

MNB Decree No 49/2023. (X. 24.)
on the interest rates related to required reserves

Pursuant to the authorisation provided by Article 171 (1)b) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank (MNB Act), having regard to the decision of the Monetary Council,

in respect of Article 3-5 and Article 7 (1)1.), pursuant to the authorisation provided by Article 171 (1)c) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank, and acting within the scope of my duties specified in Article 4 (1) of Act CXXXIX of 2013 on the Magyar Nemzeti Bank,

I hereby decree as follows:

Article 1 (1) The Magyar Nemzeti Bank (hereinafter: MNB) pays no interest on

(a) the required reserves placed in accordance with Article 5(1)d) of the MNB Decree on the Calculation, Method of Allocation and Placement of Required Reserves (hereinafter: Required Reserve Decree) – apart from the interest payable on the deposit –,

(b) the 25 percent of the minimum level of required reserves reduced by the deposit in accordance with Article 5 (1)d) of the Required Reserve Decree.

(2) The MNB shall pay interest at the central bank base rate on the amount of required reserves reduced by the deposit specified in Article 5(1)d) of the Required Reserve Decree exceeding the amount specified in paragraph (1)b).

Article 2 The MNB shall pay interest on the required reserves held in the maintenance period to the credit institution based on the following formula:

$$K_t = \sum_{i=1}^{n_t} k_i$$

$$k_i = \frac{R_i \times r_i}{100 \times 360}$$

Where:

K_t = the amount of interest payable on required reserves held in compliance with reserve requirements in maintenance period t ,

i = day i of the maintenance period,

n_t = number of calendar days in maintenance period t ,

k_i = the amount of interest payable on reserves held on day i of the maintenance period,

R_i = the amount of excess reserves held on day i of the maintenance period,

r_i = interest rate specified in Article 1(2) on day i of the maintenance period.

Article 3 For the amount exceeding the reserve requirement of the instruments held by the credit institution subject to reserve requirements in accordance with Article 5(1) of the Required Reserve Decree which can be included as fulfilment of reserve requirements – increased by the reserve requirement of respondent credit institutions subject to reserve requirements in the case of correspondent credit institutions subject to reserve requirement according to the Required Reserve Decree – (excess reserves) the MNB shall pay interest at the central bank base rate.

Article 4 The MNB shall pay interest on excess reserves held in the maintenance period to the credit institution based on the following formula:

$$S_t = \sum_{i=1}^{n_t} s_i$$

$$s_i = \frac{E_i \times q_i}{100 \times 360}$$

Where:

S_t = the amount of interest payable on excess reserves held in maintenance period t ,

i = day i of the maintenance period

n_t = number of calendar days in maintenance period t ,

s_i = the amount of interest payable on excess reserves held on day i of the maintenance period,

E_i = the amount of excess reserves held on day i of the maintenance period,

q_i = interest rate specified in Article (3) on day i of the maintenance period.

Article 5 The MNB shall pay the interest payable on the required reserves and excess reserves to the credit institution subject to reserve requirements on the 2nd working day of the month following the maintenance period.

Article 6 This Decree shall enter into force on 1 November 2023.

Article 7 (1) The following shall be repealed:

1. Article (6)2) of the MNB Decree No 10/2005 (VI. 11.) on the Calculation, Method of Allocation and Placement of Required Reserves.

2. MNB Decree No 38/2023. (IX. 12.) on the interest rates related to required reserves.

(2) The passage “the minimum level of” in Article (1)1)b) shall be repealed on 1 January 2024.