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Erste Bank introduces credit reminder service

Clients are reminded of instalments due via text messages

Budapest, 30th October, 2006 – Erste Bank Hungary has introduced its new free text message service, HitelŐr, on 20th October, 2006. The text messages sent by the bank inform clients of the instalments due, calculated with the day's exchange rate, and remind clients of the balance total of the repayment account, and possible arrears.

The new service is available with mortgages and personal loans for Erste Bank retail clients with TeleBank contracts. Erste Bank expects the service to be of great assistance to its forex debtors by reminding them of the specific amount due. The service could also prove helpful to clients with forint debts, whose instalments may vary depending on changes to the interest rate.

A great advantage offered by the service is that the text message will feature the instalment due in the denomination of the repayment account, which spares clients the trouble of making enquiries about the exchange rate, and calculating the conversion. The message will inform clients of possible arrears and the specific amount overdue. The text message will not only inform clients of the amount due, but will also serve as a reminder that the instalment has fallen due. Erste Bank will send the text message on the morning of the day when the instalment is due. The amount will not be withdrawn from the clients' accounts until the end of the day, allowing clients with insufficient funds in their accounts to top up their accounts during the day.

The new HitelŐr service will be eminently useful for clients with Erste Bank's home loans introduced in February, which have no deposit or collateral requirement. These home loans have generated much demand since their introduction, and now account for 25 per cent of all home loans extended by the bank. In case of home loans where clients put down a minimum deposit, Erste Bank finances up to 100 per cent of the property's value. Clients with loans with a minimum deposit requirement can apply for a five-year period of grace, a solution that sharply reduces initial instalments. The period of grace was first introduced by Erste Bank for home loans, but by now the period of grace is available for all freely used mortgages – apart from purely collateral-based loans. During the period of grace clients do not make repayments on principal, only interest and management costs. The solution allows clients to pay up to 40 per cent less than instalments on a standard loan.

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