

REGULATION AMENDING REGULATION NO 924/2009 AS REGARD CERTAIN CHARGES ON CROSS-BORDER PAYMENTS IN THE UNION AND CURRENCY CONVERSION CHANGES

***BETTER FINANCE**, the European Federation of Investors and Financial Services Users, is the dedicated representative of financial services users at European level. It counts about fifty national and international members and sub-member organizations in turn comprising about 4.5 million individual members. Our organization acts as an independent financial expertise centre to the direct benefit of the European financial services users (shareholders, other investors, savers, pension fund participants, life insurance policy holders, borrowers, etc.) and other stakeholders of the European financial services who are independent from the financial industry. As such its activities are supported by the European Union since 2012.*

***BETTER FINANCE** is the most involved European end user and civil society organisation in the EU Authorities' financial advisory groups, with experts participating in the Securities & Markets, the Banking, the Occupational Pensions and Insurance and Reinsurance Stakeholder Groups of the European Supervisory Authorities; as well as in the European Commission's Financial Services User Group (FSUG), and in the European Financial Reporting advisory Group (EFRAG). Its national members also participate in national financial regulators and supervisors bodies when possible.*

For further details please see our website: <http://betterfinance.eu/>

BETTER FINANCE welcomes this opportunity to comment on the European Commission's proposal amending the Regulation on cross-border payments¹ regarding certain charges on cross-border payments in the Union and currency conversion charges. BETTER FINANCE strongly supports the overall objective of the EC to achieve a single EU market for payments, 61 years after the Treaty of Rome set up the unification process.

¹ Regulation No 924/2009

a. **Extension of Regulation 924/2009 to non-euro area Member States for euro transactions only**

BETTER FINANCE welcomes this proposal to extend the Regulation on cross-border transactions to non-euro Member States for cross-border transactions in euro sent or received within the EU. Transactions in euro from or to a Member State of the European Union will now be charged the exact same price as a domestic transaction in the official currency used in the Member State from where the transaction is sent or received.

With this proposal, the European Commission follows the option 3 proposed in the impact assessment which suggested to equalize the costs of domestic transactions in the national currency of the payment service user's MS with the cost of cross-border intra-EU transactions in euro.

However, fees for cross-border transactions in non-euro currency remain very high, and well above the level of fees for purely national transactions in non-euro currencies. In particular, high minimum fees can make small transactions very expensive. An extension of the Regulation to all currencies (option 4 in the Impact Assessment) in the EU would bring down the costs of cross-border transactions in all Member States.

Therefore, BETTER FINANCE regrets that the current proposal is not ambitious enough as it doesn't cover all cross-border transactions in any currency of EU Member States, regardless of where they take place. This option would have complied perfectly with the Internal market's objectives. However, the European Commission claims that (i) it could have raised political questions regarding the goal of a Monetary Union and (ii) it would have also entailed significant costs for payment services providers (PSPs) with no real added value for consumers and businesses. As much as we acknowledge the concerns we don't agree that it would have no real added value for consumers: BETTER FINANCE and the EC FSUG have pointed several times to the uncompetitive and very high fees charges on cross-currency card payments within the EU².

Last but not least, since BETTER FINANCE shares the EC's concerns about the potential for cross-subsidizing of costs by PSP we call on the DG Competition and national competition authorities as well as other competent government agencies (responsible for *ex ante* control) to carefully monitor the market and react to signals from the stakeholders.

² See the link to the FSUG report https://ec.europa.eu/info/file/46864/download_en?token=kAECD4-C

b. More transparency on currency conversion

BETTER FINANCE welcomes the amendment and is pleased to see that the Commission is taking a first step to increase the transparency of currency conversion as planned in its Consumer Financial Service Action Plan³.

The European Banking Authority (EBA) will be in charge of designing the Regulatory Technical Standards (RTS). BETTER FINANCE agrees with the choice but urges the EBA to design those RTS in a way that the full costs of currency conversion services and the costs of alternative currency conversion services be presented in the clearest way prior to the payment in order to allow the user to clearly understand how much this transaction will cost. The information displayed on the screen (ATM, computer screen...) must give a real choice for the user between the DCC and the non-DCC option. The presentation of the information must not mislead or influence the user in choosing the currency conversion offer (DCC).

We believe that the EBA should adopt a simple approach with one number representing the amount debited/credited and one number for the total costs and fees applied for the transaction. Ideally, the total costs should be presented in the home currency of the user.

We agree with the amendment which provides that “*payment services providers shall disclose the exchange rate applied, the foreign exchange reference rate used and the total amount of all charges applicable to the conversion of the payment transaction*”. However, we believe that the ECB foreign exchange reference rate should also be displayed to allow a better comparison and a better understanding of the costs.

The current wording of the article does not specify to which transactions those RTS would apply. Therefore, we also believe that the article should clearly specify to which kind of transactions this article applies, i.e. to credit transfer, card payment and cash withdrawal.

BETTER FINANCE agrees with the proposal to set a cap on all charges allowed for the currency conversion services that could be applied during the transition period. However, we do not see why this fee cap could not be applied on a permanent basis. Such a cap could encourage consumers and businesses to carry out more cross-border transactions and would increase the number of transactions, which would be beneficial for payment service providers.

³ Action 2 of the Consumer Financial Services Action Plan “*The Commission will review good and bad practices in dynamic currency conversion and, on that basis, consider the most appropriate means (enforcement of existing legislation, voluntary approaches, reinforced legislation) to allow consumers to choose the best rate*”. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017DC0139>