

Cross-border payments in the Union. Codification

2020/0145(COD) - 17/07/2020 - Legislative proposal

PURPOSE: to establish rules on cross-border payments and the transparency of currency conversion charges within the Union (codification of Regulation (EC) No 924/2009 of the European Parliament and of the Council).

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 the interests of clarity and transparency of the law, the purpose of this proposal is to undertake a codification of Regulation (EC) No 924/2009 of the European Parliament and of the Council on cross-border payments in the Community, which has been amended several times and quite substantially. The new Regulation shall supersede the various acts incorporated in it; it fully preserves the content of the acts being codified and hence does no more than bringing them together with only such formal amendments as are required by the codification exercise itself.

CONTENT: the proposal provides for the following:

Charges for cross-border payments in euro

According to the proposal, charges levied by a payment service provider on a payment service user in respect of cross-border payments in euro shall be the same as the charges levied by that payment service provider for corresponding national payments of the same value in the national currency of the Member State in which the payment service provider of the payment service user is located.

In order to facilitate the functioning of the Internal Market, the proposal lays down the principle that payment service providers shall align the charges they levy for cross-border payments in euro with the charges they levy for comparable national payments made in the national currency of the Member State in which they are established, including where the euro is not the national currency of that Member State.

Transparency obligations

The proposal sets out transparency requirements relating to currency conversion practices. It therefore provides that consumers shall be fully informed of the amount of exchange charges before making a cross-border payment (for example, when using their card abroad, be it a cash withdrawal from an ATM or to pay by card at the point of sale).

To allow comparability, currency conversion charges for all card payments shall 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 prior to the initiation of the payment transaction.

In order to facilitate the automation of payments, banks shall, where appropriate: (i) communicate to the user the user's International Payment Account Number Identifier (IBAN) and the bank's Business Identifier Code (BIC); (ii) indicate on the statement of accounts or in an annex to the statements, the user's IBAN and the bank's BIC.

Compliance with obligations

The proposal obliges Member States to provide for complaint procedures for alleged infringements of this Regulation, as well as effective out-of-court redress procedures for the settlement of disputes. Penalties may be imposed for infringements.