



Thoughts about the future role and activity of the Hungarian ACH (alternatives & chances)

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Giro Ltd. Hungary



Historic Momentum

- Second largest change in the payment system since ACH operates
- Great opportunity to redesign and design the global payment system in favour of the customers and efficiency
- All participants have to think and act **together**



What is the current status ?

- Domestic clearing – 98,5% +
- Currency – HUF
- 57 Clearing Members – State Budgetary, local entities, foreign ones (incl. branches)
- Smooth, reliable, robust service
- 11 years old system



Expectations of the Stakeholders

- Clients – Companies
- Banks – Clearing Members
- Central Bank
- State Budgetary - Governmental Institutions
- Shareholders of the ACH



What to do - Alternatives

- Keeping-up the current service
- Building up a PEACH
- Building up an up-to-date solution
- Alliance with a potential PEACH, or ACHs to form a PEACH



Keeping-up the current service

- Until HUF exists – providing service
- Let the Banks find their way
- Gradually ceasing clearing activity
- What will happen with State Budgetary and small local Financial Institutions?



Building up a PEACH

- Building up an all-round PEACH
- Investment and running cost vs. Revenues
- Efficiency – Potential Market Share

It is clearly not an alternative at
the current status



Building up an up-to-date solution I.

- Local service until HUF and beyond
- Development of payment services
- Possible parallel dual currency EURO-HUF
- Satisfying SEPA as EURO out EU member
- Providing transfer to EURO-in status
- Tools to be local, while potentially can become global



Building up an up-to-date solution II.

- Seems to be the solution due to:
 - Having a new and flexible system
 - Saving time – getting ready by the time EURO introduced, SEPA and regulations (standards and local laws) will be in place
 - Connect-ability to allied partners (PEACH)
 - Efficient local system / saving cost
 - Providing time and solution for all participants



Alliance with a potential PEACH

- Involve the local market to a bigger one
- Utilising synergies, volumes
- Easy and efficient compliance with SEPA
- Hungary as regional consolidator
- Alliance, Merger – fusion, etc.
- Laws, owners, Central Banks, potential partners interests



Uncertainties in Making Decision

- Hungary in EURO zone – We have to be ready by then (Overriding principle)
- Standards – how to convert current workflow, laws and regulations, technical changeover by participants
- Can investment be recovered ?
- Realisation of SEPA and TARGET2
- How big and foreign own banks will act? How ACHs will react?



GIRO's Opinion

- Change of the Current Software
- Maintain high standard of service
- Not to be a PEACH
- Looking for a potential alliance
- Finding out the future role
- Become a Regional consolidator
- Time frame: 4 – 10 years



Fora for discussions

- FRF forum (Local version of EPC)
GIRO committee
Two working groups
- Board of Directors
- BSzB Committee



Success criteria

We, the participants of the payment system, can react successfully to the new challenges only with joint efforts, working together shoulder-to-shoulder



Thank you for your attention!

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