

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

2018/0076(COD) - 29/03/2019 - Final act

PURPOSE: to reduce the cost of cross-border payments in euros across the EU and increase transparency.

LEGISLATIVE ACT: Regulation (EU) 2019/518 of the European Parliament and of the Council amending Regulation (EC) No 924/2009 as regards certain charges on cross-border payments in the Union and currency conversion charges.

CONTENT: cross-border payments in euro from non-euro area Member States however account for around 80 % of all cross-border payments from non-euro area Member States. The charges for such cross-border payments remain excessively high in most non-euro area Member States, even though payment service providers that are located in non-euro area Member States have access to the same efficient infrastructures to process those transactions at very low costs as payment service providers that are located in the euro area. High charges for cross-border payments remain a barrier to the full integration of businesses and citizens in non-euro area Member States into the internal market, affecting their competitiveness.

Reduce charges for cross-border payments in euros

In order to facilitate the functioning of the internal market, this Regulation amending [Regulation \(EC\) No 924/2009](#) aims to align the charges applicable to cross-border payments in euro between countries belonging to the euro area and those not belonging to it and to increase the transparency of charges for currency conversion services throughout the EU.

In practice, the amending Regulation will align the fees applicable to cross-border payments in euro for services such as credit transfers, card payments or cash withdrawals with those 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

New transparency requirements are introduced with regard to the charges applied by currency conversion services.

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.

Review

By 19 April 2022 at the latest, the Commission shall submit to the European Parliament, the Council, the ECB and the European Economic and Social Committee a report on the application and impact of the 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.

ENTRY INTO FORCE: 18.4.2019.

APPLICATION: from 15.12.2019, with the exception of certain provisions.