Cross-border payments in euro: reducing bank charges

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PURPOSE: To reduce banking charges levied for cross-border payments in euro with a view to having them at the same level as charges practiced at national level. CONTENT: The fact that transborder payments in euro remain more costly than national payments is of particular concern. Each country has introduced its own wholesale payment system. These various national payment systems operate relatively well. On the other hand, once a low-value payment is made abroad, the costs for the customer become disproportionate. From several studies carried out in 2001, it would appear that the average price of a cross-border payment of 100 euros inside the Union was still more than 20 euros. Furthermore, the use of an automatic cash machine becomes very expenses once a border has been crossed. With a view to dealing with this situation, the regulation proposes that the price of a cross-border payment operation in euros within the European Union should be no different than that of national operations. The regulation will apply to cross-border payments on a maximum amount of 50 000 euros, but not beyond that. As a result, it will cover the majority of payments made by consumers and SMEs. The aim is to improve the operation of the internal market by encouraging technical operators on the market to introduce the infrastructures, set the standards and conclude the commercial agreements that are essential for the good operation of a single currency area. This alignment of the charge for cross-border payments with that for national payments should not result in an increase in the cost of the latter. The regulation contains a certain number of measures intended to facilitate these operations, such as the compulsory respect of certain standards or the prohibition of declaration obligations.