Basic information

2018/0076(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Charges on cross-border payments in the Union and currency conversion charges Amending Regulation (EC) No 924/2009 2008/0194(COD) **Subject** 2.50.04.02 Electronic money and payments, cross-border credit transfers	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	MAYDELL Eva (PPE)	31/05/2018
	Shadow rapporteur LUDVIGSSON Olle (S&D) OŻÓG Stanisław (ECR) JEŽEK Petr (ALDE) VIEGAS Miguel (GUE/NGL) GIEGOLD Sven (Verts/ALE) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

European Commission

Commission DG	Commissioner
Financial Stability, Financial Services and Capital Markets Union	DOMBROVSKIS Valdis

European Economic and Social Committee

Key events

Date	Event	Reference	Summary
28/03/2018	Legislative proposal published	COM(2018)0163	Summary
19/04/2018	Committee referral announced in Parliament, 1st reading		
05/11/2018	Vote in committee, 1st reading		
05/11/2018	Committee decision to open interinstitutional negotiations with report adopted in committee		
08/11/2018	Committee report tabled for plenary, 1st reading	A8-0360/2018	Summary
12/11/2018	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
14/11/2018	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
13/02/2019	Debate in Parliament		
14/02/2019	Decision by Parliament, 1st reading	T8-0124/2019	Summary
14/02/2019	Results of vote in Parliament		
04/03/2019	Act adopted by Council after Parliament's 1st reading		
19/03/2019	Final act signed		
19/03/2019	End of procedure in Parliament		
29/03/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/0076(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 924/2009 2008/0194(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 114
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/12680

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.669	27/07/2018	

Amendments tabled in committee		PE627.891	18/09/2018	
Committee report tabled for plenary, 1st reading/single reading		A8-0360/2018	08/11/2018	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0124/2019	14/02/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2019)000037	19/12/2018	
Draft final act	00091/2018/LEX	13/03/2019	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2018)0163	28/03/2018	Summary
Document attached to the procedure	SWD(2018)0084	28/03/2018	
Document attached to the procedure	SWD(2018)0085	28/03/2018	
Commission response to text adopted in plenary	SP(2019)354	16/04/2019	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	CZ_CHAMBER	COM(2018)0163	14/06/2018	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	CON/2018/0038 OJ C 382 23.10.2018, p. 0007	31/08/2018	Summary

Additional information

Source	Document	Date
European Parliament	Briefing	29/04/2019
European Commission	EUR-Lex	

Final act

Regulation 2019/0518
OJ L 091 29.03.2019, p. 0036

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

2018/0076(COD) - 08/11/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Eva MAYDELL (EPP, BG) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 924/2009 as regards certain charges applicable to cross-border payments in the Union and currency conversion charges.
The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission's proposal as follows.
Objective: the amended Regulation (EC) No 924/2009 would aim to establish rules on cross-border payments and **the transparency of currency conversion charges** within the Union.
The objective of the proposal would be to align the fees applicable to cross-border payments in euros for services such as credit transfers, card payments or cash withdrawals with those charged for corresponding national payments of the same amount in the national currency of the Member State in which the payment service provider is located.
Currency conversion charges for card transactions: from 12 months after the entry into force of the Regulation, the total amount of currency conversion charges applied to card payment transactions should be expressed as the difference between the reference exchange rate used to convert the payment transaction and the last available ECB exchange rate, as applied to the amount of the transaction.
Parties providing currency conversion services for card related payment transactions would be required to present this difference as well as the total amount of the transaction to payment service users in the currency of the payer's account, including transaction costs and fees levied. This information should be presented simultaneously for all currency conversion options and in a clear, neutral and comprehensible manner. They should be provided free of charge.
Currency conversion charges: payment service users should be provided with all currency conversion options simultaneously in a **clear, neutral and comprehensible manner**, to avoid situations in which currency conversion options are preselected or presented to them in a misleading manner.
In practical terms, the amended text increases the transparency requirements on currency conversion costs when this service is offered before the payment transaction is carried out. This would be achieved by introducing **an obligation to disclose the charges** by presenting the difference between the total amount of the transaction in the currency of the payer's account and the amount resulting from the application of the latest available reference exchange rate communicated by the European Central Bank.
Report: By 31 December 2021 at the latest, the Commission should submit to the European Parliament, the Council, the European Central Bank and the European Economic and Social Committee a report on the application and effects of the Regulation. This report should contain (i) an evaluation of the effectiveness of the provisions of this Regulation in ensuring price comparability of alternative currency conversion services, and (ii) a recommendation as to whether further amendments to this Regulation are needed in order to ensure full price transparency and comparability for both businesses and consumers. On the basis of that report, the Commission may present a proposal to amend this Regulation.

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

2018/0076(COD) - 14/02/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 532 votes to 22, with 55 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 924/2009 as regards certain charges applicable to cross-border payments in the Union and currency conversion charges.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission's proposal as follows.

Objective

Amended Regulation (EC) No 924/2009 shall aim to establish rules on cross-border payments and the transparency of currency conversion charges within the Union.

The objective of the proposal is to align the fees applicable to cross-border payments in euro within the Union 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

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. The payment service provider shall also communicate the estimated amount to be transferred to the payee in the currency used by the payee.

Where a currency conversion service is offered by the payer's bank in connection with a credit transfer, initiated directly online via the payment service provider's website or mobile remote banking application, the payment service provider should inform the payer, before initiating the payment transaction, in a clear, neutral and understandable manner, of the estimated currency conversion charges applicable to the transfer.

Before initiating a payment transaction, the payment service provider should communicate to the payer, in a clear, neutral and understandable manner, the estimated total amount of the transfer in the currency of the payer's account, including transaction costs and any currency conversion costs.

Report

No later than 3 years from the date of entry into force of the amending Regulation, the Commission shall submit a report to the European Parliament, the Council, the ECB and the European Economic and Social Committee on the application of the rule equalising the cost of cross-border payments in euro with the cost of national transactions in national currencies and on the effectiveness of the information requirements on currency conversion set out in this 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.

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

2018/0076(COD) - 28/03/2018 - Legislative proposal

PURPOSE: to reduce the cost of cross-border payments in euro across the EU.

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 December 2015, the European Commission presented a Green Paper to consult on the potential of a more integrated market for retail financial services, and the actions needed to achieve this goal. Based on the feedback received from stakeholders and the European Parliament's report on the Green Paper, the Commission published in March 2017 an action plan setting out a strategy to strengthen the Single Market for consumer financial services.

Cross-border payments in euro from non-euro area Member States account for a very large part of all cross-border payments from non-euro area Member States. The **charges for those specific cross-border payments remain high**.

At present, for example a citizen or company in Bulgaria4 making a cross-border transfer of EUR 500 to Finland may have to pay up to **EUR 24 in fees**, whereas a person transferring the same amount to Finland from France would pay nothing, or almost nothing.

Restrictions and excessive costs for cross-border payments **prevent the completion of the Single Market**. They perpetuate the existence of two categories of payment service users in the Union: on the one hand payment service users, the vast majority of which benefit from the single euro payments area ('SEPA'), and on the other hand, payment service users that pay high costs for their cross-border payments in euro.

In order to facilitate the functioning of the Single Market, the Commission considers it necessary to ensure that charges for cross-border payments in euro within the Union are **aligned** with charges for domestic payments made in the official currency of a Member State.

IMPACT ASSESSMENT: of the four options analysed, the option chosen is the one proposing to align fees for cross-border intra-EU payments in euro with fees for domestic transactions in the national currency of a Member State.

As a result of the amendments contained in this proposal, the citizen or company transferring euros from Bulgaria would also pay nothing — or almost nothing — in this situation. This person or company would pay the same fees for a transfer in euros to Finland that they would pay for a domestic transfer in levs within Bulgaria.

CONTENT: under the proposed amendment to Regulation (EC) No 924/2009 of the European Parliament and of the Council, the **price of a cross-border payment transaction in euro within the European Union should not be different from that of domestic transactions within a Member State conducted in the national currency of that Member State**. The proposal does not concern cross-border transactions denominated in currencies other than the euro.

The amendments to Regulation 924/2009 contained in the proposal:

- establish the **principle** that payment service providers must align fees for cross-border payments in euro with those for corresponding domestic payments in the national currency of the payment service user's Member State also for Member States which do not have the euro as their national currency;
- define **additional transparency requirements** relating to currency conversion practices. Currently, consumers are generally not informed of the cost of a transaction that involves currency conversion. The proposal therefore provides that consumers should be fully informed of the amount of exchange charges before making such a payment (be it a cash withdrawal at an ATM or a card payment at a point of sale). The European Banking Authority ('EBA') shall develop draft regulatory technical standards specifying how payment service providers shall ensure transparency and price comparability of different currency conversion service options, where those are available, to payment service users.

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

2018/0076(COD) - 31/08/2018 - European Central Bank: opinion, guideline, report

Opinion of the European Central Bank (ECB) on a proposal for a regulation on certain charges on cross-border payments in the Union and currency conversion charges.

As a reminder, the proposed Regulation intends to provide all citizens and companies in the Union transferring euro cross-border, whether between euro area and non-euro area Member States or between non-euro area Member States, with the low levels of fees which are currently available in respect of domestic payments made in the official currency of a Member State.

The ECB's remarks concern the following points:

Scope of provisions relating to currency conversion charges

The ECB recommended specifying that these provisions shall apply to cross-border payments in euro only where the currency of the payment account is not euro or where the PSPs of the payer and the payee, or of the payee only, are located outside the euro area.

As the proposed regulation addresses payments through PSPs only, it does not include the possibility of a merchant providing the currency conversion service independently of a PSP. The ECB suggested that this point should be clarified in the proposed regulation.

Alternative currency services and options

The proposed Regulation does not contain an article on definitions, although it introduces new and important concepts into Regulation (EC) No 924 /2009 of the European Parliament and of the Council. For instance, the terms 'alternative currency conversion services' or 'alternative currency conversion options' could be combined in one term, which could usefully be defined. The ECB also recommended clarifying that currency conversion services could be offered by non-regulated providers.

Rules applicable to currency conversion costs and transitional period

For the benefit of consumer protection, the ECB suggested that the transitional period for compliance with transparency obligations in respect of the full cost of currency conversion services should be reduced to 12 months from the proposed regulation's entry into force.

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.