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

2018/0076(COD) - 14/02/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 532 votes to 22, with 55 abstentions, a legislative resolution 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 European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission's proposal as follows.

Objective

Amended Regulation (EC) No 924/2009 shall aim to establish rules on cross-border payments and the transparency of currency conversion charges within the Union.

The objective of the proposal is to align the fees applicable to cross-border payments in euro within the Union with charges for corresponding national payments made in the national currency of the Member State in which the payment service provider of the payment service user is located.

Currency conversion charges related to card-based transactions

To achieve comparability, currency conversion charges for all card-based payments should be expressed in the same way, namely as percentage mark-ups over the latest available euro foreign exchange reference rates issued by the European Central Bank (ECB).

These mark-ups shall be communicated to the payer before the initiation of the payment transaction.

Payment service providers shall also make the mark-ups public in a comprehensible and easily accessible manner on a broadly available and easily accessible electronic platform.

Prior to the initiation of the payment, explicit information on the amount to be paid to the payee in the currency used by the payee and the total amount to be paid by the payer in the currency of the payer's account.

In addition, payers' payment service providers should remind payers about the applicable currency conversion charges when a card-based payment is made in another currency, through the use of broadly available and easily accessible electronic communication channels, such as SMS messages, e-mails or push notifications through the payer's mobile banking application.

Currency conversion charges related to credit transfers

When a currency conversion service is offered by the payer's payment service provider in relation to a credit transfer that is initiated online directly, using the website or the mobile banking application of the payment service provider, the payment service provider shall inform the payer prior to the initiation of the payment transaction, in a clear, neutral and comprehensible manner, of the estimated charges for currency conversion services applicable to the credit transfer.

Prior to the initiation of a payment transaction, the payment service provider shall communicate to the payer, in a clear, neutral and comprehensible manner, the estimated total amount of the credit transfer in the currency of the payer’s account, including any transaction fee and any currency conversion charges. The payment service provider shall also communicate the estimated amount to be transferred to the payee in the currency used by the payee.

Where a currency conversion service is offered by the payer's bank in connection with a credit transfer, initiated directly online via the payment service provider's website or mobile remote banking application, the payment service provider should inform the payer, before initiating the payment transaction, in a clear, neutral and understandable manner, of the estimated currency conversion charges applicable to the transfer.

Before initiating a payment transaction, the payment service provider should communicate to the payer, in a clear, neutral and understandable manner, the estimated total amount of the transfer in the currency of the payer's account, including transaction costs and any currency conversion costs.

Report

No later than 3 years from the date of entry into force of the amending Regulation, the Commission shall submit a report to the European Parliament, the Council, the ECB and the European Economic and Social Committee on the application of the rule equalising the cost of cross-border payments in euro with the cost of national transactions in national currencies and on the effectiveness of the information requirements on currency conversion set out in this Regulation. The Commission shall also analyse further possibilities – and the technical feasibility of those possibilities – of extending the equal charges rule to all Union currencies and of further improving the transparency and comparability of currency conversion charges, as well as the possibility of disabling and enabling the option of accepting currency conversion by parties other than the payer’s payment service provider.