 November 2009, UniCredit Hungary will extend the deadline for the receipt of MT103 payment instructions from the currently applicable VD 12:00 (noon) to 3:00 p.m. CET.