

Charges on cross-border payments in the Union and currency conversion charges

2018/0076(COD) - 28/03/2018 - Legislative proposal

PURPOSE: to reduce the cost of cross-border payments in euro across the EU.

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: in December 2015, the European Commission presented a [Green Paper](#) to consult on the potential of a more integrated market for retail financial services, and the actions needed to achieve this goal. Based on the feedback received from stakeholders and the European Parliament's report on the Green Paper, the Commission published in March 2017 an [action plan](#) setting out a strategy to strengthen the Single Market for consumer financial services.

Cross-border payments in euro from non-euro area Member States account for a very large part of all cross-border payments from non-euro area Member States. The **charges for those specific cross-border payments remain high**.

At present, for example a citizen or company in Bulgaria⁴ making a cross-border transfer of EUR 500 to Finland may have to pay up to **EUR 24 in fees**, whereas a person transferring the same amount to Finland from France would pay nothing, or almost nothing.

Restrictions and excessive costs for cross-border payments **prevent the completion of the Single Market**. They perpetuate the existence of two categories of payment service users in the Union: on the one hand payment service users, the vast majority of which benefit from the single euro payments area ('SEPA'), and on the other hand, payment service users that pay high costs for their cross-border payments in euro.

In order to facilitate the functioning of the Single Market, the Commission considers it necessary to ensure that charges for cross-border payments in euro within the Union are **aligned** with charges for domestic payments made in the official currency of a Member State.

IMPACT ASSESSMENT: of the four options analysed, the option chosen is the one proposing to align fees for cross-border intra-EU payments in euro with fees for domestic transactions in the national currency of a Member State.

As a result of the amendments contained in this proposal, the citizen or company transferring euros from Bulgaria would also pay nothing — or almost nothing — in this situation. This person or company would pay the same fees for a transfer in euros to Finland that they would pay for a domestic transfer in leva within Bulgaria.

CONTENT: under the proposed amendment to [Regulation \(EC\) No 924/2009](#) of the European Parliament and of the Council, the **price of a cross-border payment transaction in euro within the European Union should not be different from that of domestic transactions within a Member State conducted in the national currency of that Member State**. The proposal does not concern cross-border transactions denominated in currencies other than the euro.

The amendments to Regulation 924/2009 contained in the proposal:

- establish the **principle** that payment service providers must align fees for cross-border payments in euro with those for corresponding domestic payments in the national currency of the payment service user's Member State also for Member States which do not have the euro as their national currency;
- define **additional transparency requirements** relating to currency conversion practices. Currently, consumers are generally not informed of the cost of a transaction that involves currency conversion. The proposal therefore provides that consumers should be fully informed of the amount of exchange charges before making such a payment (be it a cash withdrawal at an ATM or a card payment at a point of sale). The European Banking Authority ('EBA') shall develop draft regulatory technical standards specifying how payment service providers shall ensure transparency and price comparability of different currency conversion service options, where those are available, to payment service users.