Cross-border payments in the Community

2008/0194(COD) - 24/07/2013 - Follow-up document

This report reviews how Directive 2007/64/EC on payment services in the internal market (hereinafter: “the PSD”) has been applied as required by its Article 87. It covers the period 2009 – 2012. It also covers Regulation (EC) No 924/2009 on cross-border payments in the Community.

Regulation (EC) No. 924/2009 eliminates the differences in charges for cross-border and national payments in euro. It applies to payments in euro in all EU Member States. Its basic principle is that the charges for payment transactions offered by any payment service provider in the EU have to be the same, for the payment of the same value, whether the payment is national or cross-border. It applies to all electronically processed payments, including credit transfers, direct debits, cash withdrawals, payments by means of debit and credit cards and money remittance.

Regulation (EC) 924/2009 and its precursor, Regulation 2560/2001, brought about a significant reduction of charges paid by consumers (and other payment service users) for regulated payment services. By way of example, charges for a EUR 100 credit transfer fell from an EU average of EUR 23.60 in 2001 to EUR 2.46 in 2005. Similarly, charges for cross-border ATM withdrawals in euro fell to the levels experienced by cardholders in their own country. Thus, the Regulation brought important savings for millions of EU citizens.

Article 15 of the Regulation requests two reports. The first report should aim to discuss the appropriateness of removing settlement-based national reporting obligations for statistical purposes and is linked to Article 5 of the Regulation.

The second should aim to assess the general application of the Regulation and review in more detail three specific issues:

- the use of the IBAN and the BIC in relation to the automation of payments;
- the appropriateness of the ceiling of EUR 50.000 up to which the Regulation applies;
- market developments in relation to interchange fees for direct debit transactions and on reachability for direct debits.

The issues identified by the co-legislators as requiring the reports were addressed in the meantime with the adoption of Regulation (EU) 2012/260 establishing technical and business requirements for credit transfers and direct debits in euro (SEPA Migration Regulation) which amends Regulation (EC) No 924 /2009.

The adoption of the SEPA Migration Regulation was accompanied by a **complete revision** of the issues indicated in the Article 15 of the cross-border payments Regulation. Consequently, there is no need to revise the Regulation on these points. It should be underlined that the removal of the EUR 50.000 represents a major and welcome progress for the European integration of the retail payments market.

Whilst a number of questions on the application of the Regulation have been raised in the context of the economic study, the results of this exercise broadly confirmed that the Regulation appears to be functioning well. For example, charges for EUR 100 transfers followed a further downward trend to EUR 0.50 euro-area average for transfers initiated online and remained low, at EUR 3.10 for transfers initiated at the bank counter. As a result, the Commission came to the conclusion that **no changes to the text of Regulation (EC) 924/2009 are necessary or recommended at this time**.