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

2018/0076(COD) - 08/11/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Eva MAYDELL (EPP, BG) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 924/2009 as regards certain charges applicable to cross-border payments in the Union and currency conversion charges.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows.

Objective: the amended Regulation (EC) No 924/2009 would aim to establish rules on cross-border payments and **the transparency of currency conversion charges** within the Union.

The objective of the proposal would be to align the fees applicable to cross-border payments in euros for services such as credit transfers, card payments or cash withdrawals with those charged for corresponding national payments of the same amount in the national currency of the Member State in which the payment service provider is located.

Currency conversion charges for card transactions: from 12 months after the entry into force of the Regulation, the total amount of currency conversion charges applied to card payment transactions should be expressed as the difference between the reference exchange rate used to convert the payment transaction and the last available ECB exchange rate, as applied to the amount of the transaction.

Parties providing currency conversion services for card related payment transactions would be required to present this difference as well as the total amount of the transaction to payment service users in the currency of the payer's account, including transaction costs and fees levied. This information should be presented simultaneously for all currency conversion options and in a clear, neutral and comprehensible manner. They should be provided free of charge.

Currency conversion charges: payment service users should be provided with all currency conversion options simultaneously in a **clear, neutral and comprehensible manner**, to avoid situations in which currency conversion options are preselected or presented to them in a misleading manner.

In practical terms, the amended text increases the transparency requirements on currency conversion costs when this service is offered before the payment transaction is carried out. This would be achieved by introducing **an obligation to disclose the charges** by presenting the difference between the total amount of the transaction in the currency of the payer's account and the amount resulting from the application of the latest available reference exchange rate communicated by the European Central Bank.

Report: By 31 December 2021 at the latest, the Commission should submit to the European Parliament, the Council, the European Central Bank and the European Economic and Social Committee a report on the application and effects of the Regulation. This report should contain (i) an evaluation of the effectiveness of the provisions of this Regulation in ensuring price comparability of alternative currency conversion services, and (ii) a recommendation as to whether further amendments to this Regulation are needed in order to ensure full price transparency and comparability for both businesses and consumers. On the basis of that report, the Commission may present a proposal to amend this Regulation.