



EUROPEAN COMMISSION

Internal Market DG

FINANCIAL INSTITUTIONS

Retail issues and payment systems

MARKT/4000/2003

## NOTE

On the

### PRACTICAL IMPLEMENTATION OF ARTICLE 9

### OF REGULATION N°2560/2001

### on cross-border payments in euro<sup>1</sup>

#### Article 9

"This Regulation shall also apply to cross-border payments made in the currency of another Member State when the latter notifies the Commission of its decision to extend the Regulation's application to its currency. The notification shall be published in the Official Journal by the Commission. The extension shall take effect fourteen days after the said publication."

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<sup>1</sup>Important note: The interpretation of Community Law in this note is without prejudice to possible future findings by the ECJ. This explanatory note does not represent the views of the Commission, but the Commission services, and is not, in any way, binding.

The Swedish authorities have decided to extend the Regulation's application to Swedish Krona (SEK). The law has been published<sup>2</sup> and notified to the Commission. The notification was published on 11.07.2002<sup>3</sup> in the Official Journal and took effect on 25.07.2002.

## 1. GEOGRAPHICAL APPLICATION OF THE SWEDISH OPT-IN DECISION

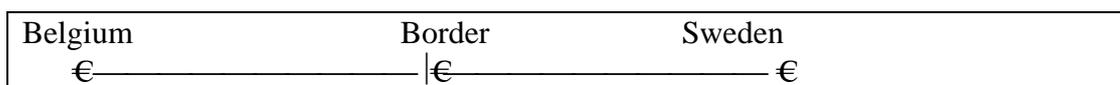
The Regulation applies to cross-border payments in euro in the Internal Market despite the fact that three countries do not have the euro as its currency.

The Swedish authorities decision to opt-in for SEK under Article 9 of the Regulation raises the question of the geographical extension of its application. It is clear from the wording of Article 9 that the Regulation shall apply to cross-border payments made in the currency of another Member State when the latter notifies the Commission of its decision to extend the Regulation's application to its currency. Article 249 of the Treaty stipulates, and the final paragraph of the Regulation repeats, that “[a] Regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States”. That means that a payment in SEK between Frankfurt and Brussels is now covered under the scope of the Regulation.

Therefore the Regulation can be understood by replacing the word “euro” by the words “Swedish Krona” in all Articles. The value underlying the thresholds and ceilings remain, however, in €

## 2. CONSEQUENCES OF THE PRICE EQUALITY PRINCIPLE : ARTICLE 3

### 2.1. Credit transfer : eurozone-Sweden

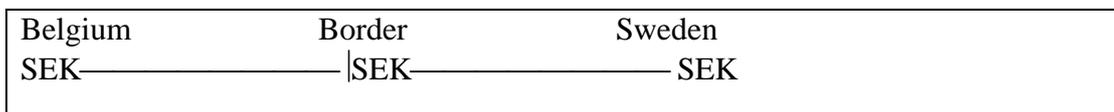


- (1) A customer in Belgium ordering a credit transfer in € to a beneficiary in Sweden. The customer is charged by the Belgian bank the same fee as for a national transfer in € within Belgium. The beneficiary in Sweden may be charged the same fee as if he had received a payment in € from a bank within Sweden. (*situation unchanged, the extension has no effect*)

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<sup>2</sup> Svenska författningssamling (SFS) of 24.06.2002

<sup>3</sup> OJ C 165/36, 11.07.2002

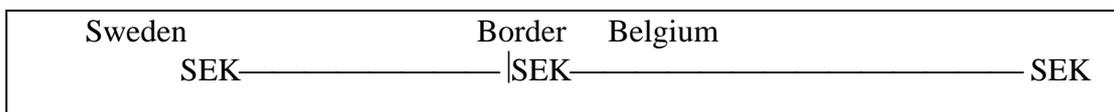


- (2) A customer in Belgium ordering a credit transfer in SEK to a beneficiary in Sweden. The customer is charged by the Belgian bank the same fee as for a national transfer in SEK within Belgium. The beneficiary in Sweden may be charged the same fee as if he had received a payment in SEK from a bank within Sweden.

## 2.2. Credit transfer : Sweden-eurozone

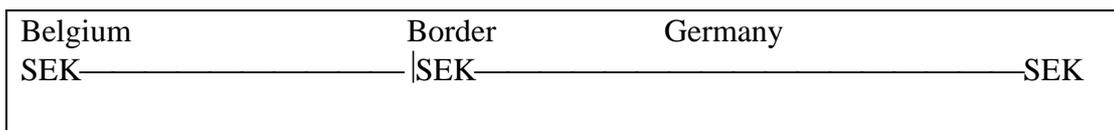


- (1) A customer in Sweden ordering a credit transfer in € to a beneficiary in Belgium. The customer is charged by the Swedish bank the same fee as for a national transfer in € within Sweden. The beneficiary in Belgium may be charged the same fee as if he had received a payment in € from a bank within Belgium. *(situation unchanged, the extension has no effect)*



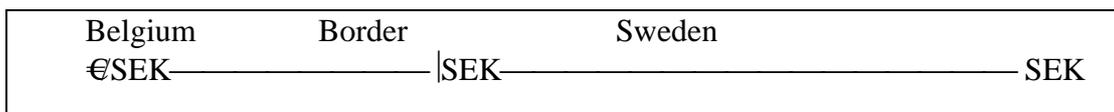
- (2) A customer in Sweden ordering a credit transfer in SEK to a beneficiary in Belgium. The customer is charged by the Swedish bank the same fee as for a national transfer in SEK within Sweden. The beneficiary in Belgium may be charged the same fee as if he had received a payment in SEK from a bank within Belgium.

## 2.3. Credit transfer inside the eurozone.



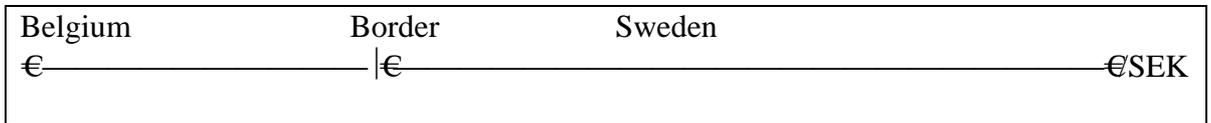
- (1) A customer in Belgium ordering a credit transfer in SEK to a beneficiary in Germany. The customer in Belgium is charged by the Belgian bank the same fee as for a national transfer in SEK within Belgium. The beneficiary in Germany may be charged the same fee as if he had received a payment in SEK from a bank within Germany.

## 2.4. Card payments and ATM withdrawals.



- (1) A customer in Belgium has a card agreement with a card-issuing bank in Belgium. A retailer in Sweden has a merchant agreement with an acquiring bank in Sweden.

The Belgian cardholder pays a retailer in Sweden in SEK for a merchandise with his Belgian card. The cardholder will be charged by his bank in Belgium the same payment transaction fee as for a card payment in SEK on the Belgian territory. There may be, however, a currency exchange charge. The retailer in Sweden will be charged by his acquirer the same service fee as for a Swedish card payment.



- (2) A customer has a card agreement with a card issuing bank in Sweden. He withdraws € with his card at a Belgium ATM.

The bank in Sweden will charge its customer the same price as for a ATM withdrawal in € on the Swedish territory. (*Situation unchanged, the extension has no effect*)

### 3. CONSEQUENCES FOR ARTICLES 4 TO 8

The word "euro" is in the title of the Regulation and in the definition of Article 1. Without the Swedish opt-in all the provisions are only applicable to transactions in euro.

By extending the scope to the SEK all the provisions become applicable, with the deferred effect of 25.07.2002, also to cross-border payments in SEK.

In practice that means:

- Article 4.: the provisions on prior information on charges (national and cross-border) and on any modification apply to SEK. As regards exchange charges for conversion into and from SEK the prior information must be given as well.
- Article 5: All provisions on use of IBAN and BIC are applicable for payments in SEK. That means for example that a bank in Sweden will have to indicate on the statements of account IBAN and BIC after the 01/07/2003.
- Article 6: The removal of the national reporting obligations and other obstacles mentioned will apply for payments made in SEK.
- Article 7: The sanctions for non-compliance will be the same.
- Article 8: The review report will have to cover also the situation for payments in SEK.