Cross-border payments in the Community

2008/0194(COD) - 13/10/2008 - Legislative proposal

PURPOSE: to replace Regulation (EC) No 2560/2001 on cross-border payments in euro in order to adapt it to market developments (emergence of the Single Euro Payments Area), to enhance the protection of consumer rights and to provide an adequate legal framework for the development of a modern and efficient payment system within the EU.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

CONTENT: Regulation (EC) No 2560/2001 entered into force on 31 December 2001. It currently applies to credit transfers, ATM cash withdrawals and electronic payments (including card payments) made in euro up to an amount of EUR 50 000. It guarantees that when a consumer makes a cross-border payment in euro, the cost is the same as that of a corresponding payment in euro made within his own Member State.

The report of the Commission to the European Parliament and to the Council on the application of Regulation (EC) No 2560/2001 on cross-border payments in euro, adopted on 11 February 2008, confirmed that the application of Regulation (EC) No 2560/2001 has effectively brought down the charges for cross-border payment transactions in euro to the level of national charges and encouraged the European payments industry to build an EU-wide payments infrastructure that is necessary in order to create the Single Euro Payments Area (SEPA).

The report concluded that a number of amendments to the Regulation should be proposed to address the following weaknesses identified during the review process in 2005:

- the need to extend the principle of equality of charges to direct debits in order to establish a level playing field between different payment instruments and avoid undermining the objectives of this Regulation by not making all electronic payment instruments operating cross-border subject to the principle of equality of charges;

- enforcement problems due to the absence of identified national competent authorities and of out-of-court redress bodies for disputes related to the Regulation;

- disruption of the internal market in payments caused by divergent balance-of-payments (BoP) statistical reporting obligations and unclear scope of the article on BoP reporting.

In concrete terms, the proposal amends the wording of all existing provisions of Regulation 2560/2001. In addition, it proposes to:

- extend the principle of equality of charges for cross-border and corresponding domestic payments to cover direct debits;
- phase out, by 1 January 2012, the balance-of-payments statistical reporting obligations imposed on payment service providers;
- request Member States to appoint competent authorities and out-of-court redress bodies to deal effectively with complaints and disputes regarding this proposal. It also provides for the co-operation between the competent authorities and out-of-court redress bodies in solving cross-border disputes;

- the possible application of the Regulation to currencies other than euro.