



Plenary sitting

A8-0360/2018

8.11.2018

*****I**

REPORT

on the proposal for a regulation 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 (COM(2018)0163 – C8-0129/2018 – 2018/0076(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Eva Maydell

Symbols for procedures

*	Consultation procedure
***	Consent procedure
***I	Ordinary legislative procedure (first reading)
***II	Ordinary legislative procedure (second reading)
***III	Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act**Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ■ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION.....	5
PROCEDURE – COMMITTEE RESPONSIBLE.....	12
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE.....	13

DRAFT EUROPEAN PARLIAMENT 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 on cross-border payments in the Union and currency conversion charges (COM(2018)0163 – C8-0129/2018 – 2018/0076(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2018)0163),
 - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0129/2018),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Central Bank (CON/2018/38) of 31 August 2018,
 - having regard to the opinion of the European Economic and Social Committee of 11 July 2018¹,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A8-0360/2018),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

AMENDMENTS BY THE EUROPEAN PARLIAMENT*

to the Commission proposal

¹ ...

* Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol ■.

Proposal for a

REGULATION 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

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Since the adoption of, first, Regulation (EC) No 2560/2001 of the European Parliament and of the Council² and subsequently Regulation (EC) No 924/2009 of the European Parliament and of the Council³, charges for cross-border payments in euro between Member States of the euro area have strongly decreased to levels that are insignificant in the vast majority of cases.
- (2) 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 those specific cross-border payments remain ***excessively*** high ***in most non-euro area Member States***, even though payment service providers have access to the same efficient infrastructures, ***namely TARGET2 and STEP***, to process those transactions at very low costs as payment service providers from the euro area.

¹ OJ C , , p. .

² Regulation (EC) No 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments in euro (OJ L 344, 28.12.2001, p. 13).

³ Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001 (OJ L 266, 9.10.2009, p. 11).

- (2a) *It is vital to ensure a level playing field for all payment service providers in the Union. Therefore, the authorities managing the TARGET2 and STEP systems, namely the ECB and the EBA, should facilitate access to those platforms for payment services providers across the Union, regardless of whether or not the payment service providers are located in the euro area.*
- (3) *Excessively* high charges for cross-border payments remain a barrier to the full integration into the single market of businesses and citizens in non-euro area Member States, *thereby putting them at a disadvantage in the internal market compared to businesses and citizens from euro area Member States. Those high charges* 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.
- (4) In order to facilitate the functioning of the Single Market and end the barriers between payment service users in the euro area and non-euro area Member States **■**, it is necessary to ensure that charges for cross-border payments **■** within the Union are aligned with charges for domestic payments made in the official currency of a Member State *in which the payment service provider provides its services to the payment service user. For this amending Regulation to attain its objectives in a sustainable way, consideration should be paid to developments on markets that could support the aims of this amending Regulation, as well as to amendments to related laws. The arrival of new entrants on the market for payment services is helping to drive down transaction costs. Competition on that market should therefore be encouraged and monitored.*
- (5) Currency conversion charges represent a significant cost of cross-border payments when different currencies are in use in the payer's and the payee's countries. Article 45 of Directive (EU) 2015/2366 of the European Parliament and of the Council¹ requires transparency of charges and of the exchange rate used prior to the initiation of a payment transaction. When alternative currency conversion options are offered, *in particular* at a point of sale, at an automated teller machine (ATM), *or in the form of credit transfers*, that transparency may not allow for a quick and clear comparison between those different currency conversion options. *Article 59 of Directive (EU) 2015/2366 already provides for general requirements regarding the information to be disclosed by the party providing currency conversion service at a POS or an ATM but further specification is needed in order to fully serve the objectives of this Regulation regarding transparency and comparability. Moreover, clear transparency and comparability requirements for currency conversion services provided in the context of credit transfers should be implemented in order to ensure that the currency conversion cost of a credit transfer is always disclosed to payment service users, and not only when alternative currency conversion services are offered.* That lack of transparency *and comparability* prevents competition from bringing down costs of currency conversion and increases the risk of *a payment*

¹ Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

service user unintentionally choosing more expensive currency conversion options. It is therefore necessary to develop measures, addressed to parties providing currency conversion services, that will improve transparency and protect consumers against excessive charges for currency conversion services, in particular when consumers are not given the information they need to choose the best currency conversion option.

- (5a) *To that end, 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. Furthermore, payment service providers issuing card-based payment instruments should ensure that holders of those instruments are able to easily change their preferences with regard to alternative currency conversion services.*
- (6) Transparency in currency conversion charges requires adapting current payment infrastructures and processes, in particular for payments made online, at the point of sale or for ATM cash withdrawals. To that end, market players should be given sufficient time to adapt their infrastructure and processes in relation to those provisions that relate to currency conversion charges in order to comply with *the transparency requirements regarding currency conversion charges in this Regulation.*

- (7a) *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 impact of this Regulation. It should contain an evaluation of the effectiveness of the provisions of this Regulation in ensuring price comparability of alternative currency conversion services, and a recommendation as to whether further amendments are needed in order to achieve full transparency and comparability for both businesses and consumers.*

- (9) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can rather, by reason of the cross-border nature of the payments, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS REGULATION:

Article 1
Amendments to Regulation (EC) No 924/2009

Regulation (EC) No 924/2009 is amended as follows:

- (1) Article 1 is amended as follows:

- (a) paragraph 1 is replaced by the following:

“1. This Regulation lays down rules on cross-border payments **and transparency of currency conversion charges** within the Union”,

- (b) in paragraph 2, the following second subparagraph is added:

“However Articles 3a and **3ba** shall apply to all cross-border payments **whenever a currency conversion service occurs**, irrespective of whether those payments are denominated in euro or in a national currency of a Member State other than the euro.”;

- (1a) *in Article 2, the following definition is added:*

“15a. ‘alternative currency conversion services’ means currency conversion services disclosed by a payment service provider as being available in relation to a non-initiated cross-border payment transaction, including where those services are provided by an entity other than the payment service provider, its affiliates or a non-regulated provider.”;

- (2) Article 3 is amended as follows:

- (a) paragraph 1 is replaced by the following:

“1. Charges levied by a payment service provider on a **■** payment service user in respect of cross-border payments in **a currency of a Member State** shall be the same as the charges levied by that payment service provider on payment service users **in respect of** corresponding national payments of the same value and in the **■** currency of the **Member State in which the** payment service **provider provides its service to the payment service user.**”;

■

- (c) paragraph 3 is deleted,

- (d) paragraph 4 is replaced by the following:

“4. Charges referred to in **paragraph 1 ■** shall not cover currency conversion charges.”;

- (3) the following Article 3a is inserted:

“Article 3a

Currency conversion charges **related to card-based transactions**

1. From [OP please insert date **12** months after the entry into force of this Regulation], **with regard to the information obligations laid down in Article 59(2) and in point (d) of Article 45(1) of Directive 2015/2366, the total amount of currency conversion charges applied to card-based payment transactions shall be expressed as the difference between the reference exchange rate used**

for converting the payment transaction and the latest available exchange rate of the ECB, as applied to the transaction amount.

Parties providing currency conversion services for card-based payment transactions shall present the difference referred to in the first subparagraph as well as the total amount of the transaction to payment service users in the currency of the payer's account, including any transaction fee and charges levied. That information shall be presented simultaneously for all currency conversion options and in a clear, neutral and comprehensible manner. The information shall be provided free of charge.

■

2a. Without prejudice to the information obligations under Article 59(2) of PSD2, parties providing currency conversion services at a POS or an ATM shall always provide the option of payment in the local currency.

2b. Payment service providers issuing card-based payment instruments shall give holders of those instruments the option of blocking the use of currency conversion services other than those offered by the payment service provider of the payer with regard to their payment instrument. That option shall be presented in a neutral manner.

2c. Payment service providers shall ensure that holders of card-based payment instruments are able to easily change their preferences with regard to alternative currency conversion services through the means of technical tools put at their disposal by those payment service providers.

2d. If parties providing currency conversion services use, for clearing and settlement, currency conversion rates determined at a time other than when the currency conversion was initiated by the payment service user, they shall use for clearing and settling the transaction the effective exchange rate used by the party providing currency conversion service to the payment service user at the time of the initiation of the transaction.”;

■

(4a) The following Article 3ba is inserted:

“Article 3ba

Currency conversion charges related to credit transfers

From [6 months after the date of entry into force of this amending Regulation], whenever a currency conversion service is offered by the payment service provider of the payer for a credit transfer as defined in point (1) of Article 2 of Regulation (EU) 260/2012, the payment service provider shall inform the payment service user, in a clear, neutral and comprehensible manner, of the estimated full cost of the currency conversion services applicable to the credit transfer prior to the initiation of the transaction.

For the purposes of the first subparagraph, payment service providers shall disclose the full cost of the conversion of the payment transaction in the currency of the payer's account. That full cost shall include any transaction fee and shall be expressed as the difference between the exchange rate used for converting the payment transaction and the latest available reference exchange rate of the ECB, as applied to the transaction amount. Payment service providers shall also communicate the amount to be sent in the currency of the payee's account.”;

(4b) *Article 14 is deleted;*

(5) Article 15 is replaced by the following:

“Article 15
Review

By 31 **December 2021**, the Commission shall present to the European Parliament, the Council, *the European Central Bank and* the European Economic and Social Committee a report on the application *and impact* of this Regulation, *which* shall contain, in particular, *an evaluation of the effectiveness of the provisions of this Regulation in ensuring price comparability of alternative currency conversion services, and 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.”.*

Article 2

This Regulation shall enter into force on the 20th day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2019.

By way of derogation from the second subparagraph of this paragraph, point (a) of Article 1(2) shall apply from [3 months after entry into force of this Regulation] in respect of payments in euro and from [12 months after entry into force of this Regulation] in respect of payments in other currencies of the Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Charges on cross-border payments in the Union and currency conversion charges	
References	COM(2018)0163 – C8-0129/2018 – 2018/0076(COD)	
Date submitted to Parliament	28.3.2018	
Committee responsible Date announced in plenary	ECON 19.4.2018	
Committees asked for opinions Date announced in plenary	IMCO 19.4.2018	JURI 19.4.2018
Not delivering opinions Date of decision	IMCO 23.4.2018	JURI 23.4.2018
Rapporteurs Date appointed	Eva Maydell 31.5.2018	
Discussed in committee	29.8.2018	9.10.2018
Date adopted	5.11.2018	
Result of final vote	+: 37 -: 3 0: 3	
Members present for the final vote	Pervenche Berès, David Coburn, Esther de Lange, Markus Ferber, Jonás Fernández, Stefan Gehrold, Roberto Gualtieri, Gunnar Hökmark, Danuta Maria Hübner, Petr Ježek, Philippe Lamberts, Bernd Lucke, Ivana Maletić, Marisa Matias, Gabriel Mato, Caroline Nagtegaal, Luděk Niedermayer, Sirpa Pietikäinen, Anne Sander, Martin Schirdewan, Kay Swinburne, Paul Tang, Ramon Tremosa i Balcells, Marco Valli, Tom Vandenkendelaere, Jakob von Weizsäcker, Steven Woolfe	
Substitutes present for the final vote	Richard Corbett, Mady Delvaux, Bas Eickhout, Ashley Fox, Eva Joly, Syed Kamall, Thomas Mann, Eva Maydell, Luigi Morgano, Lieve Wierinck, Roberts Zīle	
Substitutes under Rule 200(2) present for the final vote	John Flack, Aleksander Gabelic, Anna Hedh, Agnes Jongerius, Ricardo Serrão Santos	
Date tabled	8.11.2018	

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

37	+
ALDE	Petr Ježek, Caroline Nagtegaal, Ramon Tremosa i Balcells, Lieve Wierinck
ECR	John Flack, Ashley Fox, Syed Kamall, Kay Swinburne, Roberts Zile
EFDD	Marco Valli
PPE	Markus Ferber, Stefan Gehrold, Gunnar Hökmark, Danuta Maria Hübner, Esther de Lange, Ivana Maletić, Thomas Mann, Gabriel Mato, Eva Maydell, Sirpa Pietikäinen, Anne Sander, Tom Vandenkendelaere
S&D	Pervenche Berès, Richard Corbett, Mady Delvaux, Jonás Fernández, Aleksander Gabelic, Roberto Gualtieri, Anna Hedh, Agnes Jongerius, Luigi Morgano, Ricardo Serrão Santos, Paul Tang, Jakob von Weizsäcker
VERTS/ALE	Bas Eickhout, Eva Joly, Philippe Lamberts

3	-
ECR	Bernd Lucke
EFDD	David Coburn
NI	Steven Woolfe

3	0
GUE/NGL	Marisa Matias, Martin Schirdewan
PPE	Luděk Niedermayer

Key to symbols:

+ : in favour

- : against

0 : abstention