

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

Frequently Asked Questions (FAQ)

Please note that this guide to the Regulation reflects the position of the Commission services and comes without prejudice to any position which the European Court of Justice may take on this matter.

1. What is the purpose of the Regulation?

The objective of this law is to equalise charges for corresponding national and cross-border payments in euro offered by any payment service provider within the EU (e.g. your bank).

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 artificially 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 payments in euro should be generally 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 Member States.

3. Is there a limit of 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 transfer in euro.

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.

Some conditions may apply depending on the type of a payment transaction (see below for details).

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

- IBAN (International Bank Account Number) and BIC (Bank Identifier Code, sometimes known also as a SWIFT code) of the payment recipient (beneficiary) should be used by payment originator when giving the order;
- The cost option (payment instruction) used for a credit transfer in euro is SHARE, which means that the payer (originator) and the payee (beneficiary) 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 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 and in the same currency (euro),
- initiated in the same way (e.g. at the bank branch or through the online banking).

Charges may significantly differ not only between the 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 originator or beneficiary 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 euro (a payment within Romania in euro). 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 euro (e.g. a payment within Romania in euro).
- No intermediary bank (correspondent bank) fees may be demanded from the payer or the payee or deducted from the transferred amount.

- Similarly, no additional charges may be levied for SWIFT messaging services if it is offered as the only way of making a cross-border transfer in euro (and not as an optional service for the consumer).

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

Charges for a cross-border euro withdrawal should be the same as for a national euro withdrawal **at an ATM which does not belong to your bank network** (charges for national withdrawals carried out at your bank ATMs are usually priced at different, much lower rates).

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

Charges depend much on the bank card you use – the use of a credit card to withdraw cash (Visa, Mastercard etc.) incurs usually much higher fees than the use of a debit card (Maestro, Visa Electron etc.).

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. Are the currency conversions from and into euro subject to the Regulation?

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

10. Does the Regulation apply to cross-border cheque payments?

No. Cheque payments are not regulated at the European level, as they represent only a fraction of all cross-border payments and their share is steadily declining. Banks in most EU countries want to discourage the cross-border use of cheques and usually apply high charges for cashing them (often between EUR 10 and 20 for a EUR 100 cheque). Consumers are strongly advised not to use cheques for cross-border payments.

11. How much time should it take to transfer money to another Member State?

The Regulation does not deal with this issue. However, Payment Services Directive (2007/64/EC) stipulates that for cross-border transfers that do not involve a currency exchange (e.g. a euro transfer) the money should be available on the account at the end of the next business day at the latest. This is extended by one business day if the transaction is initiated by a paper order. In either case these are the minimum standards, banks and other payment service providers may offer more favourable conditions to the consumers.

12. How can I find a beneficiary's IBAN and BIC 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 BIC 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.

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

The Regulation states that Member States are obliged to introduce necessary 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.

14. 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 should 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 problem took place. A list of out-of-court redress bodies is available on the Commission website at:
http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm.

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 far 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 the 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:
http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm.