



Brussels,
D(2008)

24 JUN 2008
7231

Opinion

Title

Impact Assessment report on: the proposal for a Regulation on cross-border payments in euro

(draft version of 23 May 2008)

Lead DG

DG MARKT

1) Impact Assessment Board Opinion

(A) Context

Regulation of the European Parliament and of the Council on cross-border payments in euro applies to credit transfers, ATM cash withdrawals and card payments made in euro up to the amount of EUR 50 000 since 1 January 2006. It guarantees that a cross-border electronic payment in euro costs the same as a corresponding payment in euro within a Member State. The Regulation has in effect brought down the charges for cross-border electronic payment transactions in euro to the level of national charges and encouraged the payments industry to make the efforts necessary to modernise the EU-wide payments infrastructure. It can therefore be considered as a kick-off for establishing an integrated payments market for euro payments. Article 8 of the Regulation required the Commission to produce a report on its application and to present, if appropriate, proposals for amendments.

(B) Positive aspects

The report is written in clear, non-technical language and is accessible to a non-specialist reader. The objectives at different levels form a coherent set, and are well connected to the identified problems. The impacts on the administrative burden are analysed well. The author DG has provided a detailed written response to the Board's quality checklist, and will make many of the changes requested.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

General recommendation: The report should strengthen the rationale for the legal action to equalise prices of domestic and cross-border direct debits by explaining

more clearly why there is risk that cross-border direct debits would be more costly than domestic ones. In addition, it should provide a justification why, at the current stage, repealing the regulation would be premature. It should also clarify the EU dimension of the problems caused by settlement-based reporting obligations and duly analyse the reasons for the reluctance of Member States to abandon the settlement-based reporting system.

(1) Strengthen the rationale for the legal action to equalise prices of domestic and cross-border direct debits. The report should explain more clearly why, given that the EU-wide payment infrastructure is mostly in place, there is a risk that cross-border direct debits would be more costly than domestic ones. In this context, the report should mention the unfinished process of migration to the SEPA payment solutions and the effects of the resultant co-existence of old national schemes and the SEPA-compliant infrastructure for costs and prices of cross-border direct debits. The report should also discuss which factors are expected to delay the full migration and limit the availability of cost-effective cross-border direct debits. The report should also explain why banks, in the absence of legal action, would be inclined to use separate pricing strategies for cross-border direct debits. Drawing on the above, the report should also provide a justification why, at the current stage, repealing the regulation would be premature.

(2) Clarify the EU dimension of the problems caused by settlement-based reporting obligations. The report should clarify why maintaining settlement-based Balance-of-Payments reporting in some Member States is a barrier for the creation of the EU internal market in payments, and to what extent it distorts competition. The report should also explain why relying on such reporting could, in the longer run, adversely affect the reliability of European statistical data and what the possible implications of this are.

(3) Analyse the reasons for the reluctance of Member States to abandon the settlement-based reporting system. The report should discuss the main reasons why certain Member States remain reluctant to abandon the system despite the clear evidence of related benefits.

(D) Procedure and presentation

It appears that all procedural elements have been complied with.

2) IAB scrutiny process

Reference number	2008/MARKT/048 (catalogue item)
Author DG	MARKT
External expertise used	No
Date of Board Meeting	Written procedure
Date of adoption of Opinion	24 JUIN 2008