

Regulation (EC) No 924/2009 on cross-border payments in the Community (Regulation on equality of charges for national and cross-border payments)

Regulation (EU) 2019/518 amending Regulation (EC) No 924/2009 as regards certain charges on cross-border payments in the Union and currency conversion charges

Frequently Asked Questions (FAQ)

The interpretation of EU Law provided in this note is without prejudice to any future findings by the Court of Justice of the European Union, which is the only European Institution competent to issue binding interpretations of the EU law. This compilation of FAQs does not represent the views of the Commission, but the Commission services, and is not, in any way, binding.

1. What is the purpose of the Regulation 924/09, as amended by Regulation 2019/518?

The objective of this Regulation is to equalise charges between cross-border payments in euro and the corresponding national payments in national currency, offered by any payment service provider (e.g. banks) within the EU.

2. Should the charges be the same in all Member States?

The convergence of prices for payment services in the EU is a desired outcome of the single market, but it is by no means imposed by this law. The Regulation does not equalise the differences in charges between the EU Member States and does not mandate that sending or receiving cross-border payments in euro should be free of charge. The equality of charges applies at the individual payment service provider level, which means that charges may be different between banks and between Member States.

3. Is there a limit to how much my bank can charge me for a cross-border payment transaction?

No. A payment service provider may in principle apply whatever charge it wishes for a cross-border payment in euro, provided that it applies the same charge for a corresponding national payment in the national currency of the Member State in which the payment service provider of the payer is located.

4. What payments are covered by the Regulation?

The Regulation applies to all electronically processed payments, including:

- credit transfers,
- direct debits,
- cash withdrawals at cash dispensers (ATMs),

- payments by means of debit and credit cards,
- money remittance.

5. How does the Regulation apply to cross-border credit transfers?

- IBAN (International Bank Account Number) of the payment recipient (beneficiary) should be used by the payer when initiating a credit transfer;
- The cost option (payment instruction) used for a credit transfer in euro is SHARE, which means that the payer and the payee shall cover the charges applied by their respective payment service providers (banks) for sending or receiving the transfer;
- No special instructions (e.g. urgent or express transfer) may be given.

If these conditions are not all met, additional charges could be applied by the bank.

Note that:

If you wish to check whether the prices for cross-border and national transfers at your bank are equal, you need to compare the same type of transactions (corresponding payments). A corresponding national credit transfer (a national transfer which is equally charged) to a cross-border transfer is:

- executed between different banks in the same Member State,
- of the same value,
- initiated in the same way (e.g. at the bank branch or through the online banking).

Charges may significantly differ not only between countries and banks, but also **depending on the banking channel used** (e.g. payments made at the counter are usually more expensive than those executed via Internet). The level of charges may also differ depending on a type of account (e.g. a number of free transfers may be included in the monthly or annual account service fee).

In the case of transfers in euro between non-euro denominated accounts (e.g. when payer or payee or both of them are located outside the euro area), additional charges may apply for the currency conversions.

6. How does the Regulation apply to pricing of cross-border credit transfers between non-euro and euro area Member States?

An outgoing cross-border credit transfer in euro (e.g. from Romania to Germany) should cost the same as an outgoing national payment in Romanian lei (i.e. a payment within Romania in national currency). An incoming cross-border credit transfer in euro (e.g. from Germany to Romania) should cost the same as an incoming national credit transfer in Romanian lei (e.g. a payment within Romania in national currency).

Intermediary payment service providers cannot charge any fees to either the payer or the payee and cannot deduct those from the transferred amount.

Similarly, no additional charges may be levied for SWIFT messaging services.

7. How does the Regulation apply to cross-border cash withdrawals at cash dispensers (ATMs)?

If your bank charges you for withdrawing cash from an ATM outside its own network in the country where you hold your account, those charges shall be the same if you withdraw euro in another EU country.

The Regulation does not apply to withdrawals at the bank counter.

8. How does the Regulation apply to cross-border card payments?

The Regulation applies to all kinds of card payments (payment by debit, deferred debit and credit card). The cardholder should pay the same transaction charges as if he was using his card nationally. Furthermore no additional fees (e.g. annual fees or one-off charges) may be charged by the payment service provider (bank) if the card is used in another Member State of the European Union.

9. Is the level of currency conversions charges subject the Regulation?

No. The Regulation does not limit charges to be applied for currency conversions – this is always a commercial decision taken by the payment service providers.

10. How can I find a beneficiary's IBAN codes?

This information must be supplied by the payment recipient to the person who originates the payment. To ensure that the information is made available to customers, the Regulation requires bank statements to show a customer's IBAN and provide this information on demand and free of charge. Similarly, invoices that can be paid by means of a cross-border credit transfer must show this information in order to facilitate cross-border payments.

11. Are payment service providers facing any sanctions for non-compliance with the Regulation?

The Regulation states that Member States are required to introduce penalties for infringements of this law. These penalties shall be effective, proportionate and dissuasive.

Sanctions are the responsibility of each Member State. This is one of the principles of Community law: each Member State must see to it that infringements of Community law are dealt with in the same way as breaches of national law.

12. What should I do if I face unjustified charges?

As a consumer you receive statements indicating charges applied in respect of each transaction. If you notice that too high charges have been applied to the regulated cross-border transactions, you may take the following action:

1. Register a complaint with your bank. Written complaints always carry more weight.

2. If you are not satisfied with the bank's response, you may refer the matter to the out of court redress body of the Member State where the problem arose. A list of out-of-court redress bodies is available on the Commission website at:
https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/retail-financial-services/financial-dispute-resolution-network-fin-net/fin-net-network/members-fin-net-country_en

Alternatively you may contact an out-of-court redress body in your country of residence, which should then forward your file to the competent alternative dispute resolution body in another Member State. Please note that alternative dispute resolution schemes may have various limitations related to the disputes they settle (e.g. limits on maximum amounts of claims). However, they are usually quicker than normal court procedures. In addition, consumer associations can also provide valuable assistance.

If an appeal to the out-of-court redress body does not produce a satisfactory result or if you do not intend to use this service, you may of course refer the case to a court.

3. If you believe that the rules of the Regulation have been breached you may also wish to contact the national competent authorities responsible for the supervision of the correct application of the Regulation in your Member State or in a Member State where the problem appeared. A list of the competent authorities notified to the Commission by Member States is available at:
https://ec.europa.eu/info/sites/info/files/competent-authorities-06032012_en.pdf .

13. Do the provisions enhancing currency conversion transparency apply to transactions in non-EU currencies?

No, the Regulation applies to transactions denominated in EU currencies only.

14. How shall I receive information on currency conversion charges applied by my payment service provider?

Under Regulation 2019/518 (article 3a), as from 19 April 2020, payment service providers (e.g. issuing banks) must disclose to their customers the applicable currency conversion charges for card-based transactions, expressed as a percentage mark-up over the latest available ECB reference rate (i.e. the latest rate issued by the ECB). Payment service providers must inform customers about these charges in their terms & conditions of their framework contract, as well as on an easily accessible electronic platform (e.g. bank's website, home-banking website, mobile banking app).

Furthermore, as from 19 April 2021, payment service providers must send periodic reminders to their customers as soon as they receive a payment order (at authorisation stage) which involves a currency conversion between EU currencies. The payer's payment service provider should therefore remind its customer of the applicable charges as soon as they become aware of the first transaction involving a currency conversion between EU currencies.

15. How will my payment service provider remind me of the applicable currency conversion charges to card-based transactions?

Under Article 3a of Regulation 2019/518, as from 19 April 2021, payment service providers are required to send to their customers an electronic message (e.g. an SMS, a push notification, an email) reminding them of the applicable currency conversion charges for card-based transactions. Your payment service provider may offer you more than one channel to receive electronic messages and allow you to choose which one you prefer. Should you wish not to receive reminders any longer, you will be able to opt out.

16. How often shall I receive reminders from my payment service provider?

You should receive the first reminder as soon as your payment service provider becomes aware of the first transaction involving a currency conversion between two EU currencies. This electronic message should be sent once a month (in case of recurrent payments in the said other EU currency).

For instance, if you live in e.g. Germany and move for 6 months to an EU country which has a different currency, e.g. Bulgaria, you shall receive the reminder at least once per month, for 6 months.

Another example entails a situation whereby you e.g. live in Poland but purchase goods or services and pay in another EU currency (e.g. on a French website and paying in euro). The first transaction will trigger a reminder, but further monthly reminders will only be sent if you keep transacting in euro.

17. What if I do two transactions involving currency conversion on the same day? Shall I receive two reminders from my payment service provider?

Yes. You should receive two separate reminders from your payment service provider, one for each of the transactions.

18. Should I expect my bank to disclose a fixed mark-up over the ECB rate?

Regulation 2019/518 seeks to empower payers to compare the currency conversion charges applied by payment service providers (e.g. issuing banks) and parties offering currency conversion services at point of sale or ATMs (so-called “Dynamic Currency Conversion”).

To this end, payment service providers and parties offering currency conversion services at point of sale or ATMs must express the total currency conversion charges for card-based transactions as percentage mark-up over the latest available ECB reference rate. Payment service providers are free to set the level of their currency conversion charges. For instance, mark-ups may vary in time (e.g. on a daily basis) and be specific to the conversion between different EU currencies, or transactions amounts.

19. What is “Dynamic Currency Conversion”? What type of information shall be disclosed with regard to this service?

When users make card payments while travelling abroad or when paying online, they may be offered the possibility to pay in local currency or in their home currency. When choosing the local currency, their bank will convert the amount of the transaction and consumers will only know how much the transaction costs (in their own currency) when looking at their transaction statement. If consumers decide to pay in their home currency, the payment service

provider of the merchant (or ATM) converts the amount of the transaction on the spot in exchange for a fee. This process is called dynamic currency conversion (DCC).

Under Regulation 2019/518, parties offering currency conversion services at either point of sale or ATM shall disclose their total charges for this dynamic currency conversion, thereby including any fixed fee, as percentage mark-up over the latest available ECB reference rate. This means that the cost of DCC shall be comparable to the currency conversion charges applied if the payer would pay in the local currency and his own payment service provider will perform the currency conversion.

In addition, parties providing dynamic currency conversion services at point of sale or ATMs, shall disclose the amount to be paid to the payee in the currency used by the payee, as well as the total amount to be paid by the payer in the currency of the payer's account.

20. What if I am offered dynamic currency conversion by default?

You should always be informed by parties offering DCC that you are free to choose to pay in the local currency. Parties providing currency conversion services at point of sale or ATMs (i.e. DCC) shall display information in a neutral manner, e.g. without using different font sizes or colours prompting payers towards either accepting DCC.

21. Do currency conversion transparency provisions in Regulation 2019/518 also apply to credit transfers?

Yes, Article 3b of Regulation 2019/518 applies to credit transfers involving a currency conversion between two EU currencies that are initiated online via home banking or mobile banking applications. For these payments, payment service providers will have to disclose (i) an estimate of the applicable currency conversion charges, as well as (ii) the estimated total amount of the credit transfer in the currency of the consumer's account, including the costs deriving from any transaction fee and any currency conversion charges applied by the payer's payment service provider.

Payment service providers will eventually disclose the estimated amount to be transferred in the payee's national currency unless the consumer decides to send money in another currency or in his own currency (in which case the consumer's bank will not perform a currency conversion).