Cross-border payments in euro: reducing bank charges

2001/0174(COD) - 26/10/2001 - Document attached to the procedure

The draft regulation is envisaged to apply from 01/01/02 to cross-border electronic payment transactions, that is, to card payments and cash withdrawals at cash dispensing machines. It will apply from 01/01/03 to cross-border credit transfers and cross-border cheques. The European Central Bank (ECB) remains committed to the ultimate purpose of a fully integrated single payment area for the euro. It would, however, favour allowing banks a longer, albeit definite time limit, to adjust their prices progressively in line with the progressive decrease of their cost base. The ECB expects that a substantial fee reduction for cross-border payments should already take place from 01/01/02. A fully integrated payment area should follow in a second step within a timeframe as short as realistically possible allowing for the necessary structural adjustments. For credit transfers, banks need additional time, for example until 2005, to put in place the infrastructure and logistics to allow for an economically viable equalisation of prices between domestic and cross-border transfers. It is not clear whether the proposal leaves any freedom to agree between sender and receiver on who bears the cost of the transfer. Cheques are included in the scope of the regulation. The ECB would discourage the cross-border and domestic use of cheques in favour of a more secure and efficient means of payment. Introducing cheques in the scope of the regulation would force banks to invest in infrastructure to handle cross-border cheques, while they must at the same time invest heavily in improving the processing of cross-border credit transfers. According to the proposal, national reporting obligations must be removed for cross-border payments upto EUR 12 500 for balance-of-payment statistics. The threshold will rise to EUR 50 000 from 01/01/04. For a variety of reasons, the ECB strongly recommends postponing the increase in the threshold to 2006.