



GAZDASÁGI
VERSENYHIVATAL

Cartel investigation in the residential mortgage market

On 23 November 2011, the Gazdasági Versenyhivatal (GVH - Hungarian Competition Authority) launched an investigation against 7 financial institutions (six commercial banks and one home savings bank), namely OTP Bank Nyrt., Erste Bank Hungary Zrt., MKB Bank Zrt., Raiffeisen Bank Zrt., CIB Bank Zrt., Unicredit Bank Hungary Zrt., and Fundamenta-Lakáskassza Zrt. As the first formal step in the procedure, the GVH held unannounced inspections on the premises of the abovementioned commercial banks and home savings bank.

The GVH stated that its suspicion was based on the 50-200-basis-point (0.5-2.0-percentage-point) rise in mortgage lending interest rates and on introduction of new products with higher interest rates on 22 September, which was probably a co-ordinated action of the financial institutions.

According to the content of the suspected agreement the banks are offering products with higher interest rates and are limiting access to lower interest rate products in connection with the early repayment of foreign currency loans. The GVH also suspects that there is an agreement based on co-ordinated action between the commercial banks and Fundamenta. As a result of this, customers are being forced to pay higher prices for their products or certain costumers are being prevented from accessing a wider range of available products.

The GVH suspects that the undertakings under investigation have presumably violated, by this conduct, the provisions of the Hungarian Competition Act with regard to the prohibition of restrictive agreements.

The GVH is empowered by the Competition Act to inspect premises without any preliminary notification. Pursuant to the provisions of the Competition Act, the inspection of premises is subject to the attainment in advance of judicial authorisation.

The initiation of the competition supervision proceeding does not mean that the undertakings in question have actually committed the infringement. The proceeding seeks to clarify the facts and to thus prove that the presumed infringement has been committed. According to the Act these proceedings must be closed within 6 months, however, this time limit can be extended two times by a further 6 months, depending on the complexity of the case.

Case number: **Vj-74/2011**

Budapest, 23 November 2011.

Hungarian Competition Authority
Communication Group

Further information:

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