Cross-border payments in euro: reducing bank charges

2001/0174(COD) - 11/02/2008 - Follow-up document

The Commission presented a report on the application of Regulation (EC) No 2560/2001 on cross-border payments in euro. This final report examines the most important problems encountered in the application of Regulation 2560 in the Member States. It includes recommendations for amendments to the text of the Regulation, in order to address weaknesses identified during the review process, to better reflect market realities and to align its text with changes introduced by Directive 2007/64/EC - the Payment Services Directive (PSD).

The report concludes that Regulation 2560 has broadly achieved its two main objectives.

1. It brought the costs of cross-border electronic payment transactions in euro into line with the costs of domestic payments and triggered an important decrease of fees for cross-border payments, in particular for credit transfers.
2. It encouraged the financial services industry, in the absence of an efficient and integrated European payment services infrastructure, to undertake the necessary efforts to turn the concept of a 'domestic payment area' for non-cash euro payments into a reality.

In light of the conclusions presented in this report, the Commission intends to propose a number of amendments to that Regulation, in order to address weaknesses identified during the review process, to better reflect market developments and to align it with the changes introduced by the PSD. These include:

- Introduction of the 'SHARE' cost option as obligatory (charges are shared between the originator and the beneficiary) for all regulated transactions;

- Reference to the competent authorities and out-of-court redress schemes established for the purposes of PSD to deal with Regulation 2560 issues;
- Extension of the scope to cover direct debit transactions (with the PSD and the adoption of the SEPA direct debit scheme by the EPC, cross-border direct debits will become a reality from November 2009);
- Increase of the balance of payments reporting exemption threshold up to EUR 50 000, introduction of a deadline (for example 2011-2012) after which banks will be completely exempt from the balance of payments reporting obligations, together with a clarification of the scope of Article 6(1) concerning Member States' obligations, specifying that this provision refers to the collection of information from the institutions participating in payment systems and excludes enterprises.

In addition, some changes in Article 2 (definitions) and in Article 8 (review clause) appear necessary.

When formally tabling its proposal, the Commission will take into account progress in the ongoing development of SEPA (Single Euro Payments Area), and may propose some additional measures in order to accelerate and facilitate the achievement of the SEPA project. The Commission will continue to screen the situation in the market carefully. The possibility cannot be ruled out that, after careful analysis, antitrust enforcement might still be necessary. The European Commission will not hesitate to exercise its powers of enforcement under Articles 81, 82 and 86 of the EC Treaty, to ensure that the competition rules are respected in retail banking.

Any amendments to the Regulation will be proposed to the Council and the European Parliament once the appropriate impact assessments are finalised.