

## **The fines imposed as a result of a cartel related to prepayment have been substantially reduced**

**The Hungarian Competition Authority (Gazdasági Versenyhivatal, hereinafter GVH) imposed fines amounting to a total of approximately 5 billion HUF (cca 15.5 million EUR) on leading commercial banks due to their restriction of the prepayment of foreign currency loans on a fixed exchange rate at the end of 2011 and at the beginning of 2012.**

The GVH launched a competition supervision proceeding against thirteen banks on the ground that they had restricted the prepayment of currency-based mortgages on a fixed exchange rate in 2011. In its decision delivered on 19 November 2013, the GVH found that Budapest Hitel- és Fejlesztési Bank Zrt., CIB Bank Zrt., the Hungarian branch of Citibank Europe plc., Erste Bank Hungary Zrt., FHB Jelzálogbank Nyrt., Kereskedelmi és Hitelbank Zrt., Magyar Takarékszövetkezeti Bank Zrt., MKB Bank Zrt., OTP Bank Nyrt., Raiffeisen Bank Zrt., UCB Ingatlanhitel Zrt. and UniCredit Bank Hungary Zrt. had restricted competition between 15 September 2011 and 30 January 2012 by coordinating their strategies and exchanging information qualifying as a business secret in order to restrict the prepayment of foreign currency-based mortgages on a fixed exchange rate. The GVH imposed fines amounting to a total of approximately 9.5 billion HUF (cca 29.4 million EUR) on the concerned financial institutions.

The majority of the concerned banks challenged the decision of the GVH before the court. The Supreme Court of Hungary in its decision delivered on 13 December 2016 declared that the competition authority was correct to find that the banks had coordinated their strategies in order to restrict access to loans which would have been suitable to redeem currency-based mortgage loans, but it also ordered the GVH to conduct new proceedings in relation to the calculation of the fines imposed on eight financial institutions.

In the new proceeding the GVH – taking into account the guidelines of the Supreme Court of Hungary – calculated the fines in accordance with Notice No. 11/2017 of the President of the GVH and the Chairman of the Competition Council as a result of which the following fines were imposed on the concerned banks:

	New fine HUF	Original fine HUF
Budapest Hitel- és Fejlesztési Bank Zrt.	275,000,000	283,500,000
CIB Bank Zrt.	460,000,000	835,400,000
Erste Bank Hungary Zrt.	900,000,000	1,725,700,000
Kereskedelmi és Hitelbank Zrt.	780,000,000	983,300,000
MKB Bank Zrt.	405,000,000	783,000,000

	New fine HUF	Original fine HUF
OTP Bank Nyrt.	1,435,000,000	3,922,400,000
Raiffeisen Bank Zrt.	465,000,000	583,600,000
UniCredit Bank Hungary Zrt.	185,000,000	306,300,000

The amounts of the fines according to the exchange rate on 21 August 2018

	New fine EUR	Original fine EUR
Budapest Hitel- és Fejlesztési Bank Zrt.	≈ 850,500	≈ 876,800
CIB Bank Zrt.	≈ 1,422,700	≈ 2,583,700
Erste Bank Hungary Zrt.	≈ 2,783,500	≈ 5,337,300
Kereskedelmi és Hitelbank Zrt.	≈ 2,412,400	≈ 3,041,200
MKB Bank Zrt.	≈ 1,252,600	≈ 2,421,700
OTP Bank Nyrt.	≈ 4,438,200	≈ 12,131,300
Raiffeisen Bank Zrt.	≈ 1,438,200	≈ 1,805,000
UniCredit Bank Hungary Zrt.	≈ 572,200	≈ 947,300

One of the main reasons for the reductions of the fines was that – having regard also to the judgment of the Supreme Court of Hungary – the GVH considered the proportional share of the incomes gained via the prepayable foreign currency loans during the infringement period as the basis of the fines in the new proceeding, whereas in the original proceeding the proportional share of the incomes realised via the whole volume of the mortgage loans had served as the basis. This latter included all HUF and currency-based mortgage loans. The fines were further reduced as a result of the fact that in the original proceeding the GVH had taken into account, as an aggravating circumstance, that the majority of the concerned banks had already committed a competition infringement, while in the new proceeding the GVH did not take this into account as an aggravating circumstance on the basis that the Supreme Court of Hungary had made a reference for a preliminary ruling before the Court of Justice of the European Union regarding case Vj/18/2008 that served as the base for aggravating circumstance due to recidivism in the original decision of the GVH.

Case number: **Vj/20/2017**

Budapest, 22 August 2018

Hungarian Competition Authority

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