Cross-border payments in the Union. Codification

2020/0145(COD) - 23/06/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 670 votes to 1, with 22 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on cross-border payments in the Union (codification).

Parliament adopted its position at first reading **taking over the Commission proposal** as adapted to the recommendations of the Consultative Working Party of the Legal Services of the European Parliament, the Council and the Commission.

The proposal is a straightforward codification of Regulation (EC) No 924/2009 of the European Parliament and of the Council, without any change in its substance.

Subject matter and scope

The Regulation lays down rules on cross-border payments and the transparency of currency conversion charges within the EU. It applies to cross-border payments which are denominated in euro or in the national currencies of those Member States which have notified their decision to extend the application of the Regulation to their national currency.

Charges for cross-border payments and corresponding national payments

With a view to ensuring the smooth functioning of the internal market and facilitating cross-border trade within the EU, the codified Regulation stipulates that **charges** for a cross-border payment transaction in euro within the EU should be the same as those for a transaction in the national currency of a Member State.

Transparency obligations

The Regulation lays down transparency requirements for currency conversion practices. It therefore provides for additional measures to **protect consumers** from the risk of excessive charges for currency conversion services and to ensure that consumers are fully aware of the amount of any exchange charges before making a cross-border payment (e.g. when using their card abroad, whether to withdraw cash from an ATM or to pay by card at the point of sale).

To achieve comparability, currency conversion charges for all card payments will have to be expressed in the same way, i.e. as percentage mark-ups on the latest available euro reference exchange rates issued by the European Central Bank (ECB). These mark-ups will have to be communicated to the payer before the initiation of the payment transaction.

Measures to facilitate the automation of payments

In order to facilitate the automation of payments, banks should, where appropriate: (i) provide the user with the user's International Bank Account Number (IBAN) and the bank's Business Identifier Code (BIC); (ii) indicate the user's IBAN and the bank's BIC on the account statements, or in an annex to the statements.

The payment service provider may charge the payment service user additional fees if the payment service user requests the payment service provider to execute a cross-border payment without providing the IBAN and, where applicable, the BIC of the payment account in the other Member State. Such charges shall be appropriate and proportionate to the costs.

Complaint procedures

The Regulation obliges Member States to provide for complaints procedures in the event of infringements of the Regulation, as well as effective out-of-court redress procedures for the settlement of disputes. Penalties may be imposed for infringements.